Financial Review 2019

ALMA MEDIA CORPORATION

CONTENT

Report by the Board of Directors

ⓘ On 11 February 2020, Alma Media announced it will sell its regional news media business and printing operations to Sanoma Media Finland. The divested businesses are reported as discontinued operations in the financial statements for 2019. All of the income statement figures presented in these financial statements – including the figures for the comparison year 2018 – represent mainly only the Group's continuing operations. The balance sheet and cash flow figures include both continuing and discontinued operations.

The continuing operations consist of Alma Markets, which focuses on digital marketplaces, Alma Talent, a provider of financial media and services aimed at professionals and businesses, and Alma Consumer, which focuses on the national consumer media business. The post-divestment estimated and fixed costs related to support services have been allocated to the continuing operations and the comparison figures for 2018 have been adjusted accordingly.

The sections of the Report by the Board of Directors that describe Alma Media in brief, the Group's business model and value creation model, business development, the Group's strategy and the implementation of strategy during the reporting year 2019 include both continuing and discontinued operations. The statement of non-financial information and the sections on risks and risk management in 2019 also include both continuing and discontinued operations.

Alma Media in brief

Alma Media is a dynamic digital service business and media company with a strong capacity for renewal. The company's builds sustainable growth expanding its offering from media to related digital services fulfilling the needs of users' everyday life as consumers and as professionals in business. Alma Media's products are leading media and service brands in their respective fields, such as Kauppalehti, Talouselämä, Iltalehti, Aamulehti, Etuovi.com and Monster.fi.

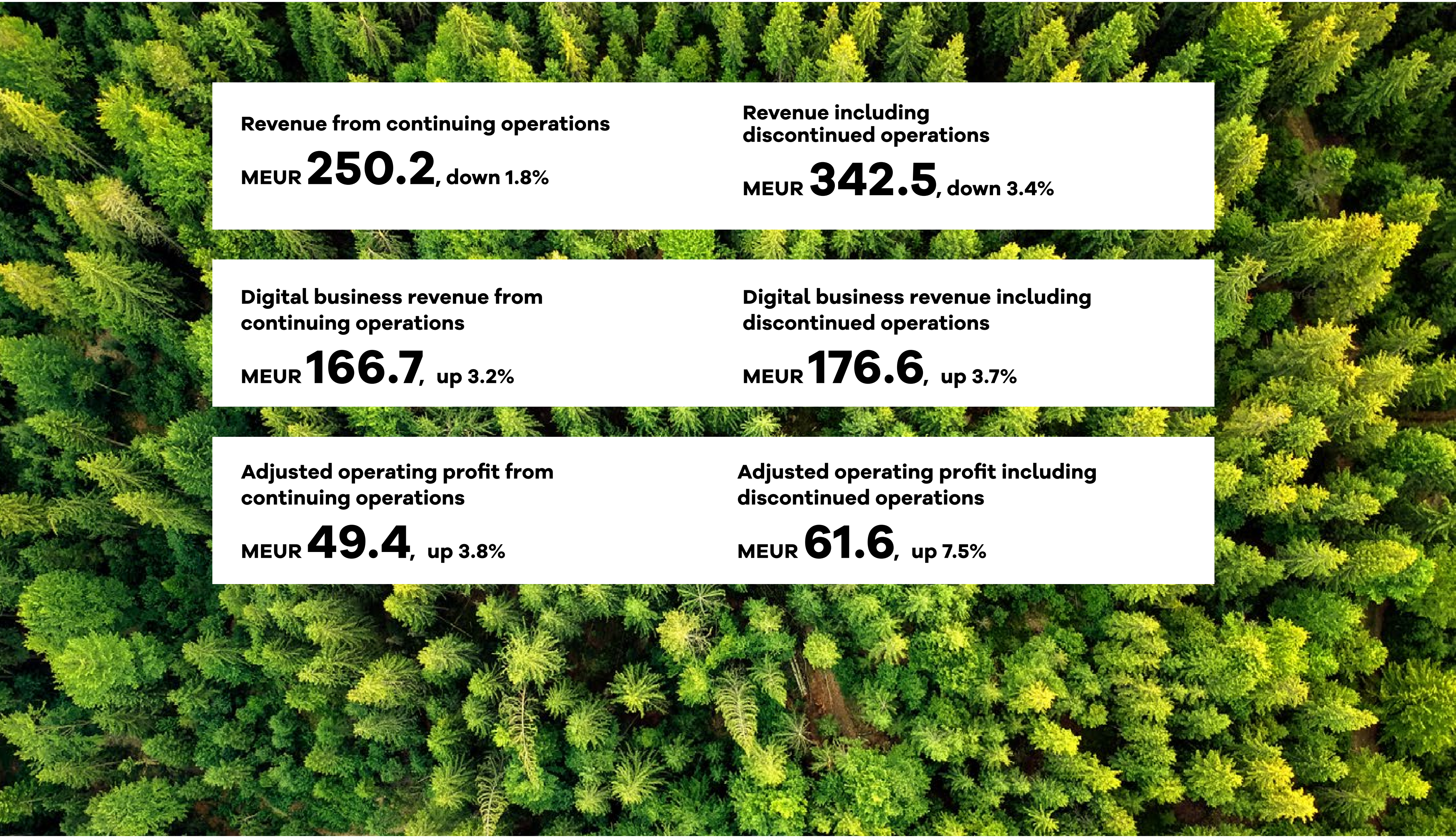
Alma Media has employees in 11 European countries. In Finland, the Group's business includes national, regional and local media, digital consumer and business services, training, events, financial and trade publications well as the printing business. Alma Media's international business in Sweden, the Baltic countries and Eastern Central Europe consists of recruitment services, financial and trade publications, an online marketplace for commercial properties and direct marketing services.

Financial performance in 2019

- Revenue from continuing operations MEUR 250.2 (254.7), down 1.8%.
- Revenue including discontinued operations MEUR 342.5 (354.6), down 3.4%.
- Digital business revenue from continuing operations MEUR 166.7 (161.5), up 3.2%.
- Digital business revenue including discontinued operations MEUR 176.6 (170.3), up 3.7%.
- Adjusted operating profit from continuing operations MEUR 49.4 (47.6), up 3.8%.
- Adjusted operating profit including discontinued operations MEUR 61.6 (57.3), or 18.0% (16.2%) of revenue, up 7.5%.
- Operating profit from continuing operations MEUR 49.5 (47.5), or 19.8% (18.7%) of revenue.
- Operating profit including discontinued operations MEUR 61.0 (61.0), or 17.8% (17.2%) of revenue.
- Earnings per share including discontinued operations EUR 0.51 (0.51).
- Equity ratio 54.1% (57.5%)
- The Board's dividend proposal is EUR 0.40 (0.35) per share
- Average no. of employees from continuing operations 1,530 (excluding telemarketers)

KEY FIGURES FOR CONTINUING OPERATIONS

MEUR	2019 Q1–Q4	2018 Q1–Q4	Change %
Revenue	250.2	254.7	-1.8
Content revenue	64.2	64.8	-1.0
Content revenue, print	50.9	53.5	-4.9
Content revenue, digital	13.2	11.2	17.8
Advertising revenue	148.5	149.2	-0.5
Advertising revenue, print	16.3	19.5	-16.5
Advertising revenue, digital	132.2	129.6	1.9
Service revenue	37.6	40.7	-7.7
Adjusted total expenses	201.1	207.5	-3.1
Adjusted EBITDA	66.1	58.5	12.9
EBITDA	66.2	58.4	13.4
Adjusted operating profit	49.4	47.6	3.8
% of revenue	19.8	18.7	
Operating profit/loss	49.5	47.5	4.4
% of revenue	19.8	18.6	
Profit for the period	40.5	38.2	5.8
Earnings per share. EUR (basic and diluted)	0.41	0.39	6.8



Revenue from continuing operations

MEUR **250.2**, down 1.8%

Revenue including discontinued operations

MEUR **342.5**, down 3.4%

Digital business revenue from continuing operations

MEUR **166.7**, up 3.2%

Digital business revenue including discontinued operations

MEUR **176.6**, up 3.7%

Adjusted operating profit from continuing operations

MEUR **49.4**, up 3.8%

Adjusted operating profit including discontinued operations

MEUR **61.6**, up 7.5%

Operating profit from continuing operations

MEUR **49.5**

Operating profit including discontinued operations

MEUR **61.0**

Earnings per share including discontinued operations

EUR **0.51** (0.51)

Equity ratio

54.1%

The Board's dividend proposal

EUR **0.40** (0.35) per share

Average no. of employees from continuing operations

1,530 (excluding telemarketers)

From the President and CEO

Alma Media had its fifth consecutive year of improved results in 2019. We achieved the best result in Alma Media's history through our successful digital strategy, improved operational efficiency, the divestment of loss-making or marginally profitable businesses and effective cost management: taking both continuing and discontinued operations into account, our adjusted operating profit grew by 7.5 per cent to MEUR 61.6. Earnings per share were on a par with the previous year at EUR 0.51. Our revenue compared to the previous year was reduced primarily by divestments but, in the latter part of the year, also by a decline in advertising revenue in Finland.

We have reached the halfway point of Alma Media's digital transformation: in 2019, the share of digital revenue exceeded 50 per cent of our total revenue. Our international business is already almost entirely digital and more than half of our advertising in Finland is digital advertising. During the year, we carried out several renewal and development projects on our various media websites. As a result, all of Alma Media's subscription-based print media now also have a subscription-based digital content product. The strong development of digital content revenue throughout the year speaks to readers' increasing willingness to pay for digital content and our appropriately selected measures for strengthening the operating model that is based on digital subscriptions. Digital content revenue compensated for the decline in print content revenue in 2019.

Our business is increasingly data-driven. In 2019, the focus of the use of data shifted from the development of technology and data repositories to the strengthening of analytical competencies and the use of data in business. Data helps us develop the capacity of our media and services to provide readers with content that matches their expectations in a timely manner, improve the user experience of our customers and offer relevant audiences to advertisers.

The Alma Markets segment reached MEUR 100 in revenue in 2019 and its profitability was record high. Towards the latter part of the year, the revenue of the recruitment business reflected the uncertainty in the world economy. This was particularly reflected in the slowing down of the recruitment business in Finland. In the Alma Markets segment, the housing and automotive marketplace and systems business continued to develop favourably throughout the year, particularly on the strength of housing-related and automotive added-value services and tendering services. During the year, Alma Markets invested in the continued development of online services as well as new products and marketing.

Alma Talent's goal has been to make paid services of the segment's media in their digital format by 2020. This goal was already achieved in 2019. During the year, digital content revenue developed according to plan and its growth compensated for the decline in print revenue. The digital content revenue of Alma Talent's media increased by 24.9 per cent. The decline of the segment's revenue and adjusted operating profit was attributable to not only divested and discontinued operations but also to a decrease in the cyclically sensitive recruitment advertising business as well as lower book sales and the decreased sales of the training business. In Sweden, the decline of advertising and divested and discontinued operations reduced revenue, but the unit's profitability improved due to efficiency improvement measures. The improvement of operational efficiency enabled by the transition from print to digital reduced the segment's expenses in 2019.

The progress of our digital transformation and its positive impact on our profitability was also evident in the Alma Consumer business in 2019. The digital content revenue of regional media saw strong growth during the year. Content renewal and leveraging data to create a better digital reading and user experience progressed according to plan. The number of weekly visitors to the Iltalehti online service rose to a record high and the rate of decline in Iltalehti's single-copy sales slowed down. The digital advertising revenue of all of the segment's media grew in 2019, particularly with respect to revenue from content marketing and mobile media advertising. The improvement of profitability was supported by cost savings achieved through the restructuring measures implemented in 2018 as well as a decrease in external content purchasing.

In 2019, we achieved two of our three long-term financial targets: return on investment and the dividend payout ratio. The levelling off of economic growth was reflected in slower digital business growth of 3.7 per cent. Alma Media's objective is to exceed market growth in the digital business, which calls for acquisitions in addition to organic growth. Our balance sheet, which has grown stronger during the past few years, and our good cash flow enable investments in growth and a good dividend payout capacity. Alma Media's Board of Directors proposes a dividend for the financial year 2019 of EUR 0.40 (0.35) per share.

In early February 2020, we announced that Alma Media will sell its regional news media business and printing operations to Sanoma Media Finland. This transaction sharpens our strategy and enables us to shift our focus even more clearly to the development of digital media and international business. The capital invested in print media will decrease. Our key growth areas will be digital marketplaces, the national multi-channel consumer media and service business in Finland as well as financial and professional media and services targeted at businesses. Taking the transaction into account, the share of digital business of the revenue of continuing operations will increase to nearly 70 per cent and the operating profit margin will increase to 20 per cent in 2019. The completion of the transaction is subject to the approval of the Finnish Competition and Consumer Authority and the transaction is expected to be finalised during the year 2020.

Kai Telanne
President and CEO

Drivers of change in the operating environment

MEDIA CONSUMPTION

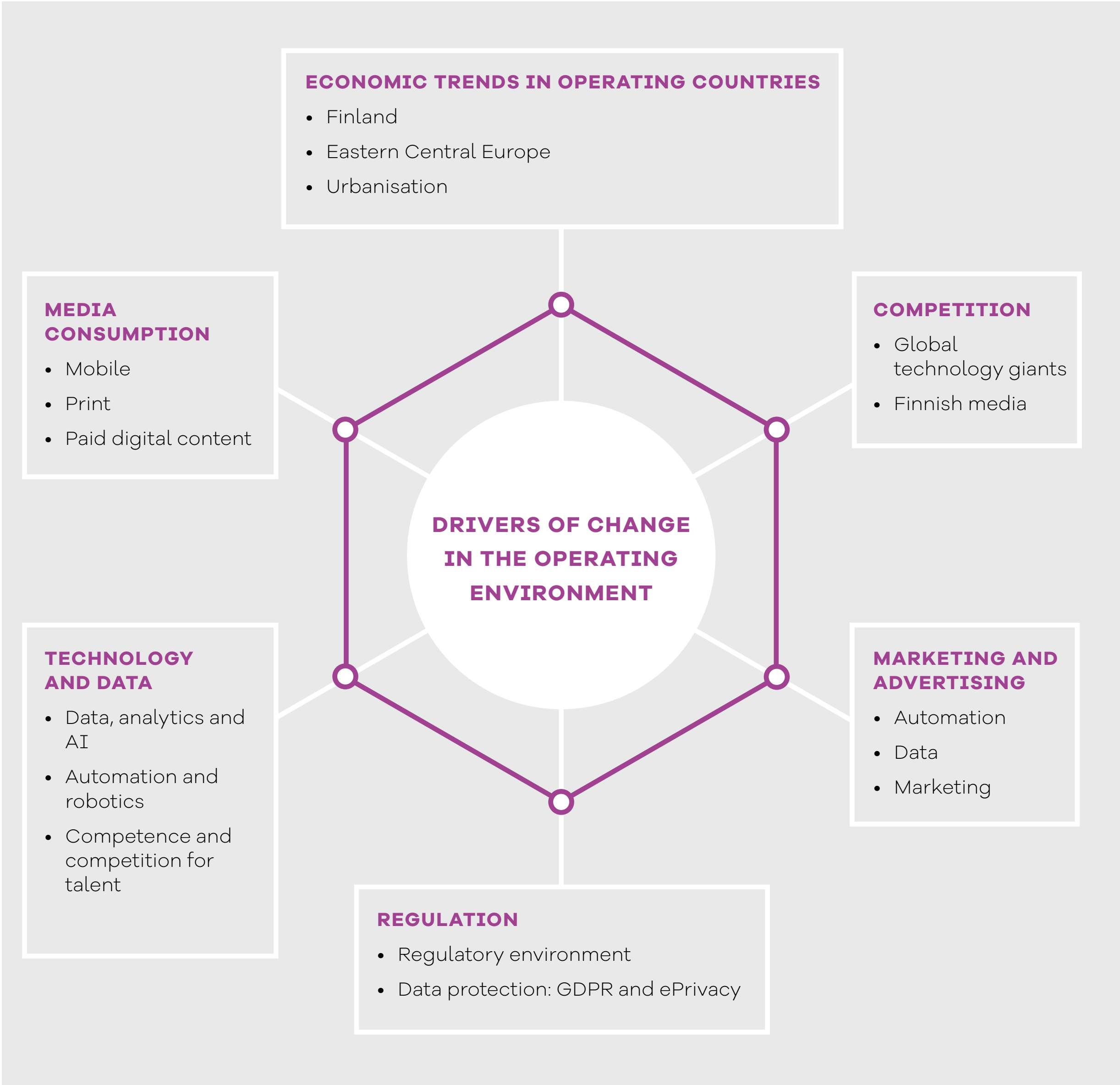
- Mobile is the primary channel for most consumers.
- The demand for print media continues to decrease.
- Willingness to pay for digital news media content increases.

TECHNOLOGY AND DATA

- The role of technology and automation in all business functions and processes increases.
- Data, its ownership and data-based business solutions have a major importance for business in the future.

REGULATION

- Regulatory environment continues to be complexed.
- Data privacy regulation, GDPR and ePrivacy, place more and more demands for businesses.



ECONOMIES

- Economies of all major operating countries are decelerating.
- Classified advertising is sensitive to economic fluctuations. Advertising market overall continues to be soft in Finland.
- Concentration to urban regions continues.

COMPETITION

- The role of international technology giants continues to strengthen in many areas.
- Competition in the recruitment business tightens.
- Retail sector invests in its own media solutions.

MARKETING AND ADVERTISING

- Marketing structural change and marketing automation continues.
- Print advertising continues to decrease.
- New forms of digital advertising e.g. content marketing importance grows.

MARKET SITUATION IN THE MAIN MARKETS

According to Kantar TNS, the total advertising volume in Finland decreased by 1.1% (1.8%) in 2019, while advertising in online media, excluding search engines and social media, increased by 4.2% (3.3%) in Finland. Advertising in newspapers declined by 7.6% (11.1%) in Finland. Advertising in magazines in Finland decreased in 2019 by 6.5% (5.2%). In terms of volume, the market for afternoon papers in Finland declined by 8.5% (11.6%) in 2019.

According to Sveriges Mediebyråer, in 2019, the total volume of advertising decreased by 2.9% (increased by 6.2%) in Sweden, while advertising in trade magazines decreased by 21.5% (16.0%).

Alma Media's main markets in Eastern Central Europe are the Czech Republic and Slovakia. According to the European Commission's forecast, the Czech Republic's GDP will grow by 2.5% and the unemployment rate will be 2.1% in 2019. The European Commission's forecast for the Czech economy in 2020 is GDP growth of 2.2% and an unemployment rate of 2.2%. In Slovakia, GDP growth in 2019 is predicted to be 2.7% and the unemployment rate 5.9% according to the European Commission. The European Commission's forecast for the Slovakian economy in 2020 is GDP growth of 2.6% and an unemployment rate of 5.9%.

DESCRIPTION OF THE BUSINESS MODEL

Alma Media's business consists of the media and service business. The media business includes, for example, the trade publications, financial media and books published by Alma Talent as well as the national, regional and local newspapers published by Alma Consumer. The media business is based on a relationship with readers built through content. As media develops, the reader relationship is shaped into a multidimensional customer relationship with a media brand. The strength of this relationship can vary from occasional visitors or buyers of single copies to regular paid users of online services and long-term subscribers of print publications.

As the digital transformation has progressed, digital marketplaces have become an increasingly significant area of Alma Media's business. They include services related to recruitment, housing and mobility, among other things. The customers of Alma Media's digital services include both companies and consumers. The digital services business model is based on fees charged for classified advertising, display advertising, service sales, revenue streams from service content and/or advertising targeted at the users of the service, subscription fees, result-based fees, commission fees for tendering services and licence fees for the use of information systems. Our other services include information services, the training, event and direct marketing business and the printing services provided to customers outside the Group by Alma Manu.

Brand appeal and the marketing efforts aimed at maintaining it are crucial in the digital environment. Alma Media's services are the best-known brands in their segments in Finland and the Group's operating countries in Eastern Central Europe.

The popularity of these services among users is based on a high level of usability, unique content and, in many cases, the importance of the social or communal dimension. It is also essential to have the ability to respond to local customer needs by delivering localised products and services.

In both the service business and the media business, readers and online visitors constitute each service's audience, from which significant target groups are derived for the purpose of advertising sales. These target group contacts are sold to advertisers on a media-specific basis and as audience segments from the digital Alma network. For advertisers, this opens up valuable opportunities to specifically target the businesses, experts, decision-makers, entrepreneurs or consumers in a particular category. The use of data, analytics and machine learning is plays an increasingly important role in improving the product and service offering for advertisers and enriching end user services. Data and marketing automation enable the provision of increasingly high-quality, effective and impactful solutions to advertisers.

VALUE CREATION

In Alma Media's value creation for customers, shareholders and society, the key roles are played by the strong journalism, marketing and technology expertise of the Group's employees, strong product and service brands, customer data, the best partners, an efficient production and delivery network and a stable financial position. These are described in more detail in the illustration on page 9.

Alma Media's three business segments – Alma Markets, Alma Talent and Alma Consumer – support each other's growth and together create stability for the Group's business development. The Alma Media Group also uses shared functions to pursue synergies between businesses.

Value creation model

RESOURCES AND INPUTS

Employees and expertise
- 2,200 Alma employees – strong expertise in journalism, marketing and technology*

Intellectual property
- The Alma brand and over 100 media and service brands
- Customer data

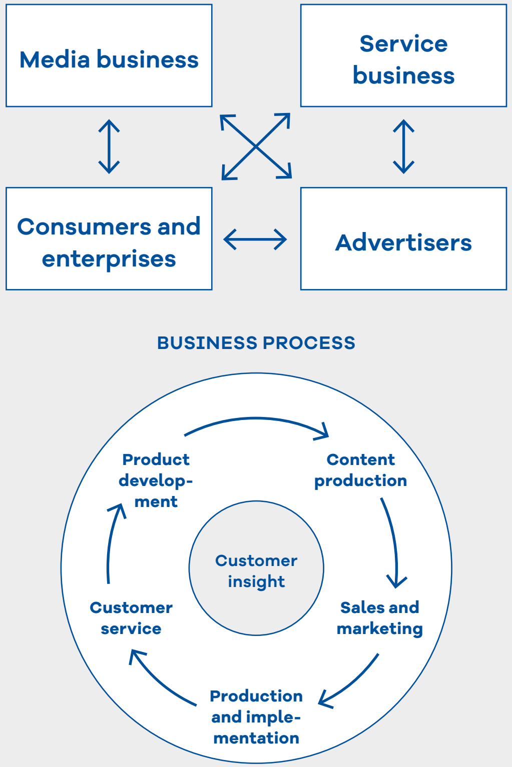
Financial
- Invested capital MEUR 293
- Investments MEUR 120 in 2012–2019

Partner network
- Partnerships in content and service development, production, marketing and sales
- Corporate relations

Production inputs, Raw materials
- Operations in 11 countries
- Multi-channel digital service channels
- Printing facility
- Paper consumption 19,987 tonnes
- Electricity consumption 30,840 GJ / 8,567 MWh

* Including telemarketers, excluding delivery staff

BUSINESS MODEL



MARKETS	TALENT	CONSUMER

Shared operations
- Centralised media sales and media sales development
- IT and production technology
- Finance, HR management and HRD
- Legal affairs, M&A, Corporate Development
- Communications, IR, Brand, Corporate Responsibility
- Facilities management

OUTPUTS

Products and services
- Alma's print and digital publications weekly reach approximately 78% of Finns (the 15–74 age group, Kantar TNS, 1–6/2019)
- Digital services for businesses
- Events and training: 535
- Printed books and e-books: 142
- Printing and distribution services 7,602,437,412 tabloid-size pages

Kauppalehti
Talouselämä
Iltalehti
Aamulehti
Monster
Etuovi.com
jobs.cz
prace.cz
tekniikka & talous
profesia
Autotalli.com
Mønu
NyTeknik

RESULTS AND IMPACTS

Customers
- Consumers: individual growth through the production of information, service and experiences
- Advertisers: promoting business growth

Employees
- Increasing employee well-being and competence
- Income, total annual wages MEUR 107.8

Shareholders
- Operating result MEUR 61
- Profit distribution MEUR 33 increasing shareholder value

Society
- Supporting social development and dialogue through journalism and by promoting digitisation
- Developing the vitality of communities and regions
- Taxes and employment, taxes MEUR 85

Partner network
- Purchases from partners

Environment

Greenhouse gas emissions:
Scope 1 emissions 528 tCO$_2$e
Scope 2 emissions 998 tCO$_2$e
Scope 3 emissions 39,838 tCO$_2$e

Strategy and related activities during the financial period

Alma Media creates sustainable growth by taking advantage of the opportunities presented by the digital transformation. The objective is to increase shareholder value through revenue growth and improved profitability. Alma Media is developing and expanding its current business operations and seeking growth opportunities in new businesses and markets. The company will remain on the path of internationalisation. In addition to organic growth, the improvement of profitability will be accelerated by acquisitions.

Alma Media will respond to consumers' changing media consumption and build its publishing brands into multi-channel media solutions. In the media business, the shift from print to digital media will continue with the development of digital content and marketing solutions in line with customer needs, ensuring that the Group's media are valued as the leading brands in their respective regions and communities. In order to increase service revenue, Alma Media will increase its digital offering by launching new products and services, also outside publishing operations.

Group-level strategic initiatives

For the 2019–2021 strategy period, Alma Media has selected five strategic Group-level initiatives that are particularly aimed at the growth and development of digital business. Cooperation and synergies between the Group's various businesses will be leveraged in the execution of the initiatives. The strategic initiatives are as follows: 1) centralised national media sales through Alma Media Solutions; 2) the Digital Subscriptions initiative aimed at growth in digital content revenue; 3) utilising data in business while taking regulatory requirements into consideration; 4) Alma themes and services focused on special content areas and services; and 5) the Digital Audiences initiative aimed at promoting the growth and management of visitor traffic.

Increasing digital content revenue is one of the most central elements of Alma Media's strategy. While the proportion of users who pay for news online is only about 15 per cent in Finland in general, as media consumption moves increasingly to digital channels, the willingness to pay for quality news content is likely to increase in parallel with the growing use of streaming services, for example. Alma Media's digital subscription business has developed well during the past few years, and the company has launched several new digital media products: during the reporting period, all of Alma Media's subscription-based print media also had a subscription-based digital content product. In digital content sales, the possibility to take advantage of data-driven solutions creates a superior customer experience as well as business predictability. At the same time, artificial intelligence, automation and the utilisation of user data increase cost efficiency.

The focus of the use of data shifted during the reporting year from the development of technology and data repositories to the strengthening of analytical competencies and the use of data in business. Customer and behavioural data is used by consolidating customer data repositories, analysing events and targeting activation measures at the right target groups. Data enables the precise targeting of digital advertising and, in content sales, it increases the conversion of users into digital subscribers. In addition, data-driven models that predict customer behaviour and interests can be used to reduce subscriber attrition, guide visitor traffic more effectively and deliver personalised digital services. Data and machine learning are also used in the moderation of reader comments and to support editorial decision-making.

The objective of the commercial Alma themes that cut across different businesses is to strengthen the Group's commercial position in selected industries that are already among Alma's strengths. Expansion into specialised content and services will strengthen consumer awareness of Alma's offering in topics relevant to their daily lives, arouse interest in new audiences and engage existing users to return to Alma's content with increasing frequency. The aim of increasing the cross-use of content and services and pursuing growth in the number of registered users is to achieve a growing advertising inventory and paying customers for content and services. Further goals include increasing the Group's advertising market share in significant and growing industries. The concrete actions under the strategic initiative are related to content development, content recommendations and solutions that link theme content with services, as well as marketing and sales actions. The selected Alma themes for 2019 were housing, cars and careers. The audience growth of theme content and services, measured in terms of visitors and page loads, showed a positive trend during the year and an increase in market shares in industries relevant to the themes was achieved.

The strategic initiative related to digital audiences is aimed at increasing visitor flows, increasing the amount of time spent using Alma's services and boosting content and media sales. The management of visitor traffic, which is an integral part of the initiative, is aimed at attracting visitors from outside the network formed by Alma's websites and directing visitors from one Alma digital service to another. The initiative involves optimising the findability of Alma's services and the time spent by the customer on Alma's services by developing the user experience, improving the ways in which content is offered and using personalisation in different phases of the customer path, for instance. Analytics and customer insight help deliver more pertinent content and services to readers and users, which increases engagement and commitment. A committed user is also a more valuable contact for advertisers.

Alma Media's business segment strategies and their implementation during the year

ALMA MARKETS

The recruitment services Monster.fi, Jobs.cz, Prace.cz, cv.ee, cv.lv and cvonline.lt, Profesia.sk, Workania.hu, MojPosao.net and Monster.cz are reported in the Alma Markets segment.

The segment includes several online services: the housing-related services Etuovi.com and Vuokraovi.com, the travel portal Gofinland.fi and the automotive services Autotalli.com, Autosofta, Autojerry.fi, Tukkuautot.fi, Websales and Webrent. Also reported in this segment are Nettikoti and Talosofta, which specialise in software for ERP systems in new construction and renovation, Kivi, a real estate agency system, and Urakkamaailma, a marketplace for renovation and construction work.

The Alma Markets segment's business strategy includes the expansion of recruitment services geographically, organically and through acquisitions, broadening the product and service offering in the customer's value chain to extend from job advertising to areas such as HR consulting, recruitment systems and services aimed at building a strong employer image. The aim of the marketplace business is also to expand from the buying and selling of homes to provide a comprehensive range of housing-related services, and to expand from automotive services to mobility services in a broader sense.

The Group's subsidiaries in the recruitment business operate locally under their own brands and they have very high brand awareness in their respective countries. This industry leadership and Alma Markets' competitiveness are based on understanding the culture of the local working life and changes therein as well as the ability to quickly react to local customer needs by delivering customised products and services. Another key element is the Alma Career network of countries in which Alma Markets is involved in the recruitment business, which facilitates cooperation and learning as well as the duplicating and leveraging of best practices to further develop the product portfolio.

The growth of Alma Markets' recruitment business slowed down during the reporting year compared to the preceding years as the uncertain economic outlook affected the recruitment market. To maintain the growth of recruitment advertising, Alma Markets focused on effective marketing and sales, new products as well as new customer segments and new segments of the workforce during the year. The organic growth of Alma Markets' recruitment business was supported by product and service investments in the Alma Career network's subsidiary countries and their nearby regions. In 2019, the Czech subsidiary LMC continued to invest in its mobile recruitment service in Poland and the Slovakian recruitment company Profesia strengthened the Workania service in Hungary, while the Croatian company MojPosao implemented its operating model and products in its associated company in Macedonia and started the recruitment business in Slovenia.

Etuovi.com, which is one of Alma Markets' services and Finland's largest service for finding a new home, was redesigned in 2019. The new features of the service include, for instance, an LMC-developed algorithm for recommending homes to users and an apartment price calculator that utilises machine learning. The redesign has shifted the focus to mobile and 69% of all users already use the service on a mobile device (phones + tablets). The redesign strengthened Etuovi's market leadership. The service has approximately 1.7 million unique monthly visitors (Source: FIAM-Comscore January–October 2019) and features more than 60,000 housing advertisements weekly on average.

Alma Markets aims to broaden its service offering from traditional recruitment advertising to recruitment-related services, including content marketing and services for building the employer image. In 2019, Alma Markets launched Tunto, a digital service that sheds light on the employer image of various companies. The service gives its users access to anonymous employer reviews and offers them the opportunity to share their experiences of employers. In order to establish a comprehensive profile of the featured companies, Tunto complements the user reviews with the employers' financial information retrieved from Alma Talent's business information service. At the end of 2019, some 5,200 peer reviews had been posted on the service. Alma Markets operates a similar online service in the Czech Republic called Atmoskop.cz.

With the aim of strengthening the automotive portfolio as well as increasing sales synergies and functionalities between automotive system and media products, Alma Media's subsidiary Alma Mediapartners acquired tukkuautot.fi, a marketplace for automotive industry professionals, in 2019. In terms of sales volume, the service is the largest B2B auction platform in its field in Finland. The car sellers that use the service include Finland's largest car dealerships that represent automakers as well as automotive financing and leasing companies and other companies and public corporations that own large fleets of cars. The buyers are Finnish chains that focus on used cars as well as car dealerships and car repair shops that operate in the field of automotive retail.

Geographical expansion was also pursued through the acquisition of the remaining share capital of Kolektiv Ltd, the leading online recruitment service in Bosnia and Herzegovina. Alma Media had previously acquired a 30 per cent stake in Kolektiv in 2012. The Kolektiv online job portal was established in 2001. Kolektiv focuses on the digital job market business, recruitment and HR consulting services and temporary staffing services. The company's estimated revenue amounted to MEUR 2.0 in 2019 and it had 40 employees. The acquisition was subject to approval by the local competition authorities. The local competition regulator process was completed at the turn of the year.

ALMA TALENT

Alma Talent operates in the media business in Finland and Sweden as well as the service business targeted at companies and professionals. Alma Talent publishes 18 trade and financial publications as well as law and business books. Alma Talent also offers competence development and growth services to professionals and businesses in various fields, including events and training as well as information services. Alma Talent has operations in Finland, Sweden and the Baltic countries. Alma Talent media include Kauppalehti, Talouselämä, Tekniikka&Talous, Markkinoint&Mainonta, Arvopaperi, Tivi and Mediuutiset. In Sweden, Alma Talent's publications include Ny Teknik and Lag och Avtal, among others. Alma Talent also operates in the digital marketplaces business in Finland and Sweden (Kauppalehti Commercial Properties and Objektvision) and the telemarketing business (Suoramarkkinointi Mega).

The two basic elements of Alma Talent's strategy are to pursue the rapid digitalisation of the media business with the aim of maintaining the market position and profitability as well as to seek profitable growth through the service business. Alma Talent's potential growth areas in the coming years include service related to competence development, business information and company services, investment and saving-related services as well as B2B marketplaces.

Alma Talent's key objective is to rapidly move towards digital media and service business models. Increasing content revenue has been a particular goal, and the business segment's objective has been to make paid services of the Alma Talent's media in their digital format by 2020. This goal was already achieved in 2019. Digital content revenue developed according to plan and its growth compensated for the decline in print revenue in 2019. The digital subscriber base of Alma Talent's media grew by 87 per cent. More than 10 redesign and development projects were carried out on Alma Talent's media websites during the year. Through a gradual digital transformation, the news websites were moved to the same technical platform, which speeds up the publication process, makes the work of Alma Talent's editorial teams smoother and provides increased opportunities for managing visitor traffic between media. For example, the digital renewal of Tivi, which is targeted at IT specialists and decision-makers, saw some of its content moved behind a paywall and the content was expanded to also cover Alma Talent's IT-related business data, the sector's jobs as well as training services for IT professionals. The last digital renewal measures during the year concerned Markkinointi&Mainonta and Uusi Suomi, which became a subscription-based media outlet for the first time since 1991.

Alma Talent's strategy also includes increasing synergies between businesses through cross-selling and shared products. The electronic study product Kauppalehti Opas was launched during the reporting period, with the first topic being investment savings accounts. The study modules make use of text and video content produced by Alma Talent as well as quizzes for people who invest in stocks to monitor the progress of their learning. Based on the experiences gained from the first product, the goal is to also publish other guides on topics related to investing and management, for example.

Alma Talent and Messukeskus launched a cooperation during the year to organise special events targeted at decision-makers and professionals. The cooperation builds on the strengths of two leading operators in organising large events and trade shows as well as content and marketing expertise in the most influential target groups. Messukeskus Helsinki Expo and Convention Centre is Finland's largest operator in the events sector, with more than 10,000 corporate customers and over a million visitors participating in events every year. Alma Talent media, for their part, reach 70% of decision-makers and legislation drafters in Finland, 72% of investors, 74% of entrepreneurs and 86% of wealthy consumers (Source: TNS Mind Päättäjä 2018).

Alma Talent has implemented the Alma Account on all of its media websites to enable single sign-on to its services. Signing on enables a more personalised user experience and a more targeted advertising environment for the users of the websites. The use of Alma Account will be gradually expanded to cover the entire Alma Media network to achieve its benefits in full.

The customer data of all of Alma Talent's businesses was consolidated in a single customer database during the year. The considerably extensive database of decision-makers and purchasing specialists and the customer insight developed from it enable the customer-driven development of Alma Talent's business to ensure that the service offering will represent an even better response to the competence and knowledge needs of Finnish professionals in the future.

In December 2019, Alma Talent announced it had agreed on a transaction to sell the Affärsvärlden financial media business to the Swedish company Börsplus Ab effective from March 2020. The transaction is a continuation of the decision made by Stiftelsen Affärsvärlden, which owns the Affärsvärlden brand and publishing rights, to transfer the publishing rights of Affärsvärlden to Börsplus Ab starting from 2021.

ALMA CONSUMER

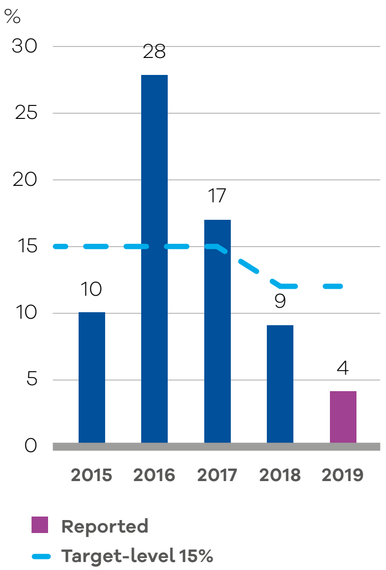
Alma Consumer publishes the print and online editions of the national news media Iltalehti, the regional newspapers Aamulehti and Satakunnan Kansa, and local papers published in Pirkanmaa, western Finland and central Finland. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment. The printing unit Alma Manu is also part of the business segment.

Audience growth, ensuring profitability and achieving a flexible cost structure are key aspects of Alma Consumer's business strategy. Its goals also include strengthening the media synergies between its services both organically and through acquisitions. The segment also aims to boost digital content revenue, move the majority of regional and local media content behind paywalls and turn printing operations from a support function into a service business.

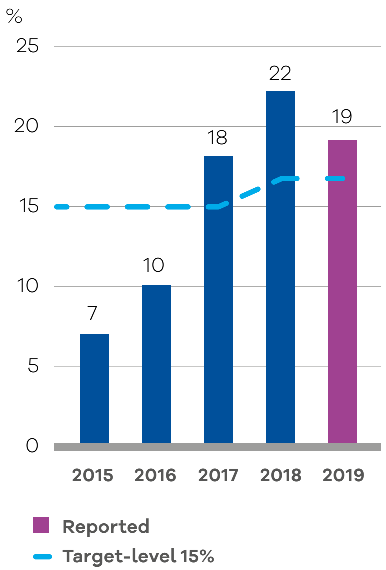
Increasing the effectiveness of digital advertising is a key aspect of Alma Consumer's business. The focus areas of the business segment's strategy for the next few years also include ensuring broad reach, building highly functional platforms and further improving its competencies related to the collection and use of audience data. Growth is also sought through creative advertising solutions in content marketing, for example. Alma Consumer's goal is to engage in closer cooperation with Alma

Alma Media's long-term financial targets and their achievement, including discontinued operations:

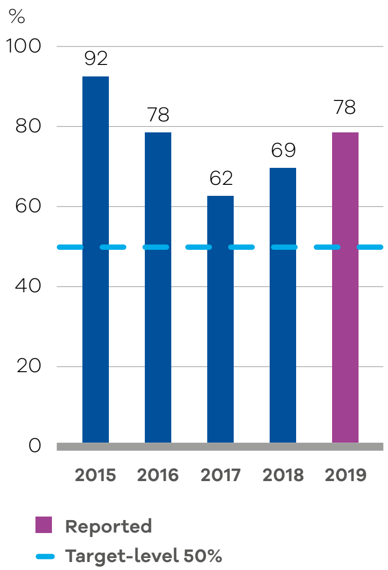
Digital business growth



Return on investment



Dividend payout ratio



Media's digital marketplaces to strengthen the company's position as a producer of content and services in the context of topics and audiences related to housing, cars, mobility and working life.

Good progress was made by Alma Consumer in 2019 with respect to content renewal and leveraging data to create a better digital reading and user experience. Digital content revenue compensated for the decline of print content revenue. For example, the digital subscriber base of Aamulehti grew by 55 per cent and that of Satakunnan Kansa by 62 per cent.

During the review period, Alma Media Kustannus Oy and Alma Manu Oy agreed on a business transfer and a delivery service agreement under which the early morning delivery operations carried out by Alma Manu in Pirkanmaa and Satakunta related to the newspapers published by Alma Media Kustannus was outsourced to Posti Ltd following a transition period, effective from 1 January 2020. The outsourcing arrangement resulted in the transfer of approximately 780 employees from Alma Manu's delivery business to Posti. Alma Media expects that it will achieve annual cost savings of MEUR 5–6 as a result of the outsourcing of deliveries.

Alma Media has expanded its digital marketplace business to include various comparison and competitive tender services, the demand for which is expected to grow in the future. In July 2019, Alma Media increased its ownership to 60 per cent in Etua Oy, a provider of competitive tender services for loans and insurance. Alma Media previously owned 20% of the company. Established in 2008, Etua.fi is a service for comparing consumer credit and housing loans that works together with Finland's leading players in the financial industry and forwards loan applications submitted via the online service directly to the partners.

Group revenue and result in 2019

Revenue from continuing operations declined by 1.8% to MEUR 250.2 (254.7) in 2019. The effect of acquired, divested and discontinued operations on the decrease in revenue was MEUR 1.2.

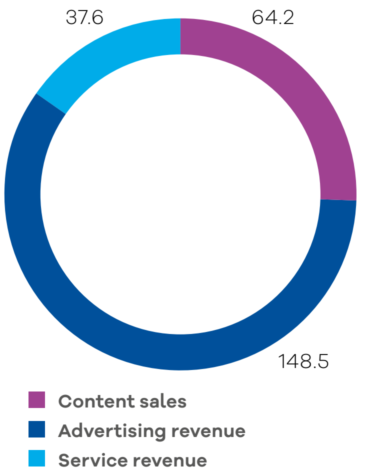
Content revenue from continuing operations was on a par with the comparison period at MEUR 64.2 (64.8). Digital content revenue from continuing operations increased by 17.8%. Advertising revenue from continuing operations was on a par with the comparison period at MEUR (148.5) 149.2. Print media advertising revenue from continuing operations decreased by 16.5% and digital advertising revenue from continuing operations increased by 1.9%.

Service revenue from continuing operations declined by 7.7% to MEUR 37.6 (40.7). Service revenue includes items such as the sale of information services, the event, training and direct marketing business.

Adjusted operating profit from continuing operations was MEUR 49.4 (47.6), or 19.8% (18.7%) of revenue. Operating profit from continuing operations was MEUR 49.5 (47.5), or 19.8% (18.6%) of revenue. The operating profit includes net adjusted items in the amount of MEUR -0.1 (0.1) related to gains and losses on real estate sales. The adjusted items in the comparison period were related to operational restructuring and gains on the sale of assets.

Total expenses allocated to continuing operations decreased in 2019 by MEUR 7.5. Depreciation included in the total expenses allocated to continuing operations amounted to MEUR 16.7 (10.9). The increase in depreciation was attributable the adoption of the IFRS 16 standard in the Group. The impact of the adoption of the standard on the Group's financial position is described in the accounting principles of the Interim Report. The full-year result for 2019 for continuing operations was MEUR 40.5 (38.2) and the adjusted result was MEUR 40.4 (38.4). The full-year result for 2019, including discontinued operations, was MEUR 48.7 (47.9) and the adjusted result was MEUR 49.3 (44.3).

Revenue split 2019 from continuing operations
MEUR

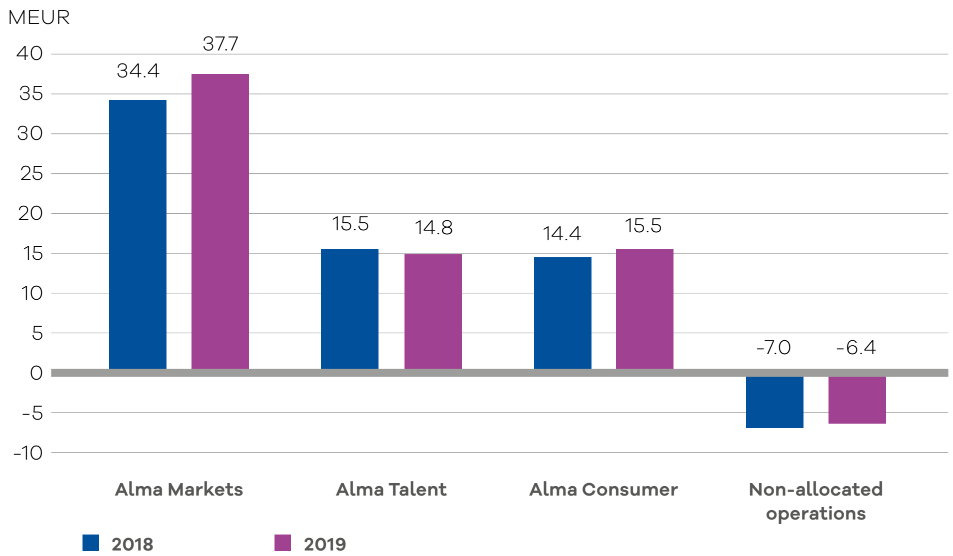


BUSINESS SEGMENTS

Alma Media has three business segments: Alma Markets, focusing on digital marketplaces, Alma Talent, a provider of financial media and services aimed at professionals and businesses, and Alma Consumer, which focuses on the consumer media business. Centralised services produced by the Group's parent company as well as centralised support services for advertising and digital sales for the entire Group are reported outside segment reporting.

The Group's reportable segments correspond to the Group's operating segments.

Adjusted operating profit in 2019, MEUR (including discontinued operations)



Alma Markets

The Alma Markets segment's revenue for the full year 2019 increased by 3.7% to MEUR 100.0 (96.4). As expected, the growth of the recruitment business slowed down especially in Finland and the Czech Republic: revenue in 2019 increased by 1.7% year-on-year. Acquired businesses contributed MEUR 0.8 to the increase in revenue.

Total expenses for the period amounted to MEUR 62.5 (62.1). Expenses were increased during the year by investments in new and existing online services.

The Alma Markets segment's adjusted operating profit was MEUR 37.7 (34.4). The adjusted operating profit was 37.7% (35.7%) of revenue. The segment's operating profit was MEUR 37.7 (35.1). The adjusted items in the review period were related to gains on the sale of assets. The adjusted items in the comparison period were related to a sales gain on an acquisition achieved in stages.

Alma Talent

The Alma Talent segment's revenue declined by 5.5% to MEUR 102.9 (108.9) in 2019. Digital business accounted for 39.2% (35.6%) of the segment's revenue. Revenue decreased particularly due to divested and discontinued operations (MEUR 1.8) and the decline of advertising revenue, book sales and training sales.

The Alma Talent segment's content revenue decreased in January–December by 2.3% to MEUR 46.6 (47.7) due to the declining revenue of the Swedish media business and the book business. In the Finnish media business, digital content revenue grew by 24.9%. Digital content revenue growth in Finland exceeded the decline in print products.

Advertising revenue decreased by 9.7% to MEUR 30.2 (33.4) due to a decrease in advertising revenue in Sweden and Finland. The decrease in advertising revenue was particularly attributable to the decline of the recruitment business. Service revenue declined by 6.0% to MEUR 26.2 (27.8).

The segment's total expenses decreased by 5.7% and amounted to MEUR 88.2 (93.6). The Alma Talent segment's adjusted operating profit was MEUR 14.8 (15.5) and operating profit MEUR 14.8 (15.1). The adjusted operating profit was 14.4% (14.2%) of revenue. In spite of the decrease in revenue from Swedish business operations, restructuring and cost savings improved the unit's profitability in 2019.

Alma Consumer

The Alma Consumer segment's revenue declined by 5.8% to MEUR 142.9 (151.7) in 2019. Divested and acquired businesses had a net effect of MEUR 4.3 on the decrease in revenue. Revenue declined particularly in the print media business. Digital business accounted for 26.0% (23.5%) of the segment's revenue.

The segment's content revenue declined by 3.4% to MEUR 64.8 (67.1) in January–December. Comparable content revenue excluding divested operations was on a par with the comparison period. Comparable digital content revenue grew by 17.7%.

The segment's advertising revenue declined by 7.5% to MEUR 59.1 (63.9). Comparable advertising revenue declined by 4.6%. Comparable digital advertising revenue grew by 4.7%. The elections had an effect of MEUR 0.8 on the advertising revenue.

The segment's service revenue declined by 8.0% to MEUR 19.0 (20.6). Comparable service revenue excluding acquired and divested operations decreased by 7.9% due to lower external printing volumes.

The segment's total expenses were MEUR 127.5 (137.6). The expenses were reduced by divested businesses, restructuring measures implemented in 2018, lower content purchases and lower material consumption costs due to lower print sales. The segment's adjusted operating profit was MEUR 15.5 (14.4), or 10.9% (9.5%) of revenue. The adjusted items in the review period were related to losses on the sale of real estate, while the adjusted items in the comparison period were related to the restructuring of operations and gains on the sale of assets. The segment's operating profit was MEUR 14.8 (17.9).

Associated companies

On 3 July 2019, Alma Media announced it had acquired 40 per cent of Etua Oy, a provider of competitive tender services for loans and insurance. Alma Media previously held a 20 per cent stake in the company. As a result of the transaction, Alma Media's holding in Etua Oy increased to 60 per cent and Etua Oy is reported as a subsidiary in the financial statements of 31 December 2019.

Items adjusting operating profit

Items adjusting operating profit are income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised by the Group as adjustments. Adjustments are recognised in the income statement within the corresponding income or expense group.

Balance sheet and financial position

At the end of December 2019, the consolidated balance sheet stood at MEUR 400.9 (345.6). The Group's equity ratio at the end of December was 54.1% (57.5%) and equity per share was EUR 2.09 (1.94).

Consolidated cash flow from operations in 2019, including discontinued operations, amounted to MEUR 71.8 (56.2). The increase in cash flow from operations was attributable to the improved result as well as higher working capital and the Group's adoption of IFRS 16. Cash flow before financing was MEUR 61.9 (61.6) in 2019.

At the end of December 2019, the Group's interest-bearing debt amounted to MEUR 90.8 (51.5), consisting entirely of lease liabilities. The Group's interest-bearing net debt stood at MEUR 23.7 (2.0). The increase in interest-bearing debt was attributable to the Group's adoption of IFRS 16. The impact of the adoption of the standard on the Group's financial position is described in the accounting principles of the Interim Report.

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 31 December 2019. In April, the company extended its financing limit agreements with its existing financing partners by three years. The company also has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was entirely unused as at 31 December 2019.

Alma Media did not have financial assets created in conjunction with business combinations measured at fair value and recognised through profit or loss at the end of the reporting period. Financial liabilities measured at fair value and recognised through profit or loss amounted to MEUR 3.5.

ADJUSTED ITEMS FOR CONTINUING OPERATIONS

MEUR	2019 Q1–Q4	2018 Q1–Q4
Alma Markets		
Gains (losses) on the sale of assets	0.1	0.7
Alma Talent		
Restructuring		-0.6
Gains (losses) on the sale of assets		0.2
Alma Consumer		
Restructuring		-0.1
Gains (losses) on the sale of assets		-0.2
Non-allocated		
Gains (losses) on the sale of assets	0.0	-0.1
Adjusted items in operating profit	0.1	-0.1
Adjusted items in profit before tax	0.1	-0.1

ADJUSTED ITEMS FOR DISCONTINUED OPERATIONS

MEUR	2019 Q1–Q4	2018 Q1–Q4
Alma Consumer		
Restructuring		-0.9
Gains (losses) on the sale of assets	-0.7	4.7
Adjusted items in operating profit	-0.7	3.8
Adjusted items in profit before tax	-0.7	3.8

Capital expenditure

Alma Media Group's capital expenditure in 2019 totalled MEUR 12.9 (22.1). Discontinued operations accounted for MEUR 0.2 of the Group's capital expenditure. The capital expenditure consisted of the acquisition of shares in Suomen Tukkuautot Oy and Etua Oy as well as normal operating and maintenance investments.

Research and development costs

The Group's research and development costs in 2019 totalled MEUR 4.3 (4.3). MEUR 3.4 (4.3) was recognised in the income statement and development costs of MEUR 1.0 were capitalised on the balance sheet in 2019 (no development capitalised in 2018). There were capitalised research and development costs totalling MEUR 1.3 on the balance sheet on 31 December 2019 (1.1 in 2018).

Statement of non-financial information

Alma Media's purpose is to accelerate the sustainable growth of individuals, companies and society. The company supports the development of democratic society by producing pluralistic, objective and high-quality content as well as by providing secure and reliable digital services for consumers and businesses. The company's value creation model is described on page 9.

Alma Media develops the sustainability of its operations with a systematic and long-term approach based on its Code of Conduct, the objectives outlined in its corporate responsibility programme and its SBT climate targets (science-based targets). Alma Media observes the principles of the UN Global Compact initiative, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and other essential international human rights conventions and recommendations.

Alma Media develops the sustainability of its operations at various levels of the organisation as part of day-to-day business. The Group Executive Team assesses the corporate responsibility programme at least twice a year and reports to the Board of Directors on progress in the area of sustainability. The Board of Directors monitors sustainability performance based on the information reported by the management. Unit-level Management Teams and key individuals also play a key role by frequently making sustainability-related decisions in the context of developing operations and services. At the Group level, the development of sustainability is coordinated by Alma Media's Corporate Responsibility Manager.

Alma Media applies the materiality principle in its sustainability reporting. The Group's reporting of non-financial information includes not only environmental, social and ethical perspectives but also the topic of sustainable media, which covers information related to responsible journalism and marketing as well as the processing of data. More information on the development of sustainability will be provided in Alma Media's Corporate Responsibility Report 2019. The report will be published in March 2020.

SUSTAINABLE MEDIA

The development of responsible journalism and marketing as well as the use of consumer data at Alma Media are guided by legislation as well as the guidelines issued by various regulatory bodies.

The key guidelines pertaining to journalism include the Guidelines for Journalists as well as the statements and decisions made by the Council for Mass Media – the self-regulatory body of the Finnish media industry – in response to complaints from the public. The digitalisation of advertising has seen the focus of the development of responsible advertising shift increasingly to ensuring the security of the advertising environment as well as the responsible collection and use of consumer data.

Alma Media develops its digital services in accordance with its information security policy and data protection description and in compliance with the current legislation governing data protection and information security as well as national and international guidelines, with the recommendations and guidelines issued by the European Data Protection Board being the most important among these. In developing the responsibility of its advertising, Alma Media observes the International Chamber of Commerce Code of Advertising and Marketing Communication Practice, IAB guidelines and Europe-wide self-regulation of targeted online advertising (OBA self-regulation).

Alma Media's objective is that there are no serious data protection or information security breaches in the online services owned by the company and that no advertisements that are contrary to good advertising practices are published on them. Alma Media was not made aware of any serious data protection or information security breaches in 2019. The most significant issue related to information security and data protection was found in Alma Media's new Finnish online service related to the employer image. A security loophole was found in the Tunto service during its launch phase in March 2019. The problem was rectified quickly. The Data Protection Ombudsman and the customers whom the vulnerability concerned were notified of the issue.

During the year, Alma Media's Finnish media sales organisation turned down certain advertising campaigns due to deficiencies observed in their approach to the collection of personal data or because their content was not in line with the guidelines concerning ethical advertising. In the case of a few campaigns, changes to the content of the advertising were demanded.

The annual target pertaining to responsible journalism was not achieved during the year. The target set in Alma Media's corporate responsibility programme is that the combined share of Group's media of the condemnatory decisions issued by the Council for Mass Media should not exceed 20 per cent. In 2019, the Council for Mass Media handled 57 complaints and issued a condemnatory decision in 16 of those cases. Four of the condemnatory decisions concerned Alma Media's Iltalehti, which meant that Alma Media's share of the condemnatory decisions was 25 per cent.

The development of sustainable media in the Group's editorial offices is the responsibility of their Senior Editors-in-Chief and other senior editorial staff assisted by Alma Media's Working Group on Responsible Journalism. Alma Media's media sales and marketing organisation is in charge of the development of responsible marketing. The management of the business units, together with the ICT organisation and the legal department, are responsible for the technical development of the online services owned by the Group and for ensuring that they comply with data protection and information security recommendations and regulations as well as maintaining the appropriate level of employee competence pertaining to data protection and information security.

ENVIRONMENTAL ISSUES

According to the science-based targets (SBTs) set by Alma Media in 2018, the Group must reduce the emissions arising from the electricity, district heating and district cooling consumption of the properties it owns and leases and the emissions arising from the fuel consumption of company cars (Scope 1 and Scope 2 emissions) by 21 per cent by 2025. For emissions arising from the supply chain, waste, business travel and other indirect sources (Scope 3 emissions), the target is a decrease of 10 per cent by 2023. The baseline for both targets is the year 2016.

In 2019, Alma Media adjusted its reported Scope 1 and Scope 2 figures to eliminate the impact of the business operations in Lapland divested in 2018 and the former printing facility, among other things. According to the adjusted figures for 2016–2018, the Group already achieved its emissions target concerning real estate and cars in 2018. Significant reductions in emissions continued in 2019, with the Scope 1 and Scope 2 emissions reported by the Group falling by more than half compared to 2016. The reduction in emissions was mainly attributable to the electricity purchasing programme implemented by Alma Media in 2018–2019, which saw all of the Group's properties in Finland switch to zero-emission electricity. The programme was completed during the reporting year under an expedited schedule, one year ahead of the original schedule.

Alma Media's indirect Scope 3 emissions were significantly reduced during the reporting year due to a decrease in emissions-intensive purchases. The decrease of paper purchasing had the biggest impact on the Group's emissions, but significant reductions were also achieved in areas such as flying-related emissions and emissions caused by transport and waste handling. As a result of the reduction in purchases, the Group's Scope 3 emissions fell below the science-based target set for indirect emissions. Alma Media's Scope 3 emissions during the reporting year were 15 per cent lower than in the comparison year 2016. Nevertheless, Alma Media maintains its current SBT concerning indirect Scope 3 emissions because the Group wants to make sure that the decrease in emissions represents a permanent reduction caused by digitalisation and the transition from print to digital.

Progress towards the energy efficiency target set for Alma Media's Finnish properties was slower than expected, and achieving the target by 2025 will be challenging. Progress towards achieving the target is slowed down by the 2018 sale of Alma Media's former printing facility, which had been leased to external parties during the preceding years. Extensive energy efficiency improvements were achieved through renovations of the property before its sale but, once it was removed from Alma Media's property portfolio, the improvements no longer count towards the Group's target. The energy efficiency figures are also adjusted figures that take into account the sold printing facility and other sold real estate as well as the divestment of the business operations in Lapland.

The amount of waste paper generated in connection with the production operations of Alma Media's printing facility declined by 1.3 per cent compared to the previous year. The decrease was attributable to lower print volumes per print job. The rate of decrease fell short of the two per cent annual reduction target set for the printing facility (comparison year: 2016). Nevertheless, thanks to the significant reductions in the amount of waste paper achieved in previous reporting years, the improvement of the material efficiency of the printing facility is estimated to be on schedule to reach the targets set for it by 2025 (comparison year: 2016).

The responsibility for the development of Alma Media's environmental policy lies with the Group's senior management, but the key individuals in day-to-day environmental efforts include Alma Media's Chief Procurement Officer and Facility Manager as well as the management of the business units. They play a key role in the reduction of Alma Media's carbon footprint and the development of more environmentally friendly processes, products and services. The most important of the commitments and policies that guide the Group's environmental efforts are Alma Media's science-based targets (SBTs) and responsibility programme.

Alma Media's printing facility is not subject to an environmental permit, but its operations are supervised in accordance with the standard practices of the public authorities.

EMPLOYEES AND SOCIAL ISSUES

Alma Media had 1,892 employees at the end of 2019, excluding telemarketers and delivery staff. Approximately 35 per cent of the employees worked outside Finland during the year. Women represented 41 per cent of Alma Media employees in supervisory and managerial positions, and 59 per cent were men. Women represented 47 per cent of the employees as a whole.

In 2019, Alma Media agreed on the outsourcing of the early morning delivery of its newspapers in Pirkanmaa and Satakunta to Posti Group. The outsourcing arrangement resulted in the transfer of approximately 780 delivery employees to Posti as existing employees effective from the beginning of 2020.

The aim of Alma Media's HR strategy is to support the digital transformation of the company by enhancing the employees' expertise, commitment and well-being as well as by ensuring the availability of suitable employees. The Group is committed to treating its employees fairly and building a diverse and equal work community. The achievement of these objectives is supported by targets related to, among other things, the commitment of new employees, enhancing job satisfaction and the equal and ethical treatment of employees. These targets were achieved in 2019. In the annual QWL employee survey, Alma Media's index score was 78.9 per cent (target: at least 75%). In the survey measuring the employees' willingness to recommend Alma Media as an employer, the score improved to 8.2 from 8.1 in the previous year (annual target: at least 7.5 on a scale of 1–10). The score for the reporting year was the first to also include units outside Finland.

In 2019, an equality and diversity survey was conducted in all of Alma Media's units. Of the 1,182 employees who completed the survey, 85 per cent characterised their unit as a work community in which employees are treated equally, and 80 per cent indicated that all employees in their unit are provided equal opportunities for professional development and career advancement. There were no significant differences between the genders in the survey responses. Going forward, Alma Media will conduct the survey regularly to monitor the realisation of equality and diversity in the Group's various business functions.

During the reporting year, Alma Media was not informed of any incidents involving unequal or inappropriate treatment of employees via the secure whistleblowing channel available to the employees, through other internal channels or by the authorities. In December 2019, the District Court of Pirkanmaa dismissed the charges against Alma Media Corporation's President and CEO Kai Telanne and SVP, Human Resources Virpi Juvonen, regarding suspected employment discrimination in the recruitment process of Aamulehti's Editor-in-Chief in late 2017. The decisions of the District Court are final.

The HR function is responsible for the development of employee-related matters at Alma Media. Its work is guided by, among other things, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, Alma Media's Code of Conduct and responsibility programme and the business units' non-discrimination, diversity and equality plans, which are updated once every two years. Non-discrimination in HR policy is the responsibility of the HR function as well as recruiting managers.

ETHICS IN BUSINESS

Alma Media bears social, economic and environmental responsibility for its operations and does not condone the use of unethical or environmentally or socially unsustainable operating methods by its suppliers and partners. The Group has a zero-tolerance policy for corruption, bribery, human rights violations and inhumane working conditions.

The Group's Finnish procurement department has gradually implemented a new contract template that requires subcontractors to familiarise themselves with Alma Media's responsibility programme and Code of Conduct and agree to comply with their relevant principles and the applicable legislation. Alma Media's ethical operating principles are also documented in the Code of Conduct, and training materials related to the Code of Conduct are used in the induction training of new employees. Alma Media's employees are required to report any suspicions of misconduct to the authorities, via the Group's whistleblowing channel or through other internal channels.

During the reporting year, Alma Media did not receive any reports from employees regarding unethical conduct, nor was the Group informed of any such incidents by the authorities.

The Group's executive management, assisted by the legal department, is responsible for the ethicality of Alma Media's business operations. The Chief Procurement Officer is in charge of the development of Alma Media's responsible procurement policy.

Risks and risk management

At Alma Media Group, the task of risk management is to detect, evaluate and monitor business opportunities, threats and risks to ensure the achievement of objectives and business continuity. The risk management process identifies and controls the risks, develops appropriate risk management methods and regularly reports on risk issues to the risk management organisation and the Board of Directors. Risk management is part of Alma Media's internal control function and thereby part of good corporate governance.

The most critical strategic risks for Alma Media are a significant drop in its print newspaper readership and a decrease in the online audience of digital media, a permanent decline in advertising sales and a significant increase in distribution and delivery costs. The group subscriptions of the major financial and technology-related magazines are significant in scale. Changes to the subscription agreements could have a substantial impact on the magazines' total subscription volumes. The media industry is undergoing changes following the transformation in media consumption and technological development. An increasingly important source of competitive advantage, but also a strategic risk, in Alma Media's business is the ability to use customer data to improve the product and service offering for advertisers and enrich end user services. Alma Media will manage customer data and behavioural data by centralising customer data repositories and deploying analysis and activation technology, taking regulatory requirements into consideration. The regulation of the media sector and the related market practices are becoming stricter. As the focus of media consumption shifts to digital channels, Alma Media is responding to the transformation of the operating environment by developing digital products and services for consumers and businesses.

Fluctuating economic cycles are reflected in the development of advertising sales. Advertising sales account for approximately half of the Group's revenue. Business operations outside Finland, such as in Eastern and Central European countries, include country-specific risks relating to market development and economic growth. The expansion of business outside Finland has reduced the risks inherent in operating in one market area.

Disturbances of information technology and communications as well as disruption of printing are the most important operational risks.

Risk	Risk definition	Risk mitigating actions
Strategic risks		
Change in media consumption	Industry transformation following trends in media consumption and technological development. The capacity of product and service development to assess changes in consumer behaviour or invest in the appropriate technological service solutions.	Business development driven by customer needs. Measures to promote digital business competitiveness. Ensuring that content is interesting. Developing the user interfaces of media as well as purchasing paths and payment systems, for example. Sufficient investments and resources in research and development.
Change in the competitive landscape	Expansion of international platforms, industry convergence, reduced price competitiveness. Technological solutions and implementations by platform providers that restrict the operations of other companies.	Service business development, active development of the existing business, diversification of revenue sources, geographic diversification of business.
Printed and digital media audiences	A significant drop in print subscribers and readers, a drop in online service subscribers and users, a permanent decline in advertising sales and a significant increase in distribution and delivery costs and pressure concerning the pricing of services.	Maintaining and developing an interactive media-reader relationship, customer satisfaction surveys, Alma Media's internal cooperation in content production, content sales, advertising sales, support functions and product development. Distribution partnerships and cooperation with publishers.
Customer data	The ability to utilise the growing amount of customer data in delivering better and more targeted service solutions. The capacity of product and service development to anticipate changes in customer needs. Violations of the GDPR or other regulations governing data protection. Data protection violations arising from the management of complex technological systems or inadequate employee competence.	Business development driven by customer needs. Measures to promote digital business competitiveness and data management. Sufficient investments and resources in data management and systems as well as the development of data protection procedures and employee competence.

Risk	Risk definition	Risk mitigating actions
Strategic risks		
Fluctuating economic cycles	Advertising represents a significant share of revenue and is sensitive to general economic cycles.	Continuous analysis and monitoring of the operating environment, preparedness to implement structural changes as necessary.
Changes in legislation	Interpretations by the authorities regarding the practical application of the GDPR, the upcoming ePrivacy regulation and potential legislative changes concerning taxation.	Internal training, monitoring legislation and the regulatory interpretations of the authorities, building processes for legally required changes in the organisation.
Country-specific risks	Business operations involve country-specific risks relating to market development and economic growth. Geographic diversification and internationalisation help reduce the country-specific risk of the domestic market.	Ongoing market development analysis, monitoring and analysing Group- and country-specific risks.
Group subscriptions of magazines	Changes in the group subscriptions of the major financial and technology-related magazines.	Customer satisfaction surveys and continuous service development based on the results, in cooperation with group subscribers.
Operational risks		
Disturbances of information technology and communications	Reliability of information networks.	Contingency plans, decentralised server solutions, cloud computing, ensuring sufficient competencies.
Cyber risks	The risk of being targeted by information security attacks and data theft.	Contingency plans and risk management actions, ensuring sufficient competencies, insurance.
Disruption of printing operations	Disruption of printing operations due to an accident, mechanical fault or information system error.	Contingency and restoration plans, back-up arrangements and customer communication.
Competence	Technological development and the demands of new technology increase the risk of obtaining and maintaining sufficient competencies and achieving employee commitment.	HR strategy, creating commitment in key individuals, additional resource allocation and trainee programmes, employee well-being.
Financial risks		
Interest and foreign exchange risks	A change in an interest rate or currency exchange rate causes a significant impact on the company’s profit or balance sheet position.	Treasury policy and the hedging principles defined therein.
Refinancing risk	The company is unable to renew maturing financing agreements.	Treasury policy, financing plan and agreements, sufficiently long maturity of loans, sufficient equity ratio.
Liquidity risk	The company is unable to cover its maturing obligations in the short term.	Treasury policy, financing limit agreements of sufficient size.

ALMA MEDIA’S BUSINESS RISKS ARE ALSO CLOSELY RELATED TO RESPONSIBLE JOURNALISM AND RESPONSIBLE MARKETING

Risks related to the reporting of non-financial information	Risk definition	Risk mitigating actions
Risks related to journalism	The erosion of the appreciation and reliability of media content. Monitoring and managing editorial content is challenging in the digital environment.	Developing editorial teams’ practices and employee competence. Reader satisfaction surveys, customer contacts and feedback. Participation in journalism industry events and organisations.
Risks related to marketing	Diminishing reliability as an advertising environment. Publishing advertising that is contrary to good marketing practices or disrupts the reading experience. Ethical risks related to digital marketing, such as programmatic buying, including partner risks, providing a safe brand environment as a publisher. Technological risks.	Customer satisfaction surveys, customer contacts and feedback. Developing marketing practices and employee competence. Technology acquisition.

RISK MANAGEMENT CONCERNING NON-FINANCIAL ISSUES

The objective of Alma Media's risk management is to anticipate changes in the business environment and focus resources on the most significant risks and opportunities. The process also covers responsibility risks whose significance is assessed both in financial terms and in terms of the potential damage caused to the Group's reputation if the risk were to materialise. The Group communicates its responsibility risks and challenges related to the development of corporate responsibility transparently in its stakeholder communications.

RISKS RELATED TO THE SUSTAINABILITY OF MEDIA

Public trust in media and other institutions has declined globally during the past few years. Even in Finland, trust has weakened, although it is still high by international comparison. Alma Media's business is based on trust. Readers, advertisers and the users of digital services must be able to trust that the Group publishes truthful, objective and pluralistic content while also providing a secure advertising environment as well as high-quality digital services that are compliant with the applicable regulations. To maintain the trust of its readers and customers, Alma Media systematically develops its employees' competencies and technological skills, and the Group has also set annual and long-term targets concerning responsible journalism and marketing as well as digital responsibility. Progress towards these targets is monitored by the Group's management. The day-to-day work of editorial offices, media sales and the ICT organisation are also guided by the decisions of the regulatory bodies concerning responsible journalism, marketing, data protection and information security as well as feedback from customers and readers received through various channels and the results of reader and customer satisfaction surveys.

ENVIRONMENTAL RISKS

Alma Media's business does not involve environmental risks that have been assessed to be of material significance. In the short term, warmer winters will complicate the harvesting of wood by the paper suppliers that operate as Alma's subcontractors, which may lead to higher paper prices. Tightening national and EU-level climate legislation may have indirect impacts on the material procurement of Alma Media's printing facility and the delivery of publications by subcontractors in the event that stricter regulations will impose new climate obligations on companies. In the longer term, increasing extreme weather phenomena caused by climate change are predicted to increase the risk of technical disruptions to digital services in Alma Media's operating countries.

Alma Media manages its environmental risks by systematically developing its most emissions-intensive operations in accordance with the Group's science-based climate targets (SBTs) and by engaging in active environmental dialogue with its key suppliers. The environmental risks associated with purchasing are reduced by the geographical scope of Alma Media's operations. The procurement of each country unit is focused on the domestic market or nearby regions, which enables comprehensive oversight of suppliers. The risk of disruptions in the availability of digital services is mitigated by improving operational reliability. Reliability has been improved by moving all of the services that are important to Alma Media's business to cloud services. Other server capacity needed by the Group is purchased from modern data centres maintained by subcontractors.

SOCIAL AND HR-RELATED RISKS

The development of Alma Media's business is highly dependent on the systematic development of employee competence and the Group's ability to attract and retain highly competent and motivated employees. Many of the professional groups that are significant to the Group's capacity for renewal and competitiveness are characterised by intense competition in the job market. For this reason, Alma Media considers the failure of maintaining competence as well as the engagement and retention of employees to be its most significant HR-related risk.

The Group manages its HR-related risks by taking a long-term approach to the development of its employer image, recruitment, supervisory work and management. In accordance with its HR strategy, the Group also invests in career guidance and provides employees with diverse opportunities for on-the-job learning and the continuous development of competence. Alma Media assesses its risk management performance by monitoring its progress towards its responsibility targets related to the Group's ability to engage and retain new employees, Alma Media's employer image and the development of a fair and highly functional work community. Progress towards these targets is reported on annually.

RISKS RELATED TO UNETHICAL BUSINESS PRACTICES AND HUMAN RIGHTS VIOLATIONS

Alma Media has a vast and diverse subcontracting network that ranges from sole proprietorships engaged in content production to large international corporations. Alma Media has business operations in 11 countries. Ethics violations by the Group's subcontractors or employees could potentially have financial or legal repercussions for Alma Media and they could damage the Group's reputation.

To ensure that consistent ethical principles are observed in the Group's business operations, Alma Media takes a systematic and goal-driven approach to the development of its organisational culture and operating methods and strives to minimise risks through reporting and communication, among other things. The Group requires that all new employees complete an e-learning course on the Alma Media Code of

Conduct as part of their induction training. Employees also have access to an anonymous whistleblowing channel for reporting violations. To prevent risks associated with unethical conduct in the supply chain, Alma Media reserves the right to conduct audits of its suppliers and service providers and requires suppliers to provide documentation on the responsibility of their services and products. When the company signs significant new subcontracting agreements, site visits are made to the production facilities before the final choice of supplier is made to verify the responsibility of the production process. In the Group's procurement operations in Finland, Alma Media's ethical and corporate responsibility principles are also documented in an appendix to supplier agreements whose use has been gradually expanded.

Changes in Group structure in 2019

Changes in Group structure are described in the strategy section of the Report by the Board of Directors as well as in the notes to the consolidated financial statements, in Note 4.2 Subsidiaries and Note 4.3 Business combinations.

Annual General Meeting

Alma Media Corporation's Annual General Meeting, held on 15 March 2019, elected Peter Immonen, Esa Lager, Alexander Lindholm, Petri Niemisvirta, Jorma Ollila, Päivi Rekonen and Catharina Stackelberg-Hammarén as members of the Board of Directors for the term ending at the close of the next Annual General Meeting. In its constitutive meeting held after the AGM, the Board of Directors elected Jorma Ollila as its Chairman and Petri Niemisvirta as its Deputy Chairman.

The Board of Directors also appointed the members to its permanent committees in its constitutive meeting. Esa Lager, Alexander Lindholm, Petri Niemisvirta and Päivi Rekonen were elected as members of the Audit Committee, with Esa Lager as Chairman. Peter Immonen, Jorma Ollila and Catharina Stackelberg-Hammarén were elected as members of the Nomination and Compensation Committee, with Peter Immonen as Chairman.

The Board of Directors has assessed that, with the exception of Jorma Ollila, Peter Immonen, Esa Lager and Alexander Lindholm, the members of the Board are independent of the company and its significant shareholders. The members mentioned hereinabove are assessed to be independent of the company but not independent of its significant shareholders. Peter Immonen is a member of the Board of Mariatorp Oy, Esa Lager is a member of the Board of Ilkka-Yhtymä Oyj, Alexander Lindholm is the CEO of Otava Group and Jorma Ollila has been a member of the Board of Otava Ltd. for ten consecutive years in 2019 (a relationship with a significant shareholder pursuant to subsection j) of Recommendation 10 of the Corporate Governance Code).

Mikko Korttila, General Counsel of Alma Media Corporation, serves as the secretary to the Board of Directors in accordance with the Board's Charter.

The AGM appointed PricewaterhouseCoopers Oy as the company's auditors, with Markku Launis, APA, as the principal auditor.

REMUNERATION OF BOARD MEMBERS

In accordance with the proposal of the Shareholders' Nomination Committee, the AGM decided that the annual remuneration of the Board of Directors be increased, as it had been unchanged since 2016, and that the following annual remuneration be paid to the members of the Board of Directors for the term of office ending at the close of the Annual General Meeting 2020: to the Chairman of the Board of Directors, EUR 62,500 (previously 40,000) per year; to the Vice Chairman, EUR 40,000 (previously 32,000) per year, and to members EUR 32,500 (previously 27,000) per year.

In addition, the Chair of the Board of Directors and the Chair of the Audit Committee will be paid a fee of EUR 1,500 (previously EUR 1,000), the Chair of the Nomination and Compensation Committee a fee of EUR 1,000 (previously EUR 1,000), the Deputy Chairs of the committees a fee of EUR 700 (previously EUR 700) and members a fee of EUR 500 (previously EUR 500) for those Board and Committee meetings that they attend. It is proposed that the travel expenses of Board members be compensated in accordance with company travel regulations.

The above-mentioned attendance fees for each meeting are

- doubled for (i) members living outside Finland in Europe or (ii) meetings held outside Finland in Europe; and
- tripled for (i) members resident outside Europe or (ii) meetings held outside Europe.

The members of the Board shall, as decided by the Annual General Meeting, acquire a number of Alma Media Corporation shares corresponding to approximately 40 per cent of the full amount of the annual remuneration for Board members, taking into account tax deduction at source, at the trading price on the regulated market arranged by the Helsinki Stock Exchange. Members of the Board are required to arrange the acquisition of the shares within two weeks of the release of the first quarter 2019 interim report or, if this is not possible due to insider trading regulations, as soon as possible thereafter. If it is not possible to acquire the shares by the end of 2019 for a reason such as pending insider transactions, the annual remuneration shall be paid in cash. Shares acquired in this way cannot be transferred until the recipient's membership on the Board has ended. The company is liable to pay any transfer taxes that may arise from the acquisition of shares.

AUTHORISATION TO THE BOARD OF DIRECTORS TO REPURCHASE OWN SHARES

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots. The maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The shares shall be acquired using the company's non-restricted shareholders' equity through trading on a regulated market arranged by Nasdaq Helsinki Ltd and in accordance with its rules and instructions, for which reason the acquisition is directed, in other words, the shares will be purchased otherwise than in proportion to the shareholders' current holdings. The price paid for the shares shall be based on the price of the company share on the regulated market, so that the minimum price of purchased shares is the lowest market price of the share quoted on the regulated market during the term of validity of the authorisation and the maximum price, correspondingly, the highest market price quoted on the regulated market during the term of validity of the authorisation.

Shares can be purchased for the purpose of improving the company's capital structure, financing or carrying out corporate acquisitions or other arrangements, implementing incentive schemes for the management or key employees or to be otherwise transferred or cancelled. The authorisation is valid until the following AGM, but not later than 30 June 2020.

AUTHORISATION TO THE BOARD OF DIRECTORS TO DECIDE ON THE TRANSFER OF OWN SHARES

The AGM authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company. A maximum of 824,000 shares may be issued on the basis of this authorisation. The maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more lots. The Board of Directors can use the authorisation to implement incentive programmes for the management or key employees of the company.

The authorisation is valid until the following AGM, but not later than 30 June 2020. This authorisation overrides the corresponding share issue authorisation granted at the Annual General Meeting of 14 March 2018.

AUTHORISATION TO THE BOARD OF DIRECTORS TO DECIDE ON A SHARE ISSUE

The AGM authorised the Board of Directors to decide on a share issue. A maximum of 16,500,000 shares may be issued on the basis of this authorisation. The proposed maximum number of shares issuable under the authorisation corresponds to approximately 20 per cent of the company's entire share capital. The share issue can be implemented by issuing new shares or by transferring treasury shares. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more lots.

The Board can use the authorisation for developing the capital structure of the company, widening the ownership base, financing or executing acquisitions or other arrangements, or for other purposes decided on by the Board. The authorisation cannot, however, be used to implement incentive schemes for the management or key employees of the company.

The authorisation is valid until the following AGM, but not later than 30 June 2020. This authorisation overrides the corresponding share issue authorisation granted at the AGM of 14 March 2018, but not the share issue authorisation mentioned in the previous paragraph.

DONATIONS

The AGM of 15 March 2019 authorised the Board of Directors to decide on donations amounting to no more than EUR 50,000 to universities in 2019–2020, with the more detailed conditions of the donations to be decided by the Board of Directors.

DIVIDENDS

In accordance with the proposal of the Board of Directors, the AGM resolved on 15 March 2019 that a dividend of EUR 0.35 per share be paid for the financial year 2018. The dividend was paid to shareholders who were registered in Alma Media Corporation's shareholder register maintained by Euroclear Finland Ltd on the record date, 19 March 2019. The payment was made on 26 March 2018.

The Alma Media share

In 2019, altogether 3,464,370 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 4.2% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the year, 30 December 2019, was EUR 7.96. The lowest quotation in 2019 was EUR 5.48 and the highest EUR 8.10. Alma Media Corporation's market capitalisation at the end of 2019 was MEUR 655.8.

Shareholdings

20 PRINCIPAL SHAREHOLDERS ON 31 DECEMBER 2019

	Pcs	% of shares and votes
1. Otava Oy	23,922,845	29.04
2. Mariatorp Oy	15,675,473	19.03
3. Ilkka-Yhtymä Oyj	8,993,473	10.92
4. Varma Mutual Pension Insurance Company	5,327,994	6.47
5. Ilmarinen Mutual Pension Insurance Company	2,177,095	2.64
6. Elo Mutual Pension Insurance Company	2,125,234	2.58
7. Nordea Nordic Small Cap	1,866,756	2.27
8. C.V. Akerlund Media Foundation	1,182,871	1.44
9. Veljesten Viestintä Oy	851,500	1.03
10. Keskisuomalainen Oyj	782,497	0.95
11. Häkkinen Matti Juhani	738,807	0.90
12. Sr Evli Suomi Select	635,000	0.77
13. Koskinen Riitta Inkeri	385,036	0.47
14. Sinkkonen Raija Irmeli	333,431	0.40
15. Danilostock Oy	330,000	0.40
16. Elite Alfred Berg Suomi Fokus Sr	269,961	0.33
17. Sr Taaleritehdas Mikro Markka	240,000	0.29
18. Estate of Tallberg Carl Johan	237,250	0.29
19. Tampereen Tuberkuloosisäätiö Sr	210,000	0.25
20. Telanne Kai	175,273	0.21
Total	**66,460,496**	**80.67**
Nominee-registered	4,978,566	6.04
Other*	10,944,120	13.29
Total	**82,383,182**	**100.00**

* Alma Media Corporation owns a total of 99,795 of its own shares, representing 0.12 per cent of the total number of the company's shares and related votes.

OWNERSHIP STRUCTURE ON 31 DECEMBER 2019

	Number of owners (pcs)	% of total (%)	Number of shares (pcs)	% of shares (%)
Private companies	312	3.50	51,650,467	62.70
Financial and insurance institutions	19	0.21	8,526,115	10.35
Public entities	8	0.09	9,654,257	11.72
Households	8,416	94.50	10,267,634	12.46
Non-profit associations	102	1.15	2,171,729	2.64
Foreign owners	39	0.44	112,980	0.14
Nominee-registered shares	10	0.11	4,978,566	6.04
Total	**8,906**	**100.0**	**82,383,182**	**100.0**
Distribution of ownership				
1–100	2,732	30.7	137,143	0.2
101–1,000	4,466	50.1	1,902,279	2.3
1,001–10,000	1,507	16.9	4,293,077	5.2
10,001–100,000	176	2.0	4,457,349	5.4
100,001–500,000	11	0.1	2,537,647	3.1
500,000–	14	0.2	69,055,687	83.82
Total	**8,906**	**100.0**	**82,383,182**	**100.0**

Management ownership

The members of the Board of Directors, the President and CEO of the parent company and the other members of the Group Executive Team together held 473,078 shares in the company on 31 December 2019, representing 0.6% of the total number of shares and votes.

THE INDIVIDUAL HOLDINGS OF ALMA MEDIA SHARES ON 31 DECEMBER 2019 WERE AS FOLLOWS*

			Performance		
pcs	Shares	Fixed matching share plan 2015 LTI IV	matching share plan 2015 LTI II, III, IV	matching share plan LTI I, II, III and IV	Matching share plan LTI 2019 (MSP)
Jorma Ollila, Chairman	0				
Petri Niemisvirta, Deputy Chairman	21,949				
Catharina Von Stackelberg-Hammarén, member	23,164				
Peter Immonen, member	1,473				
Esa Lager, member	15,298				
Alexander Lindholm, member	1,473				
Päivi Rekonen	1,473				
Kai Telanne, President and CEO	175,273	36,000	106,000	136,000	135,000
Santtu Elsinen, Group Executive Team	31,736	9,000	24,000	24,000	27,600
Virpi Juvonen, Group Executive Team	20,592	6,000	16,000	20,000	19,800
Tiina Järvilehto, Group Executive Team	21,040	9,000	19,000	23,000	27,600
Kari Kivelä, Group Executive Team	45,175	12,000	35,000	45,000	45,000
Mikko Korttila, Group Executive Team	32,061	9,000	26,000	32,000	27,600
Elina Kukkonen, Group Executive Team	2,500	5,000	5,000	5,000	19,800
Juha-Petri Loimovuori, Group Executive Team	49,987	12,000	38,000	48,000	45,000
Vesa-Pekka Kirsi, Group Executive Team	0				
Juha Nuutinen, Group Executive Team	29,884	6,000	23,000	29,000	27,600
Total	**473,078**	**104,000**	**292,000**	**362,000**	**375,000**

* The figures include holdings of entities under their control as well as holdings of related parties.

Share-based incentive schemes (LTI 2015 and LTI 2019)

The share-based incentive schemes are described in Note 1.4.2 to the consolidated financial statements.

Market liquidity guarantee

The Alma Media share has no market liquidity guarantee in effect.

Flagging notices

Alma Media did not receive any flagging notices in 2019.

Corporate Governance Statement for 2019

In 2019, Alma Media Corporation applied the Finnish Corporate Governance Code 2015 for listed companies, issued by the Securities Market Association in 2015, in its unaltered form. A Corporate Governance Statement required by the Corporate Governance Code is presented as a separate report in connection with the Annual Report. In addition, it is publicly available on Alma Media's website at www.almamedia.fi/en/investors/governance/corporate-governance-statement/. The Remuneration Statement for 2019 will be issued concurrently with the CG Statement on 4 March 2020 and it will be published on the company's website at www.almamedia.fi/en/investors/governance/remuneration.

Remuneration Policy

In accordance with the EU Shareholder Rights Directive, Alma Media will publish its Remuneration Policy, which documents the principles of the remuneration of the Groups governing bodies and the key terms applicable to service contracts on 14 February 2020.

Operating environment in 2020

Uncertainty regarding the development of international trade is continuing and, in 2020, economic growth in Alma Media's operating countries is expected to remain on a par with, or slow down from, the previous year. The development of the national economies is reflected in the demand for recruitment advertising.

The structural transformation of the media will continue; online advertising and content sales will grow, while the demand for print media will decline. Data, analytics, machine learning and automation will become increasingly important, which calls for increasing technology investments. The areas of digital advertising that are again expected to see the fastest growth are search engine, social media, mobile and video advertising as well as content marketing.

Outlook for 2020

In 2020, Alma Media expects the full-year revenue and adjusted operating profit of its continuing operations to be at the previous year's level. In 2019, the full-year revenue of the continuing operations was MEUR 250.2 and the adjusted operating profit was MEUR 49.4.

Dividend proposal to the Annual General Meeting:

On 31 December 2019, the Group's parent company had distributable funds totalling EUR 148,403,121 (152,709,980). Alma Media's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share (2018: EUR 0.35 per share) be paid for the financial year 2019. The dividend will be paid to shareholders who are registered in Alma Media Corporation's shareholder register maintained by Euroclear Finland Ltd on the record date, 27 March 2020. The Board of Directors proposes that the dividend be paid on 3 April 2020. Based on the number of outstanding shares on the closing date 31 December 2019, the dividend payment totals EUR 32,913,355 (28,751,404).

No essential changes have taken place after the end of the financial year with respect to the company's financial standing. The proposed distribution of profit does not, in the view of the Board of Directors, compromise the company's liquidity.

Key figures describing economic development

Key figures are calculated applying IFRS recognition and measurement principles.

INCOME STATEMENT CONTINUING OPERATIONS

		IFRS 2019	Change %	IFRS 2018	Change %	IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015
Revenue	MEUR	250.2	-1.8	254.7	-30.7	367.3	4.0	353.2	21.2	291.5
Digital revenue	MEUR	166.7	3.2	161.5	3.1	156.6	17.3	133.5	27.9	104.3
% of revenue	%	66.6		63.4		42.6		37.8		35.8
Operating profit/loss	MEUR	49.5	4.4	47.5	1.9	46.6	74.0	26.8	51.5	17.7
% of revenue	%	19.8		18.6		12.7		7.6		6.1
Adjusted operating profit	MEUR	49.4	3.8	47.6	-6.8	51.1	45.2	35.2	50.4	23.4
% of revenue	%	19.8		18.7		13.9		10.0		8.0
Adjusted items*	MEUR	-0.1	-178.9	0.1	-97.0	4.5	-46.4	8.4	46.9	5.7
Profit before tax	MEUR	49.0	1.8	48.1	4.8	45.9	81.2	25.4	51.3	16.8
Adjusted profit before tax	MEUR	48.9	1.3	48.3	-4.3	50.4	49.5	33.7	50.2	22.5
Profit for the period	MEUR	40.5	5.8	38.2	4.1	36.7	85.0	19.9	64.6	12.1
Share of profit of associated companies	MEUR	0.5	272.0	-0.3	147.5	0.7	30.5	0.9	-41.4	1.6
Net financial expenses	MEUR	1.1	-208.8	-1.0	-177.0	1.3	-45.8	2.4	-6.4	2.5
Net financial expenses %	%	0.4		-0.4		0.3		0.7		0.9
Profit for the period, discontinued operations	MEUR	8.2	-156	9.7						
Profit for the period	MEUR	48.7	1.5	47.9						

* The adjusted items are specified in more detail on page 16 of the Report by the Board of Directors.

BALANCE SHEET*

		IFRS 2019	Change %	IFRS 2018	Change %	IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015
Balance sheet total	MEUR	400.9	16.0	345.6	3.5	333.8	2.1	327.0	-0.4	328.3
Interest-bearing net debt	MEUR	23.7		2.0		40.2		57.1		76.2
Interest-bearing liabilities	MEUR	90.8	76.2	51.5	-16.0	61.3	-23.7	80.4	-11.3	90.6
Non-interest-bearing liabilities	MEUR	107.6	0.3	107.2	-6.1	114.2	5.2	108.6	-0.7	109.4

OTHER INFORMATION, CONTINUING OPERATIONS

		IFRS 2019	Change %	IFRS 2018	Change %	IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015
Average no. of employees, excl. telemarketers		1,530	1.1	1,512	5.3	1,437	-27.1	1,972	33.6	1,476
Telemarketers on average		304	-7.2	328	7.0	306	-73.6	1,162	-6.8	1,246
Capital expenditure	MEUR	12.7	-41.0	21,8	-1.7	22,2	121.8	10.0	-83.4	60.2
Capital expenditure, % of revenue	%	5.1		8.6		6.0		2.8		20.6
Research and development costs	MEUR	4.3	1.0	4.3	-14.6	5.0	0.1	5.0	-9.4	5.5
Research and development costs, % of revenue	%	1.7		1.7		1.4		1.4		1.9

KEY FIGURES*

		IFRS 2019	Change %	IFRS 2018	Change %	IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015
Return on equity (ROE)	%	25.0	-10.0	27.8	12.1	24.8	66.3	14.9	43.4	10.4
Return on investment (ROI)	%	19.0	-12.2	21.6	23.6	17.5	73.4	10.1	46.8	6.9
Equity ratio, %	%	54.1		57.4		50.9		45.7		42.5
Gearing	%	11.7		1.5		25.4		41.4		59.4

* The figures include both continuing and discontinued operations, unless otherwise mentioned.

PER SHARE DATA

		IFRS 2019	Change %	IFRS 2018	Change %	IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015
Earnings per share, basic	EUR	0.51		0.51		0.39		0.20		0.13
Earnings per share, diluted	EUR	0.50		0.50		0.39		0.20		0.13
Earnings per share, continuing operations, basic	EUR	0.41		0.39						
Earnings per share, discontinued operations, basic	EUR	0.10		0.12						
Cash flow from operating activities per share	EUR	0.87		0.68		0.63		0.51		0.43
Shareholders' equity per share	EUR	2.09		1.94		1.66		1.44		1.35
Dividend per share	EUR	0.40*		0.35		0.24		0.16		0.12
Payout ratio	%	78.0		69.2		61.5		78.2		92.3
Effective dividend yield	%	5.0		6.3		3.3		3.2		4.0
P/E Ratio		15.5		10.9		18.4		24.6		23.1
Highest share price	EUR	8.10		8.14		7.50		5.45		3.3
Lowest share price	EUR	5.48		5.10		4.88		2.95		2.51
Share price on 31 December	EUR	7.96		5.54		7.2		5.03		3.00
Market capitalisation	MEUR	655.8		456.4		592.3		414.4		247.1
Turnover of shares, total	KPC	3,464		19,644		5,795		14,088		9,668
Relative turnover of shares, total	%	4.2		23.9		7.0		17.1		12.7
Average no. of shares (1,000 shares), basic	KPC	82,283		82,147		82,223		82,383		76,394
Average no. of shares (1,000 shares), diluted	KPC	83,673		83,219		83,147		82,383		76,394
Adjusted no. of shares on 31 December	KPC	82,383		82,383		82,383		82,383		82,383

* Proposal of the Board of Directors to the Annual General Meeting.

Calculation of key figures

Return on shareholders' equity, % (ROE)	Profit for the period / Shareholders' equity + non-controlling interest (average during the year)	x 100
Return on investment, % (ROI)	Profit for the period + interest and other financial expenses / Balance sheet total - non-interest-bearing debt (average during the year)	x 100
Equity ratio, %	Shareholders' equity + non-controlling interest / Balance sheet total - advances received	x 100
Operating profit	Profit before tax and financial items	
EBITDA	Operating profit excluding depreciation, amortisation and impairment losses	
Online sales, % of revenue	Online sales / Revenue	x 100
Basic earnings per share, €	Share of net profit belonging to parent company owners / Average number of shares adjusted for share issues	
Diluted adjusted earnings per share, €	Share of net profit belonging to parent company owners / Diluted average number of shares adjusted for share issues	
Gearing, %	Interest-bearing debt - cash and bank receivables / Shareholders' equity + non-controlling interest	x 100
Net financial expenses, %	Financial income and expenses / Revenue	x 100
Dividend per share, €	Dividend per share approved by the Annual General Meeting With respect to the most recent year, the Board's proposal to the AGM	
Payout ratio, %	Dividend/share / Share of EPS belonging to parent company owners	x 100
Effective dividend yield, %	Dividend/share adjusted for share issues / Final quotation at close of period adjusted for share issues	x 100
Price/earnings (P/E) ratio	Final quotation at close of period adjusted for share issues / Share of EPS belonging to parent company owners	
Shareholders' equity per share, €	Equity attributable to owners of the parent / Basic number of shares at the end of period adjusted for share issues	
Market capitalisation of share stock, €	Number of shares x closing price at end of period	

Alternative Performance Measures

Alma Media Corporation additionally uses and presents Alternative Performance Measures to illustrate the operative development of its business and improve comparability between reporting periods. The Alternative Performance Measures are reported in addition to IFRS key figures.

The Alternative Performance Measures used by Alma Media Corporation are the following:

Operating profit excluding adjusted items (MEUR and % of revenue)	Profit before tax and financial items excluding adjusted items
EBITDA excluding adjusted items	Operating profit excluding depreciation, amortisation, impairment losses and adjusted items

Items adjusting operating profit are income or expenses arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised by the Group as adjustments. Adjustments are recognised in the income statement within the corresponding income or expense group.

Interest-bearing net debt (MEUR)	Interest-bearing debt – cash and cash equivalents

Consolidated comprehensive income statement

MEUR	Note	1.1.–31.12.2019	1.1.–31.12.2018
Continuing operations			
Revenue	1.1, 1.2	**250.2**	**254.7**
Other operating income	1.2	0.6	1.7
Change in inventories of finished products		0.1	0.0
Materials and services	1.3	38.3	40.5
Expenses arising from employee benefits	1.3, 1.4	97.4	98.2
Depreciation, amortisation and impairment	2.1, 2.2	16.7	10.9
Other operating expenses	1.3	48.9	59.4
Operating profit	1.1	**49.5**	**47.5**
Finance income	3.1	0.3	2.1
Finance expenses	3.1	1.3	1.1
Share of profit of associated companies	4.4	0.5	-0.3
Profit before tax		**49.0**	**48.1**
Income tax	5.1, 5.2	-8.6	-9.9
Profit from continuing operations		**40.5**	**38.2**
Profit form discontinued operations		8.2	9.7
Profit for the period		48.7	47.9
Other comprehensive income			
Items that are not later transferred to be recognised through profit or loss			
Items arising due to the redefinition of net defined benefit liability (or asset item)		-0.2	-0.1
Changes in the fair value of equity instruments measured at fair value through other comprehensive income			-0.2
Tax on items that are not later transferred to be recognised through profit or loss			0.0
Items that may later be transferred to be recognised through profit or loss			
Translation differences		0.1	0.6
Other comprehensive income for the year, net of tax		-0.1	0.3
Total comprehensive income for the year, net of tax		**48.5**	**48.3**
Profit for the period attributable to			
Owners of the parent company		42.2	41.7
Non-controlling interest		6.4	6.3
Total comprehensive income for the period attributable to:			
Owners of the parent company		42.1	42.0
Non-controlling interest		6.4	6.3
Distribution of total comprehensive income			
Continuing operations		40.3	38.6
Discontinued operations		8.2	9.7
Earnings per share calculated from the profit for the period attributable to the parent company shareholders, continuing operations (€)			
Earnings per share (basic)		0.41	0.39
Earnings per share (diluted)		0.10	0.12
Earnings per share calculated from the profit for the period attributable to the parent company shareholders (€)			
Earnings per share (basic)	3.9	0.51	0.51
Earnings per share (diluted)	3.9	0.50	0.50

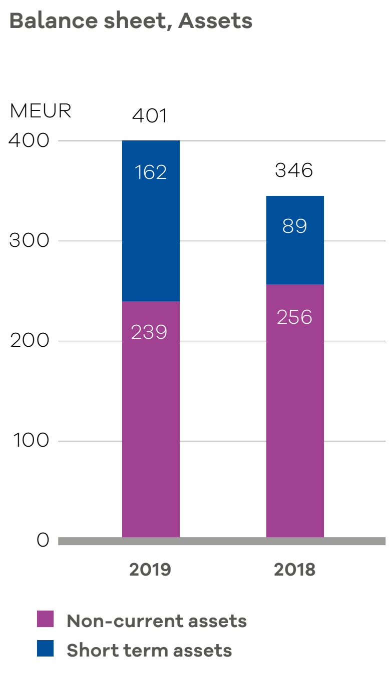
No non-controlling interests are included in the discontinued operations.

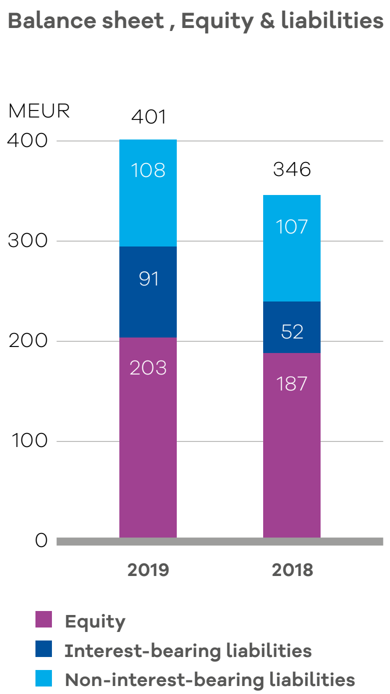
No items allocated to the discontinued operations are included in the comprehensive income items.

Consolidated balance sheet

MEUR	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Goodwill	2.1	130.3	133.5
Other intangible assets	2.1	54.3	59.4
Tangible assets	2.2	3.5	53.7
Right-of-use assets	2.2	43.9	
Shares in associated companies	2.2	3.2	4.1
Pension receivables, defined benefit plans		0.0	0.0
Other non-current financial assets		3.3	3.9
Deferred tax assets	5.2	0.4	1.5
		238.9	**256.1**
Current assets			
Inventories	3.7	0.7	3.2
Tax receivables		1.5	0.4
Trade and other receivables		28.0	36.3
Other current financial assets	3.2	0.0	0.1
Cash and cash equivalents	3.2	48.4	49.5
		78.6	**89.5**
Assets classified as held for sale		83.3	
		162.0	**89.5**
Assets, total		**400.9**	**345.6**
EQUITY AND LIABILITIES			
Share capital		45.3	45.3
Share premium reserve		7.7	7.7
Translation differences		-0.5	-0.6
Invested non-restricted equity fund		19.1	19.1
Retained earnings		100.5	88.7
Equity attributable to owners of the parent	3.9	**172.1**	**160.2**
Non-controlling interest		30.4	26.6
Total equity		**202.5**	**186.8**
Non-current liabilities			
Deferred tax liabilities	5.2	11.1	12.2
Pension liabilities	3.6	0.8	1.1
Provisions	1.3	0.4	0.4
Lease liabilities	3.3	36.9	
Non-current financial liabilities	3.3	2.1	47.4
		51.3	**61.2**

MEUR	Note	31.12.2019	31.12.2018
Current liabilities			
Advances received		12.5	20.5
Income tax liability		2.5	3.7
Provisions	1.3	0.1	0.7
Lease liabilities	3.3	7.4	
Current financial liabilities	3.3	1.6	13.1
Trade and other payables	3.7	50.6	59.5
		74.7	**97.6**
Liabilities related to assets classified as held for sale		72.4	
		147.0	**97.6**
Liabilities, total		**198.4**	**158.8**
Equity and liabilities, total		**400.9**	**345.6**



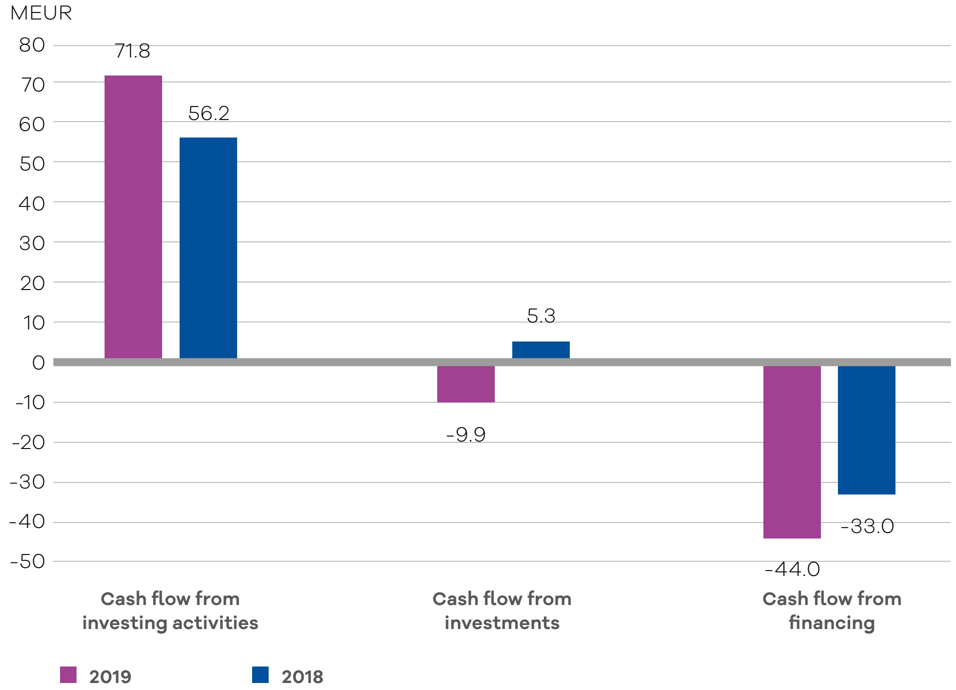


Consolidated cash flow statement

MEUR	Note	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from operating activities			
Profit for the period		48.7	47.9
Adjustments		35.2	26.1
Change in working capital		2.0	-2.7
Dividend received		0.4	0.4
Interest received		0.1	0.1
Interest paid		-2.2	-1.7
Taxes paid		-12.4	-13.9
Net cash flow from operating activities		**71.8**	**56.2**
Investing activities			
Acquisitions of tangible assets		-0.8	-1.6
Acquisitions of intangible assets		-0.7	-2.1
Proceeds from sale of tangible and intangible assets		0.0	1.4
Other investments			-0.1
Proceeds from sale of available-for-sale financial assets		0.8	0.0
Business acquisitions less cash and cash equivalents at the time of acquisition		-15.4	-5.2
Proceeds from sale of businesses less cash and cash equivalents at the time of sale		6.2	12.9
Acquisition of associated companies			-1.2
Proceeds from sale of associated companies	4.4		1.2
Investing activities		**-9.9**	**5.3**
Cash flow before financing activities		**61.9**	**61.6**

MEUR	Note	1.1.–31.12.2019	1.1.–31.12.2018
Financing activities			
Repayment of non-current loans			-5.0
Current loans taken			14.0
Repayment of current loans			-14.0
Payments of lease liabilities		-11.6	-5.1
Dividends paid	3.9	-32.7	-22.9
Financing activities		**-44.3**	**-33.0**
Change in cash and cash equivalent funds increase (+) decrease (-)		**17.6**	**28.6**
Cash and cash equivalents at beginning of period	3.2	**49.5**	**20.7**
Effect of change in foreign exchange rates		-0.1	-0.2
Cash and cash equivalents at end of period	3.2	**67.1**	**49.5**

Cash flow from investing activities



FURTHER DETAILS FOR THE STATEMENT OF CASH FLOW

MEUR	Note	1.1.–31.12.2019	1.1.–31.12.2018
Operating activities			
Adjustments:			
Depreciation, amortisation and impairment	2	21.9	15.6
Share of profit of associated companies	4.4	-0.5	0.3
Capital gains (losses) on the sale of fixed assets and other investments		0.6	-5.3
Financial income and expenses	3.1	2.2	0.3
Income tax	5.1	10.7	12.5
Change in provisions	1.3	-0.2	-0.2
Other adjustments		0.6	3.0
Adjustments, total		**35.2**	**26.1**
Change in working capital:			
Change in trade receivables		3.1	7.9
Change in inventories		0.4	-0.8
Change in trade payables		-1.5	-9.8
Change in working capital, total		**2.0**	**-2.7**
Investing activities			
Investments financed through finance leases			0.7
Gross capital expenditure, payment-based*		1.5	3.8
Sold and purchased business operations, non-payment-based		10.2	17.7
Investments, total		**11.6**	**22.1**

* Excluding investments of acquired business.

Consolidated statement of changes in equity

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

MEUR	Note	Share capital	Share premium reserve	Foreign currency translation reserve	Invested non-restricted equity fund	Retained earnings	Equity attributable to the owners of parent	Minority interest	Total equity
Total equity 1.1.2018		**45.3**	**7.7**	**-1.2**	**19.1**	**65.8**	**136.8**	**21.6**	**158.3**
Adoption of IFRS 9						-0.2	-0.2		-0.2
Adoption of amendment to IFRS 2						1.6	1.6		1.6
Total equity 1.1.2018		**45.3**	**7.7**	**-1.2**	**19.1**	**67.3**	**138.2**	**21.6**	**159.8**
Profit for the period						41.7	41.7	6.3	47.9
Other comprehensive income						-0.1	-0.1		-0.1
Changes in the fair value of equity instruments measured at fair value through other comprehensive income						-0.2	-0.2		-0.2
Translation differences				0.6		-0.9	-0.3	0.2	0.0
Transactions with equity holders									
Dividends paid by parent						-19.7	-19.7	0.0	-19.7
Dividends paid by subsidiaries								-3.1	-3.1
Share-based payment transactions						0.5	0.5	0.1	0.6
Refund of unredeemed dividends						0.1	0.1		0.1
Change in ownership in subsidiaries									
Acquisitions of shares by non-controlling interests that did not lead to changes in control						0.0	0.0	1.5	1.6
Total equity 31.12.2018	3.9	**45.3**	**7.7**	**-0.6**	**19.1**	**88.7**	**160.2**	**26.6**	**186.8**
Total equity 1.1.2019		**45.3**	**7.7**	**-0.6**	**19.1**	**88.7**	**160.2**	**26.6**	**186.8**
Adoption of IFRS 16						0.0	0.0		0.0
Profit for the period						42.2	42.2	6.4	48.7
Other comprehensive income						-0.2	-0.2		-0.2
Translation differences				0.0			0.0	0.0	0.1
Transactions with equity holders									
Dividends paid by parent						-28.8	-28.8		-28.8
Dividends paid by subsidiaries								-3.9	-3.9
Share-based payment transactions						0.6	0.6	0.0	0.6
Change in ownership in subsidiaries						-2.0	-2.0	1.2	-0.8
Total equity 31.12.2019	3.9	**45.3**	**7.7**	**-0.5**	**19.1**	**100.5**	**172.1**	**30.4**	**202.5**

Accounting principles used in the consolidated financial statements

Basic information on the group

Alma Media is a dynamic digital service business and media company with a strong capacity for renewal. The company's best-known brands are Kauppalehti, Talouselämä, Iltalehti, Aamulehti, Etuovi.com and Monster. Alma Media builds sustainable growth expanding its offering from media to related digital services fulfilling the needs of users' everyday life as consumers and as professionals in business. Alma Media operates in 11 countries in Europe. The Group's parent company Alma Media Corporation is a Finnish public company established under Finnish law, domiciled in Helsinki at Alvar Aallon katu 3 C, P.O Box 140, FI-00101 Helsinki.

A copy of the consolidated financial statements is available online at www.almamedia.fi or from the parent company head office.

The Board of Directors approved the financial statements for disclosure on 13 February 2020. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General Meeting of Shareholders held after publication. It is also possible to amend the financial statements at the General Meeting of Shareholders.

The figures in the financial statements are independently rounded.

Accounting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS. The IAS and IFRS standards and SIC and IFRIC interpretations in effect on 31 December 2019 have been applied. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU regulation (EU) no 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation.

The Group adopted IFRS accounting principles during 2005 and in this connection applied IFRS 1 (First-time adoption), the transition date being 1 January 2004. The consolidated financial statements are based on the purchase method of accounting unless otherwise specified in the accounting principles below. Figures in the tables in the financial statements are presented in thousands of euros.

The Group's parent company, Alma Media Corporation (corporate ID code FI19447574, called Almanova Corporation until 7 November 2005) was established on 27 January 2005. The company acquired the shares of the previous Alma Media Corporation (corporate ID code FI14495809) during 2005. The acquisition has been treated in the consolidated accounts as a reverse acquisition based on IFRS 3. This means that the acquiring company was the old Alma Media Corporation and the company being acquired was the Group's current legal parent company, Almanova Corporation. The net fair value of the assets, liabilities and contingent liabilities on the acquisition date did not differ from their carrying values in the company's accounts. The acquisition cost was equivalent to the net fair value of the assets, liabilities and contingent liabilities and, therefore, no goodwill was created by the acquisition. The accounting principles adopted for the reverse acquisition apply only to the consolidated financial statements.

Impact of standards adopted during 2019

The Group has adopted the following new standards and interpretations from 1 January 2019 onwards:

IFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019). IFRS 16 was adopted retrospectively effective from 1 January 2019. In accordance with the transition provisions of the standard, the adoption was made using the simplified approach and the comparison figures for the financial year 2018 have not been adjusted. Accordingly, the classification changes and adjustments arising from the new rules concerning leases have been recognised in the opening balance sheet of 1 January 2019.

As a result of the adoption of the standard, nearly all leases except short-term leases with a term of less than 12 months and leases of low-value assets were transferred to the balance sheet as right-of-use assets. Operating leases and finance leases will no longer be differentiated between. The change moved off-balance sheet obligations to the balance sheet and thus increased the amount of property, plant and equipment as well as liabilities.

Lessor accounting will not be subject to significant changes. Alma Media has no significant leases in which the Group is the lessor.

The concepts of agreements processed as off-balance sheet liabilities and the concepts used in IFRS 16 are somewhat different from each other, which is why the number of agreements recognised on the balance sheet may differ from the number of off-balance sheet liabilities. The lease contracts recognised on the balance sheet are mainly for business premises and cars. Leases for IT equipment, on the other hand, are treated as off-balance sheet obligations, unlike previously.

The adoption of IFRS 16 and the impact of the changes are described in more detail in note 3.4. Financial liabilities include leases.

Other amended standards that entered into effect in 2019 had no material effect on Alma Media's consolidated financial statements.

Annual Improvements to IFRSs 2015–2017. Through the Annual Improvements procedure, small and less urgent amendments to the standards are collected and implemented together once a year. Their impacts vary standard by standard, but they have not had a material effect on the consolidated financial statements.

Translation of items denominated in foreign currencies

Figures in the consolidated financial statements are shown in euro, the euro being the functional and presentation currency of the parent company. Foreign currency items are entered in EUR at the rates prevailing at the transaction date. Monetary foreign currency items are translated into EUR using the rates prevailing at the balance sheet date. Non-monetary foreign currency items are measured at their fair value and translated into EUR using the rates prevailing at the balance sheet date. In other respects, non-monetary items are measured at the rates prevailing at the transaction date. Exchange rate differences arising from sales and purchases are treated as additions or subtractions respectively in the statement of comprehensive income. Exchange rate differences related to loans and loan receivables are taken to other finance income and expenses in the profit or loss for the period.

The income statements of foreign Group subsidiaries are translated into EUR using the weighted average rates during the period, and their balance sheets at the rates prevailing on the balance sheet date. Goodwill arising from the acquisition of foreign companies is treated as assets and liabilities of the foreign units in question and translated into EUR at the rates prevailing on the balance sheet date. Translation differences arising from the consolidation of foreign subsidiaries and associated companies are entered under shareholders' equity. Exchange differences arising on a monetary item that forms part of the reporting entity's net investment in the foreign operation shall be recognised in the balance sheet and reclassified from equity to profit or loss on disposal of the net investment.

Operating profit and EBITDA

IAS 1 Presentation of Financial Statements does not include a definition of operating profit or gross margin. Gross margin is the net amount formed when other operating profit is added to net sales, and material and service procurement costs adjusted for the change in inventories of finished and unfinished products, the costs arising from employee benefits and other operating expenses are subtracted from the total. Operating profit is the net amount formed when other operating profit is added to net sales, and the following items are then subtracted from the total: material and service procurement costs adjusted for the change in inventories of finished and unfinished products; the costs arising from employee benefits; depreciation, amortisation and impairment costs; and other operating expenses. All other items in the profit or loss not mentioned above are shown under operating profit. Exchange rate differences and changes in the fair value of derivative contracts are included in operating profit if they arise on items related to the company's normal business operations. Otherwise they are recognised in financial items.

Adjusted items

Adjusted items are income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised by the Group as adjusted items. Adjusted items are recognised in the profit and loss statement within the corresponding income or expense group. Adjusted items are described in the Report by the Board of Directors.

Accounting principles requiring management's judgement and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which may differ from actual results in the future. Management is also required to use its discretion as to the application of the accounting principles used to prepare the statements.

Accounting principles requiring management's judgement

The management of the Group makes judgement-based decisions pertaining to the selection and application of the accounting principles used in the financial statements. This particularly applies in cases where the existing IFRS regulations allow for alternative methods of recognition, measurement and presentation. A significant area in which the management has exercised this type of judgement is related to the Group's lease agreements. The Group has significant lease agreements for its business premises. Based on assessment of the terms of the agreements, the Group has determined that it does not bear any significant rewards and risks incidental to the ownership of the premises and therefore the agreements are by nature operating lease agreements.

Alma Media has identified subscription products and customer loyalty products in accordance with the provisions of IFRS 15. As the item prices of these products are not material, they are not treated as separate performance obligations based on the management's assessment of materiality. The revenue derived from such products is recognised as part of the main products.

According to IFRS 15 Revenue from Contracts with Customers, an entity shall recognise revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. Alma Media's exception to the revenue recognition practices required by IFRS 15 is the recognition of revenue from credit packages associated with the recruitment business. In credit package transactions, the customer buys credits against which Alma Media provides advertising sales services during the validity of the credits, subject to an agreed-upon price list. According to the management's assessment, recognising revenue evenly over the contract period instead of a revenue recognition model based on actual use leads to essentially the same outcome as recognising revenue based on the use of the credits.

In accordance with IFRS 5, the consolidated income statement presents the result of discontinued operations separately from the result of continuing operations. The proportion of the Group's expenses that is estimated to no longer burden the result of the continuing operations has been allocated to the discontinued operations. Conversely, the proportion of the expenses that is estimated to continue to burden the result of the Group's continuing operations has been allocated to the continuing operations.

Key sources of estimation uncertainty

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 realisation of estimates and assumptions, as well as changes in the underlying factors, on a regular basis in cooperation with the business units, using both internal and external sources of information. Any changes to these estimates and assumptions are entered in the accounts for the period in which the estimate or assumption is adjusted and for all periods thereafter.

Future assumptions and key sources of uncertainty related to estimates made on the balance sheet date that involve a significant risk of changes to the book values of the Group's assets and liabilities during the following financial year are presented below. The Group's management has considered these components of the financial statements to be the most relevant in this regard, as they involve the most complicated accounting policies from the Group's perspective and their application requires the most extensive application of significant estimates and assumptions – for example, in the valuation of assets. In addition, the effects of potential changes to the assumptions and estimates used in these components of the financial statements are estimated to be the largest.

The determination of the fair value of intangible assets in conjunction with business combinations is based on the management's estimate of the cash flows related to the assets in question. The determination of the fair value of liabilities related to contingent considerations arising from business combinations are based on the management's estimate. The key variable in the change in fair value of contingent considerations is the estimate of future operating profit.

Impairment tests: The Group tests goodwill and intangible assets with an indefinite useful life for impairment annually and reviews any indications of impairment in the manner described above. The amounts recoverable from cash-generating units are recognised based on calculations of their fair value. The preparation of these calculations requires the use of estimates. The estimates and assumptions used to test major goodwill items for impairment, and the sensitivity of changes in these factors with respect to goodwill testing is described in more detail in the note which specifies goodwill.

Useful lives: Estimating useful lives used to calculate depreciation and amortisation also requires management to estimate the useful lives of these assets. The useful lives applied for each type of asset are listed in the notes under 2.2 Property, Plant and Equipment and 2.1 Intangible Assets.

Other estimates: Other management estimates relate mainly to other assets, such as the current nature of receivables and capitalised R&D costs, to tax risks, to determining pension obligations and to the utilisation of tax assets against future taxable income.

Notes to the consolidated financial statements

1. Segments and operating profit

1.1 Information by segment

Alma Media has three business segments: Alma Markets, focusing on digital marketplaces, Alma Talent, a provider of financial media and services aimed at professionals and businesses, and Alma Consumer, which focuses on the consumer media business. Centralised services produced by the Group's parent company as well as centralised support services for advertising and digital sales for the entire Group are reported outside segment reporting.

The Group's reportable segments correspond to the Group's operating segments.

Segment information is based on internal management reporting, which has been prepared in accordance with IFRS. The businesses to be divested are reported primarily under the Alma Consumer segment.

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, Workania.hu, MojPosao.net and Monster.cz are reported in the Alma Markets segment

The segment includes several online services: the housing-related services Etuovi.com and Vuokraovi.com, the travel portal Gofinland.fi and the automotive services Autotalli.com, Autosofta, Autojerry.fi, Websales, Webrent and Tukkuautot.fi. Also reported in this segment are Nettikoti and Talosofta, which specialise in software for ERP systems in new construction and renovation, Kivi, a real estate agency system, and Urakkamaailma, a marketplace for renovation and construction work.

The Alma Talent business segment publishes trade and financial media as well as books about business and law. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information and marketing services. Alma Talent has operations in Finland, Sweden and the Baltics. Alma Talent media include Kauppalehti, Talouselämä, Tekniikka & Talous and Arvopaperi. In Sweden, Alma Talent's publications include Ny Teknik.

Alma Consumer publishes the print and online editions of the national news media Iltalehti, the regional newspapers Aamulehti and Satakunnan Kansa, and local and town papers published in Pirkanmaa, western Finland and central Finland. The online services Etua.fi, Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment. The printing unit Alma Manu is also part of the business segment.

The segments' assets and liabilities are items used by the respective segments in their business operations.

The Group's business is mainly divided between two geographical areas: Finland and the rest of Europe. Alma Markets operates in Finland and ten other European countries, principally the Czech Republic and Slovakia. The Alma Talent segment's business operations are located in Finland, the Baltic countries and Sweden. The Alma Consumer segment operates primarily in Finland.

The revenue and assets for different geographical regions are based on where the services are located. The following table shows a geographical breakdown of the Group's revenue and assets in 2019 and 2018:

REVENUE

MEUR	2019	%	2018	%
Segments, Finland, continuing operations	161.8	47.2	165.8	46.8
Segments, Finland, discontinued operations	92.2	26.9	99.9	28.2
Segments, other countries	88.5	25.8	88.9	25.1
Total	**342.5**	**100.0**	**354.6**	**100.0**

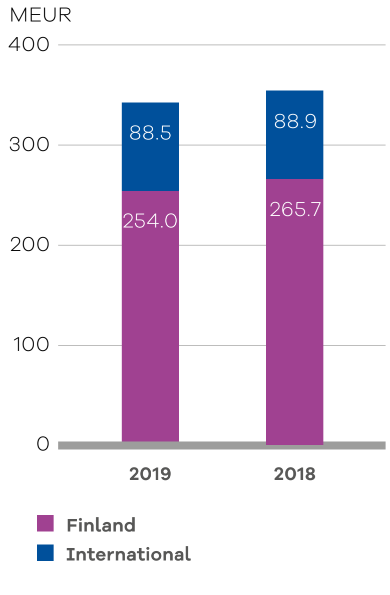
OPERATING PROFIT

MEUR	2019	%	2018	%
Segments, Finland, continuing operations	27.1	44.4	28.7	47.0
Segments, Finland, discontinued operations	11.4	18.8	13.5	22.2
Segments, other countries	29.6	48.6	25.9	42.5
Segments total	68.2	111.8	68.1	111.6
Non-allocated	-7.2	-11.8	-7.1	-11.6
Total	**61.0**	**100.0**	**61.0**	**100.0**

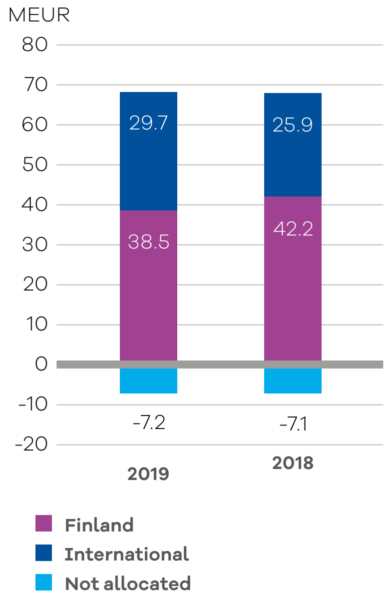
ASSETS

MEUR	2019	%	2018	%
Finland, continuing operations	212.8	53.1	249.8	72.3
Finland, classified as held for sale	83.3	20.8		
Other countries	136.3	34.0	129.3	37.4
Eliminations	-31.6	-7.9	-33.5	-9.7
Total	**400.9**	**100.0**	**345.6**	**100.0**

Revenue (including discontinued operations)



Operating profit (including discontinued operations)



REVENUE

MEUR	Alma Markets	Alma Talent	Alma Consumer	Segments, total	Non-allocated items and eliminations	Group
Financial year 2019						
Revenue						
External revenue	100.2	95.8	119.5	315.5	26.9	342.5
Inter-segment revenue	-0.2	7.1	23.4	30.3	-30.3	
Segments total	**100.0**	**102.9**	**142.9**	**345.8**	**-3.4**	**342.5**
Financial year 2018						
Revenue						
External revenue	97.0	100.8	126.7	324.4	30.2	354.6
Inter-segment revenue	-0.6	8.1	25.0	32.5	-32.5	
Total	**96.4**	**108.9**	**151.7**	**356.9**	**-2.3**	**354.6**

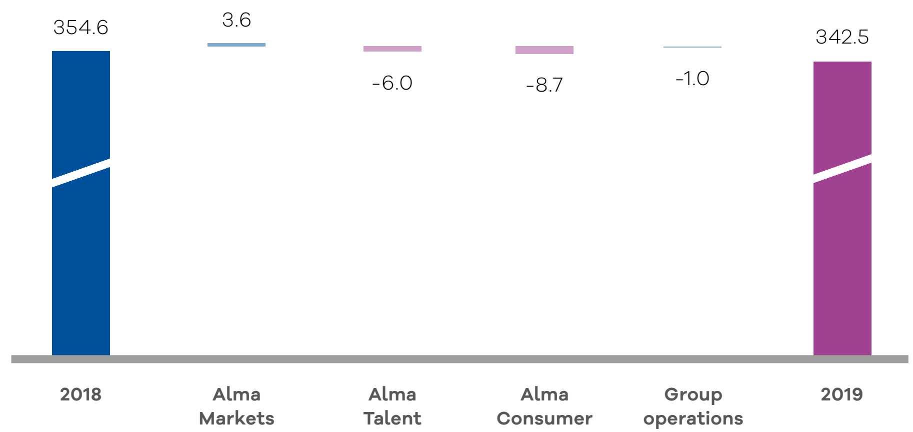
MEUR	2019	2018
Reportable segments total, including discontinued operations	345.8	356.9
Non-allocated operations	-3.4	-2.3
Group total, including discontinued operations	342.5	354.6
Discontinued operations	92.2	99.9
Continuing operations total	**250.2**	**254.7**

PROFIT FOR THE PERIOD

MEUR	Alma Markets	Alma Talent	Alma Consumer	Segments, total	Discontinued operations	Non-allocated items and eliminations	Group
Financial year 2019							
EBITDA excluding adjusted items	42.5	19.9	20.4	82.8	17.3	0.7	83.5
Depreciation, amortisation and impairment	-4.9	-5.1	-4.8	-14.8	-5.2	-7.1	-21.9
Operating profit excluding adjusted items	37.7	14.8	15.5	68.0	12.2	-6.4	61.6
Adjusted items	0.1		-0.7	-0.7	-0.7	0.0	-0.6
Operating profit/loss	37.7	14.8	14.8	67.4	11.4	-6.4	61.0
Share of profit of associated companies	0.6	0.0	0.0	0.5			0.5
Net financial expenses	-0.6	0.0	-0.2	-0.8	-1.1	-1.4	-2.2
Profit before tax and appropriations	**37.7**	**14.8**	**14.6**	**67.1**	**10.4**	**-7.8**	**59.4**
Income tax						-10.7	-10.7
Profit for the period, including discontinued operations	**37.7**	**14.8**	**14.6**	**67.1**	**10.4**	**-18.5**	**48.7**
Profit for the period, discontinued operations							**8.2**
Profit for the period, continuing operations							**40.5**

Change in revenue, 2018–2019 (including discontinued operations)

MEUR

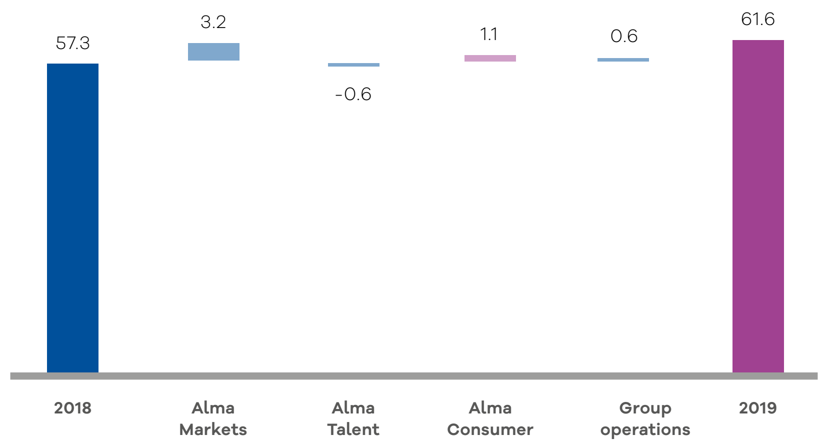


PROFIT FOR THE PERIOD

MEUR	Alma Markets	Alma Talent	Alma Consumer	Segments, total	Discontinued operations	Non-allocated items and eliminations	Group
Financial year 2018							
EBITDA excluding adjusted items	38.1	19.5	18.3	75.8	14.3	-2.9	72.9
Depreciation, amortisation and impairment	-3.6	-4.0	-3.9	-11.5	-4.6	-4.1	-15.6
Operating profit excluding adjusted items	34.4	15.5	14.4	64.3	9.7	-7.0	57.3
Adjusted items	0.7	-0.4	3.5	3.8	3.8	-0.1	3.7
Operating profit/loss	35.1	15.1	17.9	68.1	13.5	-7.1	61.0
Share of profit of associated companies	-0.4	0.0	0.1	-0.3		-0.1	-0.3
Net financial expenses	1.4	0.1	-0.2	1.3	-1.3	-1.6	-0.3
Profit before tax and appropriations	36.2	15.2	17.8	69.1	12.3	-8.7	60.4
Income tax						-12.5	-12.5
Profit for the period, including discontinued operations	36.2	15.2	17.8	69.1	12.3	-21.2	47.9
Profit for the period, discontinued operations							9.7
Profit for the period, continuing operations							38.2

Change in adjusted operating profit, 2018–2019 (including discontinued operations)

MEUR



ASSETS AND LIABILITIES

MEUR	Alma Markets	Alma Talent	Alma Consumer	Segments, total	Assets classified as held for sale	Non-allocated items and eliminations	Group
Financial year 2019							
Assets	105.0	98.1	62.4	265.5	83.3	132.2	397.7
Investments in associated companies and joint ventures	3.1	0.0		3.1		0.1	3.2
Assets, total	**108.1**	**98.1**	**62.4**	**268.6**	**83.3**	**132.3**	**400.9**
Liabilities, total	**35.7**	**26.9**	**60.8**	**123.3**	**72.4**	**75.0**	**198.4**
Capital expenditure, including assets classified as held for sale	6.8	0.4	4.6	11.9		1.0	12.9
Capital expenditure, assets classified as held for sale							0.2
Capital expenditure, continuing operations							12.7
Financial year 2018							
Assets	95.6	100.5	60.9	257.0		84.5	341.5
Investments in associated companies and joint ventures	2.8	0.0	1.2	4.0		0.1	4.1
Assets, total	98.3	100.5	62.2	261.0		84.6	345.6
Liabilities, total	35.7	26.1	40.6	102.4		56.3	158.8
Capital expenditure, including assets classified as held for sale	16.5	0.9	1.9	19.4		2.7	22.1
Capital expenditure, assets classified as held for sale							0.3
Capital expenditure, continuing operations							21.8

Assets not allocated to segments are financial assets and tax receivables.

Liabilities not allocated to segments are financial and tax liabilities.

1.2 Operating income

1.2.1 Revenue

IFRS 15 includes a five-stage framework for the recognition of revenue from contracts with customers. According to IFRS 15, an entity shall recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue can be recognised over time or at a point in time, with the central criterion being the transfer of control.

Alma Media Group's material revenue streams consist of content revenue, advertising sales and service sales.

Content revenue covers fees for content sold by the Group's media. Income from content revenue arises from content sold for both print and online (digital) publications. Under content revenue, digital services and print products are separate performance obligations, with print revenue recognised at a point in time, on the publication dates, and digital revenue recognised over time, during the term of the agreement, relative to calendar days.

Advertising sales revenue consists of the sales of print and online advertising space in the Group's media. The performance obligations in advertising sales are online advertising sales and advertising sales for print publications, such as display advertising, classified advertising, content marketing and partner sales. Revenue from online advertising sales is recognised over time, primarily based on the timing of the advertisement's publication, while revenue from print advertising sales is recognised at a point in time, based on publication dates. Revenue from classified digital advertising sales is recognised over time during the term of the advertisement. Revenue from the sales of advertisements with a long contract period (1–12 months) is recognised over the contract period.

The Group's service sales include, among other things, the sale of printing and delivery services to customers outside the Group, the Alma Talent segment's event and training business and the sale of information services. The Group also has online services aimed at consumers. Service revenue is recognised over time during the period in which the service is delivered.

Alma Media also engages in business operations where Alma Media acts as an agent for services provided by external partners. In these cases, Alma Media does not have primary responsibility for the fulfilment of the contract. The net amount of consideration is recognised as revenue when the sales transaction occurs. Agency sales represent a small proportion of total revenue.

Transaction prices are list prices or contractual customer-specific prices, less other items that reduce the amount of expected consideration, such as discounts granted. Alma Media's contracts typically do not include variable amounts of consideration where the related uncertainty would only be resolved after the performance obligation has been fulfilled. Due to the nature of Alma Media's products and services, returning them is not possible as a rule. Accordingly, no refund liabilities arise from their sale. When the period between the transfer of the product or service to the customer and the customer paying for it is one year or less, Alma Media applies the practical expedient by which it does not need to recognise a significant financing component nor adjust the transaction price for the effects of the time value of money.

As a rule, the subscriptions associated with content revenue are paid at the start of the subscription period. The sales of advertising and services are paid at the start of the contract period as a rule. Payments received from customers are treated as prepayments on the balance sheet, from where the prepayments are recognised as revenue as the performance obligations are transferred to customers; for example, based on the publication dates of the print products included in subscriptions.

Alma Media has incremental costs of obtaining contracts, such as commissions on the sale of publications. Alma Media applies the practical expedient and does not recognise an asset from the costs incurred to obtain a contract. The costs would be recognised as expenses in one year or less.

2019 MEUR	Alma Markets	Alma Talent	Alma Consumer	Segments, total	Discontinued operations	Non-allocated items and eliminations	Group
Content revenue (recognised over time)		**46.6**	**64.8**	**111.4**	**47.3**	**0.0**	**111.4**
Content revenue, print		33.5	58.3	91.8	40.8	0.0	91.7
Content revenue, digital		13.1	6.5	19.7	6.5	0.0	19.7
Advertising revenue (recognised over time)	**91.3**	**30.2**	**59.1**	**180.5**	**31.9**	**-0.1**	**180.4**
Advertising revenue, print		13.7	31.6	45.3	28.4	-0.6	44.8
Advertising revenue, digital	91.3	16.4	27.5	135.2	3.5	0.4	135.6
Service revenue*	**8.7**	**26.2**	**19.0**	**53.8**	**13.0**	**-3.2**	**50.6**
Total	**100.0**	**102.9**	**142.9**	**345.8**	**92.2**	**-3.4**	**342.5**

* Service revenue includes rental income that is not treated in accordance with IFRS 15. The amount of rental income is immaterial with respect to the consolidated financial statements.

2018 MEUR	Alma Markets	Alma Talent	Alma Consumer	Segments, total	Discontinued operations	Discontinued operations	Group
Content revenue		**47.7**	**67.1**	**114.8**	**50.0**	**0.0**	**114.8**
Content revenue, print		36.6	61.3	97.9	44.3	0.0	97.9
Content revenue, digital		11.1	5.8	17.0	5.7	0.0	16.9
Advertising revenue	**86.8**	**33.4**	**64.0**	**184.2**	**36.5**	**-0.2**	**183.9**
Advertising revenue, print		13.9	37.5	51.5	33.4	-0.9	50.6
Advertising revenue, digital	86.8	17.0	26.4	130.2	3.1	0.7	131.0
Advertising revenue, other		2.5		2.5	0.0	-0.1	2.4
Service revenue*	**9.5**	**27.8**	**20.6**	**58.0**	**13.3**	**-2.1**	**55.9**
Total	**96.4**	**108.9**	**151.7**	**357.0**	**99.9**	**-2.4**	**354.6**

* Service revenue includes rental income that is not treated in accordance with IFRS 15. The amount of rental income is immaterial with respect to the consolidated financial statements.

1.2.2 Other operating income

MEUR	2019	2018
Gains on sale of non-current assets, continuing operations	0.4	0.6
Gains on sale of non-current assets, discontinued operations	0.0	4.8
Proceeds on sale related to incremental acquisition		0.7
Other operating income, continuing operations	0.2	0.3
Other operating income, discontinued operations	0.1	0.2
Total	**0.7**	**6.7**

1.3 Operating expenses

1.3.1 Materials and services

MEUR	2019	2018
Purchases during period	11.5	14.9
Change in inventories	0.4	-0.8
Use of materials and supplies	**11.8**	**14.1**
External services	46.6	50.7
Total	**58.4**	**64.8**
Materials and services, discontinued operations	**20.1**	**24.4**
Materials and services, continuing operations	**38.3**	**40.5**

1.3.2 Research and development costs

The Group's research and development costs in 2019 totalled MEUR 4.3 (4.3). MEUR 3.4 (4.3) was recognised in the income statement and development costs of MEUR 1.0 were capitalised on the balance sheet in 2019 (no development costs capitalised in 2018). There were capitalised research and development costs totalling MEUR 1.3 on the balance sheet on 31 December 2019 (1.1).

1.3.3 Employee benefits expense

ⓘ Employee benefits cover short-term employee benefits, other long-term benefits, benefits paid in connection with dismissal, and post-employment benefits.

Short-term employee benefits include salaries and benefits in kind, annual holidays and bonuses. Other long-term benefits include, for example, a celebration, holiday or remuneration based on a long period of service. Benefits paid in connection with dismissal are benefits that are paid due to the termination of an employee's contract and not for service in the company.

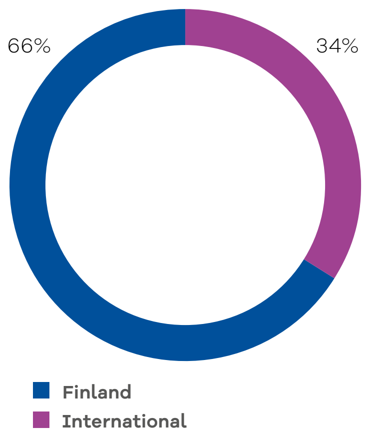
Post-employment benefits comprise pension and benefits to be paid after termination of the employee's contract, such as life insurance and healthcare. These benefits are classified as either defined contribution or defined benefit plans. The Group has both forms of benefit plans. The accounting principles related to pensions are presented in more detail in Note 3.6 Pension obligations.

Past service costs are recognised as expenses through profit or loss at the earlier of the following: when the plan is rearranged or downsized, or a when the entity recognises the related rearrangement expenses or benefits related to the termination of employment.

MEUR	2019	2018
Wages, salaries and fees. continuing operations	76.8	75.9
Wages, salaries and fees, discontinued operations	31.1	35.9
Pension costs – defined contribution plans, continuing operations	10.4	11.0
Pension costs – defined contribution plans, discontinued operations	5.2	6.5
Pension costs – defined benefit plans	0.0	0.0
Share-based payment transaction expense	1.5	1.8
Other employee expenses, continuing operations	8.7	9.4
Other employee expenses, discontinued operations	1.0	1.5
Total	**134.7**	**141.9**

Average number of employees, calculated as full-time employees (excl. telemarketers)	2019	2018
Alma Markets	686	668
Alma Talent	489	515
Alma Consumer	187	163
Discontinued operations	362	426
Group functions	167	170
Total	**1,892**	**1,943**
Additionally, the total number of telemarketers in continuing operations was, on average:	304	328
Additionally, the total number of delivery staff in discontinued operations was, on average:	840	821

Personnel



1.3.4 Other operating expenses

Specification of other operating expenses by category:

MEUR	2019	2018
Information technology and telecommunication	26.0	25.6
Business premises*	3.2	12.3
Sales and marketing	19.7	21.1
Administration and experts	7.8	7.3
Other employee costs	7.7	9.3
Other expenses	2.9	2.5
Total	**67.3**	**78.1**
Other operating expenses, discontinued operations	**18.4**	**18.7**
Other operating expenses, continuing operations	**48.9**	**59.4**

* The effect of the adoption of IFRS 16 on the decrease in business premises expenses amounted to MEUR 8.8.

1.3.5 Audit expenses

EUR 1,000	2019	2018
Companies belonging to the PricewaterhouseCoopers chain		
Audit	266.0	246.5
Reporting and opinions	6.0	1.6
Tax consultation	32.0	
Other	27.0	44.8
Total	**331.0**	**292.9**

The non-audit services provided by PricewaterhouseCoopers Oy for Alma Media Group companies in the financial period 2019 totalled EUR 65 thousand (a total of EUR 46 thousand in the financial period 2018).

1.3.6 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the costs required to fulfil the obligation. The provision is discounted if the time-value of the money is significant with respect to the size of the provision. Examples of provisions entered by Alma Media are rental expenses on vacant office premises (loss-making agreements), provisions to cover restructuring costs, and pension obligation provisions on unemployment pension insurance.

A restructuring provision is entered when the Group has prepared and started to put into effect a detailed restructuring plan or has informed those affected by the restructuring of the key aspects of the plan. No provisions are entered for expenses related to the Group's regular operations.

A provision is entered on loss-making agreements when the immediate costs required to fulfil the obligation exceed the benefits available from the agreement.

The Group prepares monthly and quarterly estimates on the adequacy of the provisions, and the amounts are adjusted based on actual expenses and changes in estimates.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control. A contingent liability can also be a present obligation that is not recognised because it is not probable that the payment obligation will be realised, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are presented in the notes to the financial statements.

MEUR	Restructuring provision	Other provisions, continuing operations	Total
1.1.2019	0.7	0.4	1.1
Increase in provisions		0.0	0.0
Provisions employed	-0.2		-0.2
31.12.2019	**0.5**	**0.4**	**0.9**
Current	0.5		0.5
Continuing operations	0.1		
Classified as held for sale	0.4		
Non-current		0.4	0.4

Restructuring provision: this provision has been made to cover implemented or possible employee reductions in different companies. The provision is expected to be realised in 2020.

MEUR	Restructuring provision	Other provisions, continuing operations	Total
1.1.2018	0,9	0,4	1,3
Increase in provisions	0,0		0,0
Provisions employed	-0,2	0,0	-0,2
31.12.2018	**0,7**	**0,4**	**1,1**
Current	0,7		0,7
Non-current		0,4	0,4

1. 4 Salaries, bonuses and share-based payments paid to management

The reward scheme of the President and CEO of Alma Media Corporation and other senior management consists of a fixed monetary salary (monthly salary), fringe benefits (company car and mobile telephone benefit, and housing benefit for the President & CEO), an incentive bonus related to the achievement of financial and operational targets (short-term reward scheme) and a share-based incentive scheme for key employees of the Group (long-term reward scheme) as well as a pension benefit for management.

1.4.1 Salaries and bonuses paid to management

PARENT COMPANY PRESIDENT AND CEO (KAI TELANNE)

EUR 1,000	2019	2018
Salaries and other short-term employee benefits	717.1	723.5
Post-employment benefits	370.6	367.6
Share-based payment transaction expense	354.3	468.1
Total	**1,442.0**	**1,559.1**

The figures in the table are presented on an accrual basis. In 2019, the salary and benefits paid to the President and CEO of the Group totalled EUR 1,111,781 (in 2018 EUR 1,128,356).

PENSION BENEFITS OF THE PRESIDENT AND CEO:

In addition to statutory employment pension security, the President and CEO has a defined contribution group pension benefit. His pension accumulates by 37% of the annual earnings. He has the right to retire upon reaching 60 years of age, at which time the payment of insurance premiums terminates. The pension is determined on the basis of the insurance savings accrued by the time of retirement. Retirement can be postponed up to 70 years of age. At this time, the pension is determined on the basis of insurance savings adjusted according to the value development of the investment objects.

NOTICE PERIOD OF THE PRESIDENT AND CEO:

The notice period of the President and CEO is six months. An additional contractual compensation equal to 12 months' salary is paid if the employer terminates his contract without the President and CEO being in breach of contract. This compensation corre-sponding to the 12-month salary is not paid if the President and CEO resigns on his own initiative. Alma Media's Board of Directors decides on the appointment and, as necessary, dismissal of the President and CEO.

OTHER MEMBERS OF THE GROUP EXECUTIVE TEAM

EUR 1,000	2019	2018
Salaries and other short-term employee benefits	2,053.8	2,226.9
Benefits paid in connection with dismissal		
Post-employment benefits	713.1	773.7
Share-based payment transaction expense	673.2	928.3
Total	**3,440.1**	**3,928.8**

The figures in the table are presented on an accrual basis. In 2019, the salary and benefits paid to the other members of the Group Executive Team totalled EUR 2,874,768 (in 2018 EUR 3,047,501).

BOARD OF DIRECTORS OF ALMA MEDIA CORPORATION AND BENEFITS PAID TO ITS MEMBERS

EUR 1,000	2019	2018
Jorma Ollila, Chairman (from 15 March 2019)	90	
Petri Niemisvirta, Deputy Chairman, Chairman (until 15 March 2019)	57	56
Catharina Von Stackelberg-Hammarén, Deputy Chairman (until 15 March 2019)	46	44
Peter Immonen, member	48	38
Esa Lager, member	49	38
Alexander Lindholm, member	45	34
Päivi Rekonen, member	57	40
Matti Korkiatupa, member (until 15 March 2019)	2	37
Heike Tyler, member (until 15 March 2019)	3	37
Mitti Storckovius, member (until 14 March 2018)		2
Harri Suutari, member (until 14 March 2018)		3
Total	**396**	**328**

The figures in the table are presented on an accrual basis.
According to the resolution of the General Meeting, the benefits to the Board members are paid as shares of Alma Media Corporation.

SALARIES AND BENEFITS TO THE BOARD OF DIRECTORS, THE PRESIDENT AND CEO, AND OTHER MEMBERS OF THE GROUP EXECUTIVE TEAM, TOTAL

EUR 1,000	2019	2018
Salaries and other short-term employee benefits	3,166.9	3,173.7
Post-employment benefits	1,083.6	1,122.2
Share-based payment transaction expense	1,027.6	1,396.4
Total	**5,278.1**	**5,693.4**

1.4.2 Share-based payments

SHARE-BASED INCENTIVE SCHEME (LTI 2015)

In 2015, the Board of Directors of Alma Media Corporation approved the establishment of a long-term share-based incentive scheme for the key management of Alma Media (hereinafter referred to as "LTI 2015"). The objective of LTI 2015 is to align the interests of the participants with those of Alma Media's shareholders by creating a long-term equity interest for the participants and, thus, to increase the company value in the long term as well as to drive performance culture, retain participants and offer them competitive compensation for excellent performance in the company.

LTI 2015 consists of annually commencing individual plans, each subject to separate Board approval. Each of the individual plans consists of three main elements: an investment in Alma Media shares as a precondition for participation in the scheme, matching shares based on the above share investment and the possibility of earning performance-based matching shares.

The matching share plan

In the matching share plan, the participant receives a fixed amount of matching shares against an investment in Alma Media shares. In the first matching share plan, which commenced in 2015 (LTI 2015 I), the participant receives two matching shares for each invested share free of charge after a two-year vesting period, provided that the other conditions stipulated by the terms of the plan for the receipt of the share-based incentive are still satisfied at the time.

The performance matching plan

The performance matching plan comprises a five-year performance period in total. The potential share rewards will be delivered in tranches after three and five years if the performance targets set by the Board of Directors are attained.

The performance measures used in the first performance matching plan, which commenced in 2015, are based on the company's profitable growth and share value. If the performance targets set by the Board of Directors are attained in full, the participant will receive in total four matching shares for each invested share free of charge, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

SHARE-BASED INCENTIVE SCHEMES LTI 2015 II (2016), LTI 2015 III (2017) AND LTI 2015 IV (2018)

The Board of Directors of Alma Media Corporation has decided on the following share-based incentive schemes for the next three years based on the LTI 2015 scheme: LTI 2015 II (2016), LTI 2015 III (2017) and LTI 2015 IV (2018). The main terms of the incentive schemes correspond to those of the share-based incentive scheme that was launched in 2015.

The Board of Directors has estimated that no new shares will be issued in connection with LTI 2015. Therefore, the plan will have no dilutive effect on the number of the company's registered shares.

The Annual General Meeting of Alma Media Corporation held on 14 March 2018 authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots, and further authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company to implement incentive programmes.

The allocation and maximum reward potential of the share-based incentive scheme for the President and CEO and the Group Executive Team: The information covers the LTI I, LTI II, LTI III and LTI IV programmes:

NEW SHARE-BASED LONG-TERM INCENTIVE SCHEMES THAT STARTED IN 2019: LTI 2019

In December 2018, the Board of Directors of Alma Media Corporation decided on changes to the share-based, long-term incentive scheme of the company's top management. At the same time, the Board of Directors decided to establish a new share-based long-term incentive scheme for the other key employees of Alma Media Corporation. The new incentive scheme, LTI 2019, entered into effect from the beginning of 2019.

PRINCIPAL TERMS AND CONDITIONS OF THE PERFORMANCE SHARE PLAN:

Instrument	Matching share plan LTI 2019	Performance matching share plan LTI 2019
AGM date/Date of issuing	18.12.2018	18.12.2018
Maximum number of shares	375,000	310,000
Dividend adjustment	No	No
Initial allocation date	28.3.2019	28.3.2019
Performance period begins	1.1.2019	1.1.2019
Performance period ends	31.12.2021	31.12.2021
Vesting date	28.2.2022	28.2.2022
Maximum contractual life, years	3.2	3.2
Remaining contractual life, years	2.2	2.2
Maximum number of people entitled to participate	9	46
Payment method	Cash & share	Cash & share

Instrument	Fixed matching share plan LTI 2015 III	Performance matching share plan LTI 2015 III	Performance matching share plan TSR LTI 2015 III
AGM date/Date of issuing	12.2.2015	12.2.2015	12.2.2015
Maximum number of shares	182,510	182,510	182,510
Dividend adjustment	No	No	No
Initial allocation date	28.3.2017	30.6.2017	30.6.2017
Performance period begins	1.1.2017	1.1.2017	1.1.2017
Performance period ends	31.3.2019	31.3.2020	31.3.2022
Vesting date	31.3.2019	31.3.2020	31.3.2022
Maximum contractual life, years	2.0	2.8	4.8
Remaining contractual life, years	0.0	0.3	2.3
Maximum number of people entitled to participate	29	27	27
Payment method	Cash & share	Cash & share	Cash & share

Instrument	Performance matching share plan TSR LTI 2015 I	Performance matching share plan LTI 2015 II	Performance matching share plan TSR LTI 2015 II
AGM date/Date of issuing	12.2.2015	12.2.2015	12.2.2015
Maximum number of shares	153,100	166,000	166,000
Dividend adjustment	No	No	No
Initial allocation date	17.6.2015	17.3.2016	17.3.2016
Performance period begins	1.1.2015	1.1.2016	1.1.2016
Performance period ends	31.3.2020	31.3.2019	31.3.2021
Vesting date	31.3.2020	31.3.2019	31.3.2021
Maximum contractual life, years	4.8	3.0	5.0
Remaining contractual life, years	0.3	0.3	1.3
Maximum number of people entitled to participate	19	26	24
Payment method	Cash & share	Cash & share	Cash & share

Instrument	Fixed matching share plan LTI 2015 IV	Performance matching share plan LTI 2015 IV	Performance matching share plan TSR LTI 2015 IV
AGM date/Date of issuing	12.2.2015	12.2.2015	12.2.2015
Maximum number of shares	203,000	203,000	203,000
Dividend adjustment	No	No	No
Initial allocation date	7.5.2018	7.5.2018	7.5.2018
Performance period begins	1.1.2018	1.1.2018	1.1.2018
Performance period ends	31.3.2020	31.3.2021	31.3.2023
Vesting date	31.3.2020	31.3.2021	31.3.2023
Maximum contractual life, years	2	3	5
Remaining contractual life, years	0.3	1.3	1.3
Maximum number of people entitled to participate	39	39	39
Payment method	Cash & share	Cash & share	Cash & share

Measurement inputs for the incentives granted during the reporting period		
Share price at time of granting, EUR	5.88	6.06
Share price at end of period, EUR	7.96	7.96
Dividend yield assumption, EUR	0.77	0.77
Fair value on 31 December 2017, MEUR	998.55	545.8

Changes during share plan period 1.1.2019	Matching share plan LTI 2019	Performance matching share plan LTI 2019	Performance matching share plan TSR LTI 2015 I	Performance matching share plan LTI 2015 II	Performance matching share plan TSR LTI 2015 II	Fixed matching share plan LTI 2015 III
Outstanding at the beginning of the reporting period, pcs			115,500	142,500	142,500	161,010
Changes during the period						
Granted during the period	375,000	300,000				
Lost during the period		14,000	12,000	16,050	10,000	2,000
Earned during the period				126,450		159,010
31.12.2019						
Outstanding at the end of the period	375,000	286,000	103,500		132,500	

Changes during share plan 1.1.2019	Performance matching share plan LTI 2015 III	Performance matching share plan TSR LTI 2015 III	Fixed matching share plan LTI 2015 IV	Performance matching share plan LTI 2015 IV	Performance matching share plan TSR LTI 2015 IV	Total
Outstanding at the beginning of the reporting period, pcs	161,010	161,010	169,298	169,298	169,298	1,391,424
Changes during the period						
Granted during the period						675,000
Lost during the period	10,000	10,000	8,000	8,000	8,000	98,050
Earned during the period						285,460
31.12.2017						
Outstanding at the end of the period	151,010	151,010	161,298	161,298	161,298	1,682,914

EFFECT OF THE SHARE-BASED INCENTIVE PROGRAMME ON THE FINANCIAL YEAR'S RESULT AND FINANCIAL POSITION

MEUR	2019	2018
Costs for the financial year, share-based payments	1.5	1.8
Liability arising from share-based payments, 31 December 2019		
Estimate of cash component	3.9	3.0

2 Tangible and intangible assets and right-of-use assets

2.1 Intangible assets and goodwill

Goodwill created through mergers and acquisitions is recorded at the amount by which the sum of the purchase price, the share of the non-controlling interest in the acquired entity and the purchaser's previously held share in the entity exceed the fair value of the net assets acquired. Goodwill is applied to cash-generating units and tested on the transition date and thereafter annually for impairment. Goodwill is measured at the original acquisition cost less impairment losses.

Research costs are entered as an expense in the period in which they arise. Development costs arising from the development of new or significantly improved products are capitalised as intangible assets when the costs of the development stage can be reliably determined, the product is technically feasible and economically viable, the product is expected to produce an economic benefit and the Group has the intention and the required resources to complete the development effort. Capitalised development costs include the costs of material, labour and testing as well as capitalised borrowing costs, if any, that directly arise from the process of making the product complete for its intended purpose. Development costs that have previously been recognised as expenses will not be capitalised at a later date.

Patents, copyright and software licenses with a finite useful life are shown in the balance sheet and expensed on a straight-line basis in the profit or loss during their useful lives. No depreciation is entered on intangible assets with an indefinite useful life; instead, these are tested annually for impairment. In Alma Media, intangible assets with an indefinite useful life are trademarks measured at fair value at the time of acquisition.

The useful lives of intangible assets are 3–10 years.

MEUR	Intangible rights	Other intangible assets	Advances, intangible	Goodwill	Total
Financial year 2019					
Acquisition cost 1 Jan	118.9	2.8	1.4	140.4	263.5
Increases	0.2	0.0	0.8		1.0
Acquisitions of business operations	3.2			8.3	11.5
Decreases	-3.8	-1.0		0.0	-4.9
Exchange differences	0.3	0.0	0.0	0.0	0.3
Transfers between items	1.4		-1.4		0.0
Acquisition cost 31 Dec	**120.2**	**1.8**	**0.8**	**148.7**	**271.5**
Accumulated depreciation, amortisation and impairments 1 Jan	61.5	2.3		6.9	70.6
Accumulated depreciation in decreases and transfers	-3.9	-1.0		0.0	-4.9
Depreciation for the financial year	8.4	0.3		0.0	8.7
Exchange differences	0.2	0.0		0.0	0.2
Accumulated depreciation, amortisation and impairments 31 Dec	**66.2**	**1.6**	**0.0**	**6.7**	**74.5**
Book value 1 Jan	57.5	0.5	1.4	133.5	192.9
Book value 31 Dec	**54.0**	**0.2**	**0.8**	**142.0**	**197.0**
Book value 31 Dec, classified as held for sale	**0.7**			**11.7**	**12.4**
Book value 31 Dec, continuing operations	**53.3**	**0.2**	**0.8**	**130.3**	**184.6**

MEUR	Intangible rights	Other intangible assets	Advances, intangible	Goodwill	Total
Financial year 2018					
Acquisition cost 1 Jan	120.5	5.6	0.3	128.5	255.0
Increases	0.6		1.4	0.0	2.0
Business combinations	5.2			13.4	18.5
Decreases	-7.1	-2.8	0.0	-1.0	-10.9
Exchange differences	-0.5	0.0	0.0	-0.5	-1.0
Transfers between items	0.3		-0.3		0.0
Acquisition cost 31 Dec	**118.9**	**2.8**	**1.4**	**140.4**	**263.5**
Accumulated depreciation, amortisation and impairments 1 Jan	59.6	4.4		6.9	70.9
Accumulated depreciation in decreases	-6.4	-2.8		0.0	-9.2
Depreciation for the financial year	8.5	0.6		0.0	9.1
Impairment, input	0.0			0.0	0.0
Exchange differences	-0.2	0.0		0.0	-0.3
Accumulated depreciation, amortisation and impairments 31 Dec	**61.5**	**2.3**		**6.9**	**70.6**
Book value 1 Jan	60.9	1.1	0.3	121.7	184.1
Book value 31 Dec	**57.5**	**0.5**	**1.4**	**133.5**	**192.9**

Allocation of intangibles with indefinite lives to cash-generating units

The book value of intangible assets includes intangible rights totalling MEUR 37.2 which are not depreciated; instead, these rights are tested annually for impairment. In Alma Media, intangible assets with an indefinite useful life are trademarks measured at fair value at the time of acquisition. These non-depreciated intangible rights are allocated to the cash-generating units as follows:

MEUR	2019	2018
Alma Markets		
Mediapartners	2.6	2.1
Recruitment	14.9	14.8
Alma Markets total	**17.5**	**16.9**
Alma Talent		
Alma Talent Finland	13.8	13.8
Alma Talent Sweden	3.0	3.0
Alma Talent total	**16.8**	**16.9**
Alma Consumer	**2.5**	**2.1**
Assets classified as held for sale	**0.4**	
Assets with indefinite lives, total	**37.2**	**35.9**

ALLOCATION OF GOODWILL TO BUSINESS OPERATIONS

MEUR	2019	2018
A significant amount of goodwill has been allocated to the following cash-generating units		
Alma Markets		
Mediapartners	21.8	16.9
Recruitment	43.3	42.9
Alma Markets total	**65.1**	**59.9**
Alma Talent		
Alma Talent Finland	52.4	52.4
Alma Talent Sweden	7.1	7.2
Alma Talent total	**59.4**	**59.6**
Alma Consumer	**5.6**	**14.0**
Assets classified as held for sale	**11.7**	
Non-allocated goodwill	**0.1**	**0.1**
Total goodwill	**142.0**	**133.5**

Impairment testing of goodwill and intangibles with indefinite lives

On each balance sheet date, the Group assesses the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. In addition, the recoverable amounts are assessed annually of goodwill, capitalised development costs for projects in progress and intangible assets with an indefinite useful life. These are assessed regardless of whether or not indications of impairment exist. The recoverable amounts of intangible and tangible assets are determined as the higher of the fair value of the asset less cost to sell, or the value in use. The value in use refers to the estimated future net cash flows obtainable from the asset or cash-generating unit, discounted to their current value. Impairment losses are recognised when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the profit or loss. An impairment loss may be reversed if circumstances regarding the intangible or tangible assets in question change. Impairment losses recognised on goodwill are never reversed.

Goodwill, intangible rights with indefinite useful lives and other long-term assets are tested at the level of cash generating units. In testing for impairment, the recoverable amount is the value in use.

Following the model used before, estimated cash flows determined in the test are based on the Group's strategic forecasts for the following three years confirmed by the Board of Directors and business units' management. The years following this period are estimated by the management, taking the business cycle into account. The calculations of value in use are based on a period of 10 years, as the customer relationships in the business are long-term and turnover is low. In addition, the management uses cash flow analyses of 10 years to support business decisions in connection with corporate acquisitions. The cash flow of the terminal year is normalised as an average of the forecast period. In addition to general economic factors, the main assumptions and variables used when determining cash flows are the forecast growth of advertising sales in different market segments, the unit-specific average cost of capital (discount rate) and estimated growth of content sales. The growth rate assumptions for advertising sales vary in different market segments and in different product categories. When evaluating growth, past events in the Group and the impact of business cycles are taken into account.

The Group's business, advertising sales in particular, is very dependent on business cycles. A significant portion of the Group's revenue is generated from advertising sales. Advertising sales correlate with changes in GDP, and changes in advertising sales are largely intensified at cyclical turns. Investments in advertising have been low in Finland in relation to the level of GDP in 2011–2019, even in international comparison. Alma Media estimates that advertising investments will grow in the domestic market. The growth assumptions for revenue and costs used in the value in use calculations are presented in the table below.

According to its strategy, the Group has invested in the development of digital products and services. Digital services account for more than 50% of the Group's revenue. In digital services, the realised changes are larger and the future growth assumptions higher than in average advertising investments. With regard to the printing business, moderate revenue change assumptions have been used in impairment testing.

The discount rate used in impairment testing has been determined using geographical (country) and business-specific weighted average cost of capital (WACC) separately for both publishing & newspapers and digital business segments. The discount rate is determined net of taxes. The WACC consists of the required return on equity and the required return on debt after corporate taxes (net of taxes as adjusted for final presentation purposes). Following capital market theory, the generally accepted method of estimating the cost of equity is the Capital Asset Pricing Model (CAPM). Following the CAPM, the rate of return on equity can be constructed from the risk-free interest rate and a risk premium. Elements of WACC/CAPM have been determined for impairment testing by an independent third-party analyst.

In addition to the previous years, the calculations take into account the risk-adjusted WACC, in which the beta for the asset item is based on the median of the peer group and the capital structure (D/EV) is based on Alma Media's gearing ratio on the valuation date. The calculations also apply the small enterprise risk premium, approximately 2.5%, which is based on Alma Media's market capitalisation on the valuation date as well as the statistical analysis of small enterprise risk premiums conducted by Duff & Phelps.

Changes from 2019:
No changes were made to the Alma Markets, Alma Talent and Alma Consumer segments' tested units. The new businesses acquired in the Alma Markets and Alma Consumer segments are included in the tested businesses.

DISCOUNT RATES USED IN IMPAIRMENT TESTING

Financial year 2019	Country	Revenue growth assumption, %	Cost growth assumption, %	WACC before taxes, %	Business operations
Alma Markets					
Mediapartners	Finland	1.7	1.4	8.8	Digital
Recruitment business	Finland, Czech Republic, Baltic countries, Slovakia	2.9	2.5	11.4	Digital
Alma Talent					
Alma Talent Finland	Finland	0.9	1.0	8.8	Publishing, Digital, Service
Alma Talent Sweden	Sweden	-0.7	0.1	8.7	Publishing, Digital, Service
Alma Consumer	Finland	0.2	0.3	8.6	Publishing, Digital

Financial year 2019	Country	Revenue growth assumption, %	Cost growth assumption, %	WACC before taxes, %	Business operations
Alma Markets					
Mediapartners	Finland	2.4	2.8	8.0	Digital
Recruitment business	Finland, Czech Republic, Baltic countries, Slovakia	5.5	4.5	9.7	Digital
Alma Talent					
Alma Talent Finland	Finland	0.7	0.7	8.1	Publishing, Digital, Service
Alma Talent Sweden	Sweden	0.4	2.3	8.1	Publishing, Digital, Service
Alma Consumer	Finland	0.5	0.7	8.1	Publishing, Digital

Impairment losses and their allocation
The Group did not recognise impairment losses during the past financial year. In the management's view, there are no indications of impairment with regard to the units of Alma Media Group.

In the previous financial year, the Group recognised MEUR 0.8 in impairment losses. The impairment loss was recognised on shares in an associated company. In the management's view, there were no indications of impairment with regard to the other units of Alma Media Group.

Sensitivity analyses of impairment testing
Goodwill allocated to new business areas, as well as goodwill arising from recent acquisitions, is more sensitive to impairment testing and therefore more likely to be subject to impairment loss when the above main assumptions change.

In connection with the sensitivity analysis, the impact of an increase in the discount rate (at most 3%), a decrease in advertising sales (at most 6%) and a decrease in content sales (at most 3%) on estimated cash flows has been estimated. The sensitivity analysis of advertising sales and content sales is based on the management view of the future development on the balance sheet date.

The aggregate book values of the Alma Markets segment were approximately 22% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use varied between 38% and 47%. Based on the analysis carried out by the management, the estimated net present value (NPV) of future cash flows has declined by a total of MEUR 22 compared to 2018. The decline is fully attributable to the change in the WACC percentage. The profitability of business operations continued to improve in 2019. The reasons for the improvement included acquired businesses, such as Suomen Tukkuautot, and their inclusion in impairment testing. The favourable development of profitability is expected to continue in the coming years. The book value of the assets of the Alma Markets segment on the reporting date was MEUR 95.02. Based on the sensitivity analysis performed, the Alma Markets business does not include a significant risk of future impairment.

The aggregate book values of the Alma Talent segment were approximately 48% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use was 47% in the calculations. Based on the analysis carried out by the management, the net present value (NPV) of future cash flows has risen by a total of MEUR 11.1 compared to 2018. This is based on the improved profitability of business operations particularly in Sweden. Based on the sensitivity analysis performed, the Alma Talent business does not include a significant risk of future impairment.

The aggregate book values of the Alma Consumer segment were approximately 32% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use was approximately 47% in the calculations. Based on the analysis carried out by the management, the estimated net present value (NPV) of future cash flows has increased by a total of MEUR 27.2 compared to 2018. Profitability improved in 2019 mainly due to cost savings achieved through restructuring and efficiency improvement measures. Profitability is also improved by an acquired business (Etua.fi). The internal rental cost for the Group's printing facility is included in Alma Consumer' cash flow statement, which means that the Patamäentie 9 property was no longer tested separately. Based on the sensitivity analysis performed, the Alma Consumer business does not include a significant risk of future impairment.

The balance sheet value of associated companies is assessed in relation to the cash flow obtained from the companies (dividend income), in comparison to their net asset value, or through other assessment of the company's profit performance with respect to future cash flow estimates. Based on the analysis performed, the shares in associated companies do not include a risk of impairment.

2.2 Property, plant and equipment

Property, plant and equipment are measured at cost less depreciation, amortisation and impairment losses. The acquisition cost includes the costs arising directly from the acquisition of a tangible asset. In the event that a tangible asset comprises several components with different useful lives, each component will be recognised as a separate asset.

Straight line depreciation is entered on the assets over their estimated useful lives. Depreciation is not entered on land. The estimated useful lives are:

Buildings	30–40 years
Structures	5 years
Machinery and equipment	3–15 years, large rotation printing presses 20 years

The residual value and useful life of an asset are reviewed, at a minimum, at the end of each financial period and adjusted, where necessary, to reflect the changes in their expected useful lives.

When an item of property, plant and equipment is replaced, the costs related to this new item are capitalised. The same procedure is applied in the case of major inspection or service operations. Other costs arising later are capitalised only when they give the company added economic benefit from the asset. All other expenses, such as normal service and repair procedures, are entered as an expense in the profit or loss as they arise.

Gains and losses arising from the decommissioning and sale of tangible assets are recognised through profit and loss under other operating income and expenses. The gains or losses on sale are defined as the difference between the selling price and the remaining acquisition cost.

MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2019						
Acquisition cost 1 Jan	0.2	30.4	57.6	1.6	0.1	90.0
Increases		0.0	0.2	0.1	0.2	0.5
IFRS 16 increase		52.4	2.5			54.9
Decreases	-0.1	-3.2	-8.1		0.0	-11.4
Exchange differences		0.0	0.0	0.0	0.0	0.0
Transfers between items			0.3	0.0	-0.3	0.0
Acquisition cost 31. Dec	**0.1**	**79.7**	**52.5**	**1.6**	**0.0**	**133.9**
Accumulated depreciation, amortisation and impairment 1 Jan		12.1	23.9	0.3		36.2
Accumulated depreciation in decreases		0.9	-6.9			-6.1
IFRS 16 depreciation		7.6	0.9			8.5
Depreciation for the financial year		1.0	3.5	0.1		4.6
Exchange differences		0.0	0.0	0.0		0.0
Accumulated depreciation, amortisation and impairments 31 Dec		**21.6**	**21.3**	**0.4**		**43.3**
Book value 1 Jan	0.2	18.3	33.8	1.3	0.1	53.7
Book value 31 Dec	**0.1**	**58.0**	**31.2**	**1.3**	**0.0**	**90.6**
Book value 31 Dec, classified as held for sale	**0.1**	**15.7**	**27.3**	**0.2**		**43.2**
Book value 31 Dec, continuing operations		**42.4**	**3.9**	**1.1**	**0.0**	**47.4**

MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2018						
Acquisition cost 1 Jan	0.7	33.9	61.1	2.1	0.1	97.9
Increases		0.0	1.3	0.6	0.4	2.3
Decreases	-0.5	-3.5	-5.1	-1.1	-0.1	-10.1
Exchange differences		0.0	-0.1	0.0	0.0	-0.1
Transfers between items		0.0	0.3		-0.3	0.0
Acquisition cost 31 Dec	**0.2**	**30.4**	**57.6**	**1.6**	**0.1**	**90.0**
Accumulated depreciation, amortisation and impairment 1 Jan		13.3	23.7	1.0		38.0
Accumulated depreciation in decreases		-2.8	-4.6	-0.8		-8.2
Depreciation for the financial year		1.6	4.8	0.1		6.4
Impairment, total			0.0			0.0
Accumulated depreciation, amortisation and impairments 31 Dec		**12.1**	**23.9**	**0.3**	**0.0**	**36.2**
Book value 1 Jan	0.7	20.5	37.4	1.2	0.1	59.8
Book value 31 Dec	**0.2**	**18.3**	**33.8**	**1.3**	**0.1**	**53.7**
Balance sheet value of machinery and equipment 31 Dec			33.5			

Property, plant and equipment include right-of-use assets as follows:

MEUR	Buildings	Machinery and equipment	Total
Financial year 2019			
Acquisition cost 1 Jan	24.1	52.7	76.8
IFRS 16 increase	52.4	2.5	54.9
Decreases		-7.7	-7.7
Acquisition cost 31 Dec	**76.5**	**47.4**	**124.0**
Accumulated depreciation 1 Jan	7.2	22.6	29.7
IFRS 16 depreciation	7.6	0.9	8,5
Accumulated depreciation in decreases	2.8	-6.6	-3.8
Depreciation for the financial year	1.0	2.7	3.7
Accumulated depreciation 31 Dec	**18.6**	**19.6**	**38.2**
Book value 31 Dec	**57.9**	**27.9**	**85.8**
Book value 31 Dec, classified as held for sale	**15.2**	**26.6**	**41.9**
Book value 31 Dec, continuing operations	**42.7**	**1.2**	**43.9**
Financial year 2018			
Acquisition cost 1 Jan	24.1	54.3	78.4
Increases		0.7	0.7
Decreases		-2.2	-2.2
Acquisition cost 31 Dec	**24.1**	**52.7**	**76.8**
Accumulated depreciation 1 Jan	5.9	20.5	26.4
Accumulated depreciation in decreases		-1.8	-1.8
Depreciation for the financial year, total	1.2	3.9	5.1
Accumulated depreciation 31 Dec	**7.2**	**22.6**	**29.7**
Book value 31 Dec	**16.9**	**30.1**	**47.1**

3. Capital structure and financial expenses

3.1 Financial income and expenses

FINANCIAL INCOME PRESENTED BY CATEGORIES

MEUR	2019	2018
Interest income on held to maturity investments, continuing operations	0.1	0.1
Interest income on held to maturity investments, discontinued operations	0.0	0.0
Fair value gain on items recognised at fair value through profit or loss		
Change in the fair value of contingent consideration liabilities	0.2	1.6
Change in the fair value of interest rate and foreign currency derivatives	-0.2	0.2
Dividend income from assets measured at fair value through other comprehensive income	0.2	0.2
Total	**0.3**	**2.1**

FINANCIAL EXPENSES PRESENTED BY CATEGORIES

MEUR	2019	2018
Interest expenses from interest-bearing debts measured at amortised cost, continuing operations	0.1	0.3
Interest expenses from interest-bearing debts measured at amortised cost, discontinued operations	0.0	0.0
Interest expenses from leases recognised on the balance sheet and measured at amortised cost, continuing operations	0.7	0.0
Interest expenses from leases recognised on the balance sheet and measured at amortised cost, discontinued operations	1.1	1.3
Foreign exchange gains (loans and receivables), continuing operations	0.4	0.7
Foreign exchange losses (loans and receivables), discontinued operations	0.0	0.0
Other financial expenses	0.1	0.1
Total	**2.5**	**2.4**

3.2 Financial assets

The Group's financial assets are measured and classified according to IFRS 9 as follows: measured at amortised cost, measured at fair value through comprehensive income, and measured at fair value through profit or loss. The classification is made on initial acquisition and it is based on the objective of the business model and the contractual cash flow characteristics of the financial assets.

Financial assets measured at fair value through profit or loss are contingent considerations from the sales of the business operations and derivatives. Contingent considerations arise in sales of business operations. The company employs derivative instruments to hedge against changes in paper and electricity prices and interest rate derivatives to hedge against changes in interest rates of financial liabilities. Contingent considerations and derivatives are measured at fair value as they arise and remeasured on the balance sheet date. Changes in fair value of the contingent considerations are recognised in the profit or loss. Changes in fair value of paper derivatives are recognised under Material Purchases and of electricity derivatives under Other Operating Costs in the profit or loss. Changes in fair value of interest rate derivatives are recognised in the profit or loss.

The measurement of contingent considerations and liabilities is based on the discounted values of estimated future cash flows. The measurement is conducted on each reporting date based on the terms of consideration agreements. The management estimates whether the terms are met on each reporting date.

Financial assets measured at amortised cost include trade receivables and other receivables. Previously, under IAS 39, these items were included under loans and other receivables. Impairment on trade receivables is recognised based on expected credit losses using the simplified approach described in Note 3.7.2. Trade receivables and contract assets are written off when the Group has no reasonable expectations of recovering the contractual cash flows. Indications that recovering the contractual cash flows cannot be reasonable expected to occur include a debtor experiencing considerable financial difficulties, the probability of bankruptcy, the failure to make payments or a payment being delayed by more than 180 days. Impairment losses recognised on trade receivables and contract assets are presented under other operating expenses in the income statement.

The Group classifies unlisted shares as financial assets measured at fair value through comprehensive income. Gains or losses arising from fair value changes are recognised in other comprehensive income, and they are not classified as measured through profit or loss when the shares are sold. Dividends received from shares are recognised in financial income when the right to the dividend is established. Previously, under IAS 39, shares were classified as investments held for sale, measured at fair value and changes in fair value were recognised through other comprehensive income. Accrued changes in fair value were transferred from shareholders' equity to profit or loss as adjustments arising from reclassification when the asset was sold or when its value had decreased.

Cash and cash equivalents consist of cash, demand and time deposits, and other short-term highly liquid investments. The Group has assessed that there are no material expected credit losses associated with cash and cash equivalents.

The transaction date is generally used when recognising financial assets. Financial assets are derecognised from the balance sheet when the Group has lost the contractual right to the cash flows or when the Group has transferred a substantial portion of the risks and income to an external party.

3.2.1 Other financial assets

MEUR	Balance sheet values 2019	Balance sheet values 2018
Non-current financial assets		
Available-for-sale financial assets		
Unquoted share investments, continuing operations	3.3	3.6
Unquoted share investments, assets classified as held for sale	0.1	0.0
Loan receivables, continuing operations	0.0	0.0
Loan receivables, assets classified as held for sale	0.3	0.3
Financial assets, total	**3.7**	**3.9**
Current financial assets		
Investments held to maturity		
Commodity derivative	0.0	0.1
Total	**0.0**	**0.1**
Financial assets, total	**3.7**	**4.0**

Unquoted share investments are presented in the following table:

MEUR	2019	2018
At beginning of period	3.6	3.7
Other increases		
Decreases	-0.2	-0.1
	3.4	
Transfers to assets held for sale	-0.1	
At end of period, continuing operations	**3.3**	**3.6**

3.2.2 Cash and cash equivalents

MEUR	2019	2018
Cash and bank accounts, continuing operations	48.4	49.5
Cash and bank accounts, assets classified as held for sale	18.7	
Total	**67.1**	**49.5**

3.3 Financial liabilities

ⓘ The determination of the fair value of liabilities related to contingent considerations arising from business combinations are based on the management's estimate. The key variables in the change in fair value of contingent considerations are estimates of future operating profit. Contingent liabilities arising from acquisitions are classified as financial liabilities through profit or loss. They are recognised at fair value in the balance sheet and the change in fair value is recognised in the financial items through profit or loss.

Other financial liabilities are initially recognised in the balance sheet at fair value. Later other financial liabilities are measured at amortised cost. Financial liabilities are included in current and long-term liabilities and can be interest-bearing or non-interest bearing.

Costs arising from interest-bearing liabilities are expensed in the period in which they arise. The Group has not capitalised its borrowing costs because the Group does not incur borrowing costs on the purchase, building or manufacturing of an asset in the manner specified in IAS 23.

The table describes the Group's non-current and current financial liabilities.

MEUR	2019	2018
FINANCIAL LIABILITIES		
Non-current financial liabilities		
Financial liabilities measured at amortised cost		
Non-current lease liabilities, continuing operations	36.9	47.3
Non-current lease liabilities, classified as held for sale	42.1	
Liabilities recognised at fair value through profit or loss		
Commodity derivative		
Contingent consideration liabilities arising from the acquisition of business operations	2.0	
Other liabilities, continuing operations	0.1	
Other liabilities, discontinued operations	0.0	0.1
Total	**81.1**	**47.4**
Current financial liabilities		
Based on amortised cost		
Lease liabilities, continuing operations	7.4	4.2
Lease liabilities, classified as held for sale	4.3	0.0
Other interest-bearing liabilities	0.0	0.0
Liabilities recognised at fair value through profit or loss	1.6	8.8
Foreign currency derivatives	0.1	0.0
Commodity derivatives		
Interest rate derivatives		0.5
Contingent consideration liabilities arising from the acquisition of business operations	1.5	8.3
Total	**15.0**	**13.1**
Financial liabilities total:	**96.0**	**60.5**

The Group's financial liabilities are denominated in euro and carry a variable interest rate. At the end of 2019, the Group's interest-bearing liabilities consisted entirely of lease liabilities. The hedging of the interest rate risk is described in more detail in Note 3.8 Financial risks.

The average interest rate of the Group's financial liabilities in 2019 was 2.9% (2.9% in 2018).

RECONCILIATION OF NET DEBT

MEUR	Cash and cash equiva-lents	Lease liabilities within one year	Lease liabil-ities after one year	Loans within one year	Loans after one year	Total
Net debt 1 Jan 2019	49.5	4.2	47.3	0.0		2.0
Cash flows	17.6	-11.6	0.0			-29.4
Acquisitions – lease lia-bilities and incentives						
Increase in IFRS 16 lease liability	0.0	8.0	42.9			50.9
Exchange rate adjustments	-0.1	-0.1	0.0			0.2
Other non-cash changes	0.0	11.2	-11.2			0.0
Net debt 31 Dec 2019	**48.4**	**7.4**	**36.9**	**0.0**		**23.7**
Net debt 1 Jan 2018	20.7	5.0	51.0	0.0	5.0	40.2
Cash flows	28.6	-5.1		0.0	-5.0	-38.7
Acquisitions – finance leases and incentives			0.6			0.6
Exchange rate adjustments	0.2					-0.2
Other non-cash changes		4.4	-4.4			0.0
Net debt 31 Dec 2018	**49.5**	**4.2**	**47.3**	**0.0**		**2.0**

THE GROUP HAS CATEGORISED ITEMS RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS ACCORDING TO THE FOLLOWING HIERARCHY OF FAIR VALUES:

MEUR	2019	2018
Level 1		
Commodity derivatives	0.0	-0.1
Level 2		
Interest rate derivatives		0.5
Foreign currency derivative	0.1	0.0
Level 3		
Contingent consideration liabilities arising from the acquisition of business operations	1.5	8.3
Shares measured at fair value through comprehensive income	3.4	3.6

Level 1 includes the quoted (unadjusted) prices of identical liabilities in active markets.

The fair values of **Level 2** instruments are, to a significant degree, based on inputs other than the quoted prices included in Level 1, but nevertheless on data that can be either directly or indirectly verified for the asset or liability in question.

Level 3 includes inputs concerning liabilities that are not based on observable market data (unobservable inputs).

No transfers between the fair value hierarchy levels have taken place during the ended financial period and the previous financial period.

There is a total of MEUR 3.5 in contingent liabilities arising from acquisitions on the balance sheet on 31 December 2019 (MEUR 8.3 on 31 December 2018). The contingent consideration liabilities arose from acquisitions of business operations and were based on the acquired businesses' result in 2019 and 2020.

The book values of financial liabilities correspond to their fair values. The table below separately describes the fair values of derivative contracts and the value of the underlying instruments.

DERIVATIVE CONTRACTS:

MEUR	2019	2018
Commodity derivatives (electricity forwards)		
Fair value	0.0	0.1
Value of underlying instruments	0.2	0.1
Interest rate derivatives		
Fair value		-0.5
Value of underlying instruments		15.4
Foreign currency derivatives		
Fair value	-0.1	0.0
Value of underlying instruments	4.5	4.6

The fair values of forward exchange contracts are determined using the market prices for contracts of similar duration on the balance sheet date. The fair values of interest rate swaps have been determined using a method based on the present value of future cash flows, supported by market interest rates and other market information on the balance sheet date. The fair values of commodity derivatives are determined using publicly quoted market prices. The fair values correspond to the prices the Group would pay or receive in an orderly transaction for the derivative contract in the prevailing market conditions on the balance sheet date.

The maturity distribution of financial liabilities is described in more detail in Note 3.8. Financial risks.

MATURITIES OF LEASE LIABILITIES

MEUR	Previous finance lease items	Share of IFRS 16 effect	2019 total	2018
Lease liabilities – total minimum lease payments				
2019				5.5
2020	2.8	11.0	13.8	5.2
2021	2.8	10.6	13.4	5.0
2022	2.8	8.3	11.1	4.9
2023	18.7	7.6	26.3	20.7
2024		7.3	7.3	
Later		29.1	29.1	20.0
Total	**27.2**	**73.8**	**101.0**	**61.2**
Lease liabilities – present value of minimum lease payments				
2019				4.2
2020	2.7	9.9	12.6	4.0
2021	2.7	9.4	12.1	3.8
2022	2.7	7.2	9.9	3.8
2023	18.7	6.5	25.2	19.9
2024		6.2	6.2	
Later		24.8	24.8	15.7
Total	**26.9**	**63.9**	**90.8**	**51.5**
Financial expenses accruing in the future	**0.3**	**9.9**	**10.2**	**9.7**

3.4 Leases included in financial liabilities

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 15 years, but may have extension options as described below.

Contracts may include both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until 2018, leases for tangible assets in which the Group holds a significant share of the risks and rewards incidental to their ownership were classified as either finance leases or operating leases. From 1 January 2019, operating leases and finance leases are no longer differentiated between. The change moved off-balance sheet obligations to the balance sheet and thus increased the amount of property, plant and equipment as well as liabilities. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Alma Media has defined its incremental borrowing rate as 1.5% based on recently acquired external financing.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. Alma Media has leases for which the lease term has been defined as valid until further notice. For these leases, the extension option has been defined as three years.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. As a result, nearly all leases except short-term leases with a term of less than 12 months and leases of low-value assets were transferred to the balance sheet as right-of-use assets. Operating leases and finance leases will no longer be differentiated between. The change moved off-balance sheet obligations to the balance sheet and thus increased the amount of property, plant and equipment as well as liabilities. Lessor accounting will not be subject to significant changes.

The concepts of agreements processed as off-balance sheet liabilities and the concepts used in IFRS 16 are somewhat different from each other, which is why the number of agreements recognised on the balance sheet may differ from the number of off-balance sheet liabilities. The lease contracts recognised on the balance sheet are mainly for business premises and cars. Leases for ICT equipment, on the other hand, are treated as off-balance sheet obligations, unlike previously.

MEUR	31.12.2019	1.1.2019
Right-of-use assets 1 January 2019	100.8	52.4
Revaluation	-2.8	
Amortisation	-12.2	
Previously a finance lease		47.1
Under 12 months and low-value assets		-1.2
Previously operating leases		54.9
Total	**85.8**	**100.8**
Total effect of IFRS 16 adoption on assets	**53.8**	
Lease liabilities 1 January 2019	105.2	
Revaluation	-2.8	
Loan amortisation	-11.7	
Previously a finance lease		51.5
Under 12 months and low-value assets		-1.2
Previously operating leases		54.9
Total	**90.8**	**105.2**
Total effect of IFRS 16 adoption on liabilities	**53.7**	

EFFECT OF IFRS 16 ON ASSETS BY SEGMENT

MEUR	31.12.2019	1.1.2019
Alma Markets	5.2	6.9
Alma Talent	2.1	3.2
Alma Consumer	2.8	3.8
Non-allocated and eliminations	36.2	39.8
Group total	**46.4**	**53.8**

EFFECT OF IFRS 16 ON LIABILITIES BY SEGMENT

MEUR	31.12.2019	1.1.2019
Alma Markets	5.3	6.9
Alma Talent	2.1	3.2
Alma Consumer	2.9	3.8
Non-allocated and eliminations	36.6	39.8
Group total	**46.8**	**53.7**

EFFECT OF IFRS 16 ON PROFIT OR LOSS BY SEGMENT

MEUR	Alma Markets	Alma Talent	Alma Consumer	Non-allo-cated and eliminations	Group
Other expenses – decrease	1.7	1.1	0.1	5.1	8.9
EBITDA	1.7	1.1	0.1	5.1	8.9
Depreciation – increase	-1.7	-1.1	-0.1	-4.9	-8.5
Operating profit	0.1	0.0	0.0	0.3	0.4
Interest expenses – increase	-0.1	0.0	0.0	-0.6	-0.8
Profit for the period	**0.0**	**0.0**	**0.0**	**-0.3**	**-0.4**

3.4.1 Other leases

ⓘ As a result of the adoption of IFRS 16, nearly all leases except short-term leases with a term of less than 12 months and leases of low-value assets were transferred to the balance sheet as right-of-use assets. In addition, the adoption the standard resulted in leases for ICT equipment being treated as off-balance sheet liabilities on 1 January 2019, unlike in previous financial years. In accordance with the transition provisions of the standard, the adoption was made using the simplified approach and the comparison figures for the financial year 2018 have not been adjusted.

When the Group is the lessor, lease income is entered in the profit or loss on a straight-line basis over the lease term.

The Group as lessee

Minimum lease payments payable based on other non-cancellable leases:

MEUR	2019	2018
Within one year	0.9	8.7
Within 1–5 years*	0.5	26.5
After 5 years*		17.1
Total	**1.4**	**52.3**

* The figures for 31 December 2018 have been adjusted to reflect the impact of the lease for the business premises in Tampere, which was renewed in late 2018.

The Group as lessor

Minimum rental payments receivable based on other non-cancellable leases

MEUR	2019	2018
Within one year	0.0	0.1
Within 1–5 years		
Total	**0.0**	**0.1**

3.5 Commitments and contingencies

MEUR	2019	2018
Collateral provided on behalf of associated companies	0.9	0.9
Other commitments	0.2	0.3
Total	**1.1**	**1.2**

3.6 Pension obligations

The Group has both defined contribution pension plans and defined benefit pension plans.

The defined benefit pension plans comprise the Group's old supplementary pension plans for personnel, which have already been discontinued and closed. The benefits associated with them include both supplementary pension benefits and death benefits. The Group's defined benefit pension plans include both funded and unfunded pension plans. The unfunded pension plans are direct supplementary pension obligations, primarily for old employees who have already retired. The new supplementary pension benefits granted by the Group are defined contribution-based pension plans.

Obligations arising from defined benefit plans are calculated for each arrangement separately using the Projected Unit Credit Method. Pension costs are recognised as expenses over the beneficiaries' period of employment in the Group based on calculations made by authorised actuaries. The discount rate used in calculating the present value of the pension obligation is based on market yields on high quality corporate bonds issued by the company and, if this data is not available, on yields of government bonds. The maturity of corporate and government bonds and corresponds to a reasonable extent with the maturity of the pension obligation. The pension plan assets measured at fair value on the balance sheet date are deducted from the present value of the pension obligation to be recognised in the balance sheet. The net liabilities (or assets) associated with the defined benefit pension plan are recorded on the balance sheet.

Service costs for the period (pension costs) and the net interest on the net liabilities associated with the defined benefit plan are recognised through profit or loss and presented under employee benefit expenses. Items (such as actuarial gains and losses and return on funded defined benefit plan assets) arising from the redefinition of the net liabilities (or assets) associated with the defined benefit plan are recognised in other comprehensive income in the period in which they arise.

PRESENT VALUE OF OBLIGATIONS AND FAIR VALUE OF ASSETS

MEUR	2019	2018
Present value of unfunded obligations	1.0	1.0
Present value of funded obligations	4.5	4.6
Fair value of assets	-4.3	-4.5
Pension liability	**1.2**	**1.1**

THE DEFINED BENEFIT PENSION OBLIGATION ON THE BALANCE SHEET IS DETERMINED AS FOLLOWS:

MEUR	31.12.2019	31.12.2018
Present value of obligations at start of period	5.6	5.9
Service cost during period	0.0	0.0
Interest cost	0.1	0.1
Actuarial gains and losses	0.3	0.2
Payments of defined benefit obligations	-0.5	-0.6
Present value of funded obligations at end of period	**5.5**	**5.6**
Fair value of plan assets at start of period	4.5	4.8
Interest income	0.0	0.1
Actuarial gains and losses	0.1	0.1
Incentive payments paid	0.1	0.1
Payments of defined benefit obligations	-0.5	-0.6
Fair value of plan assets at end of period	**4.3**	**4.5**
Defined benefit pension liabilities	**1.1**	**1.1**
Net pension liability		
Pension liability	1.2	1.1
Pension asset	0.0	0.0
Net pension liability	**1.2**	**1.1**

The plan assets are invested primarily in fixed income or share-based instruments, and they have an aggregate expected annual return of 3.0%. A more detailed specification of the plan assets is not available. The plan assets are considered to be included in the payment made to the insurance company. The assets are the insurance company's responsibility and part of the insurance company's investment assets. Accordingly, no specification of the assets can be presented.

THE DEFINED BENEFIT PENSION EXPENSE IN THE INCOME STATEMENT IS DETERMINED AS FOLLOWS:

MEUR	2019	2018
Service cost during period	0.0	0.0
Interest cost	0.1	0.1
Interest income	0.0	-0.1
Actuarial gains and losses and adjustments	0.2	0.1
Total	**0.2**	**0.2**

CHANGES IN LIABILITIES SHOWN ON BALANCE SHEET

MEUR	2019	2018
At beginning of period	1.1	1.1
Incentive payments paid	-0.1	-0.1
Pension expense in income statement	0.0	0.0
Comprehensive income for the period	0.2	0.1
Defined benefit pension liabilities on the balance sheet	**1.2**	**1.1**

A similar investment is expected to be made in the plan in 2019 as in 2018.

SENSITIVITY ANALYSIS OF THE PENSION PLAN

MEUR	Present value of pension obligation,	Change in present value of pension obligation, %
Change of +0.5%-p in the discount rate	5.3	-5.0
Change of +0.5%-p in the salary increase assumption	4.5	0.3
Change of +0.5%-p in the pension increase rate	5.7	4.0

The sensitivity analysis uses the same methods as the calculation of the pension obligation. Sensitivity is calculated for changes in the discount rate, the salary increase assumption, pension increases and the insurance company's bonus index. Sensitivity has been calculated by changing one parameter at a time.

ACTUARIAL ASSUMPTIONS USED:

%	2019	2018
Discount rate		1.1
Future salary increase assumption	2.2	2.8
Inflation assumption	1.0	1.6
Future increase in pension benefit	1.3	1.9

The duration of the pension plan is 7–9 years. The duration was calculated based on a discount rate of 0% (1.1%).

Defined benefit plans expose the Group to several different risks, the most significant of which are the following:

ASSET VOLATILITY
The calculation of the liabilities arising from the plans uses a discount rate based on the yield of bonds issued by the company. If the yield on the assets used for the plan is lower than this level, there will be a deficit.

INFLATION RISK
Some of the benefit obligations under the plans are tied to inflation, and higher inflation will lead to higher liabilities (although a ceiling for inflation adjustments has been set in most cases to protect the plan from unusually high inflation).

LIFE EXPECTANCY
As the majority of the obligations under the plans are related to providing lifelong benefits to the members, the expected increase in life expectancy will result in higher obligations under the plans.

3.7 Working capital

3.7.1 Inventories

ⓘ Inventories are materials and supplies, work in progress and finished goods.

Fixed overhead costs are capitalised to inventories in manufacturing. Inventories are measured at the lower of their acquisition cost or net realisable value. The net realisable value is the sales price expected to be received on them in the normal course of business less the estimated costs necessary to bring the product to completion and the costs of selling. The acquisition cost is defined by the FIFO (first-in-first-out) method. Within Alma Media, inventories mainly comprise the production materials used for newspaper printing and the products sold by the book business.

MEUR	2019	2018
Materials and supplies, continuing operations	0.0	2.5
Materials and supplies, discontinued operations	2.1	
Finished products, continuing operations	0.7	0.7
Finished products, discontinued operations	0.0	
Total	**2.8**	**3.2**

3.7.2 Trade and other receivables

ⓘ In recognising expected credit losses, the Group applies the simplified approach defined in IFRS 9, according to which a loss allowance based on lifetime expected credit losses is recognised for all trade receivables and contract assets. For the purposes of determining expected credit losses, trade receivables have been grouped on the basis of shared credit risk characteristics and delinquency in payment.

31.12.2019 MEUR	Current	5–30 days past due	31–120 days past due	121–180 days past due	More than 180 days past due	Total
Expected loss rate	0.14%	0.92%	3.43%	32.99%	100%	
Gross carrying amount – trade receivables	24.4	2.7	0.7	0.6	0.5	28.8
Loss allowance	0.0	0.0	0.0	0.1	0.5	0.7

31.12.2018 MEUR	Current	5–30 days past due	31–120 days past due	121–180 days past due	More than 180 days past due	Total
Expected loss rate	0.14%	0.92%	3.43%	32.99%	100%	
Gross carrying amount – trade receivables	26.5	2.5	1.1	0.7	0.5	31.3
Loss allowance	0.0	0.0	0.0	0.2	0.5	0.8

MEUR	2019	2018
Trade receivables, continuing operations	23.3	30.5
Trade receivables, discontinued operations	4.8	
Receivables from associated companies	0.0	0.0
Total	28.1	30.5
Receivables from others		
Prepaid expenses and accrued income, continuing operations	3.0	3.9
Prepaid expenses and accrued income, discontinued operations	0.6	
Other receivables, continuing operations	1.7	1.8
Other receivables, discontinued operations	0.0	
Total	**5.3**	**5.7**
Receivables, total	**33.5**	**36.3**

The book values of trade receivables, other current and non-current receivables and other current investments are estimated to correspond to fair values. The impact of discounting is not significant.

3.7.3 Trade payables and other liabilities

The book values of trade payables and other liabilities are estimated to correspond with their fair values. The impact of discounting is not significant taking the maturity of the liabilities into account.

The main items in accrued expenses and prepaid income are allocated wages, salaries and other employee expenses.

MEUR	2019	2018
Trade payables, continuing operations	3.8	3.8
Trade payables, discontinued operations	1.0	
Owed to associated companies		
Trade payables	0.0	0.0
Accrued expenses and prepaid income, continuing operations	40.4	47.7
Accrued expenses and prepaid income, discontinued operations	7.6	
Other liabilities, continuing operations	6.2	8.3
Other liabilities, discontinued operations	1.7	
Total	**61.0**	**59.8**

3.8 Financial risks

Financial risk management is part of the Group's risk management policy. The risk management strategy and plan, the control limits imposed and the course of action are reviewed annually. The Group has a risk management organisation tasked with identifying the risks threatening the company's business, assess and update them, develop the necessary risk management methods and regularly report on the risks.

Alma Media categorises its financial risks as follows:

INTEREST RATE RISK

The interest rate risk describes how changes in interest rates and maturities related to various interest-bearing business transactions and balance sheet items could affect the Group's financial position and net result. The impact of the interest rate risk on net result can be reduced using interest rate swaps, interest forwards and futures and interest or foreign exchange options. The Group had no open interest rate hedges on the balance sheet date. The use of the previous interest rate swaps was discontinued in autumn 2019.

The Group's interest-bearing debt totalled MEUR 93.6 (51.5) on 31 December 2019. The interest-bearing liabilities consist of lease liabilities, of which MEUR 27.0 are linked to variable interest rate debt instruments. The remaining proportion of the lease liabilities, totalling MEUR 66.6, consists of lease liabilities defined in accordance with IFRS 16, for which the computational interest rate is fixed and the amount of the liability is primarily based on the contractual obligations pertaining to leases for business premises. An increase of one percentage point in the interest rate would increase the Group's finance expenses by MEUR 0.3. The Group's net debt amounted to MEUR 26.5 on 31 December 2019.

FOREIGN EXCHANGE RISK

Transaction risk:

The transaction risk describes the impact of changes in foreign exchange rates on sales, purchases and balance sheet items denominated in foreign currencies Alma Media's most significant currencies in addition to the euro are the Czech koruna and the Swedish krona. The impact of changes in exchange rates on net result in the most important currencies of the Group can be reduced by the following measures:

- Cash flows in the same currency are netted through a common foreign currency account whenever the cost/benefit ratio is significant
- Known, continuous and significant foreign currency cash flow is hedged. The Czech koruna is hedged at approximately 40–50% of the cash flow accrued during the next two years.

Translation risk:
A foreign exchange risk that arises from the translation of foreign investments into the functional currency of the parent company, the euro. The risk associated with translating long-term net investments in foreign currencies is assessed on a regular basis. Should there be a clear and permanent risk of a currency devaluating, Group management may decide to hedge the company's foreign currency exposure. There was no hedged open currency exposure related to translation risk on the balance sheet date.

The Group's open foreign currency derivatives on the balance sheet date are described in Note 3.3.

Commodity risk:
The commodity risk refers to the impact of changes in the prices of commodities, such as raw materials, on the Group's net result. The Group regularly assesses its commodity risk exposure and hedges this risk employing generally used commodity derivatives whenever this is possible and economically viable.

The Group has hedged its electricity purchases as follows: the price level of electricity purchases for the following 12 months are hedged at 70–100%, and the price level of electricity purchases for the following 12–24 months is hedged at 35–85%. Electricity prices for the following 25–36 months are hedged at 0–40%. The Group had open electricity forwards on the balance sheet date. The values of these open electricity forwards are described in more detail in Note 3.3.

CAPITAL MANAGEMENT RISKS

Liquidity management:
Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 31 December 2019. In addition, Alma Media ensures its liquidity by issuing its own commercial papers if required via brokers, and hedges over-liquidity according to its treasury policy. Liquidity is assessed daily and liquidity forecasts are made at weekly, monthly and 12-month rolling intervals.

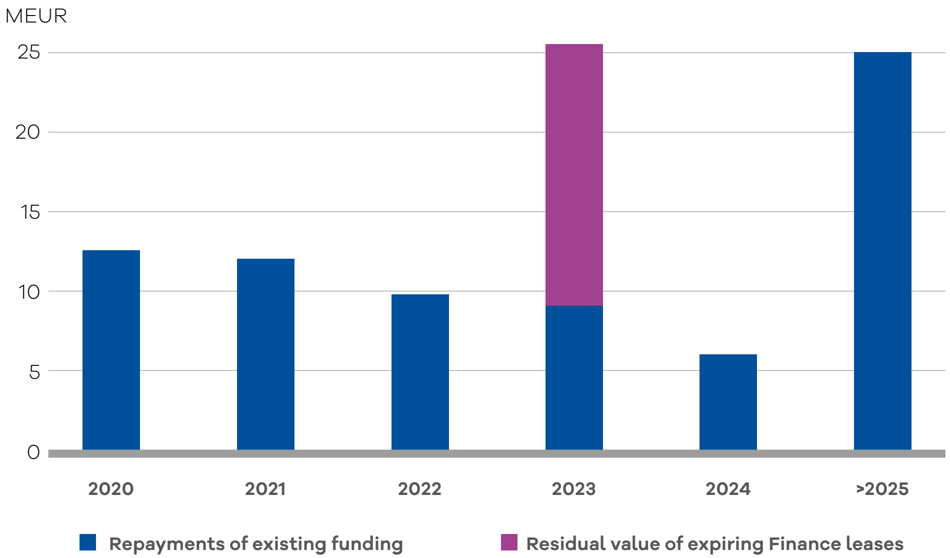
On the balance sheet date, the company had a commercial paper programme of MEUR 100 in Finland. Within the programme, the company may issue commercial papers to a total value of MEUR 0–100. No commercial papers were in circulation on the balance sheet date 31 December 2019. In addition to the commercial paper programme, the company may use the existing financing limit agreements for financing the need for working capital.

Long-term capital funding:
To secure its long-term financing needs, Alma Media uses capital market instruments, leasing or other financial arrangements.

The table describes the maturity distribution of the Group's interest-bearing debts:

MEUR	Balance sheet value	0–6 months	6 months – 1 year	1–2 years	2–5 years	Over 5 years
Lease liabilities	44.4	1.4	1.4	5.5	18.7	
Foreign currency derivative	0.1	0.1	0.1			
Total	**44.5**	**1.4**	**1.4**	**5.5**	**18.7**	

Maturity structure of outstanding debt



CREDIT RISK

The Group's credit policy is described and documented in the Group credit management policy. The Group does not have significant risks of past due receivables, because it has a large customer base and no individual customer will comprise a significant amount. During the financial period, impairment losses of MEUR 0.5 were recognised through profit or loss. These impairment losses were caused by an unexpected change in customers' economic environment. The maturity structure of trade receivables is presented in Note 3.7.2 Trade and other receivables.

CAPITAL MANAGEMENT

The aim of the Group's capital management is to support business operations through an optimal capital structure and to secure normal business preconditions. The capital structure is influenced through dividend distribution, for example. The development of the Group's capital structure is continuously monitored with gearing and equity ratio key figures. The company's financing agreements contain covenants concerning the company's equity ratio and the ratio of net debt to EBITDA. The following describes the values of these key figures in 2019 and 2018 as well as an itemisation of net debt and changes therein during the financial periods in question.

RECONCILIATION OF NET DEBT

MEUR	2019	2018
Interest-bearing long-term liabilities, continuing operations	36.9	47.3
Interest-bearing long-term liabilities, discontinued operations	42.1	0.0
Short-term interest-bearing liabilities, continuing operations	7.4	4.2
Short-term interest-bearing liabilities, discontinued operations	4.3	
Cash and cash equivalents, continuing operations	48.4	49.5
Cash and cash equivalents, discontinued operations	18.7	
Net debt	23.7	2.0
Total equity	202.5	186.8
Gearing, %	11.7%	1.1%
Equity ratio, %	54.1%	57.4%

3.9 Information on shareholders' equity and its management

The Group classifies the instruments it has issued in either equity or liabilities (financial liabilities) based on their nature. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Expenses related to the issuance or acquisition of equity instruments are presented as a deduction from equity. If the Group acquires equity instruments of its own, their acquisition cost is deducted from equity.

The following describes information on Alma Media Corporation's shares and changes in 2019.

	Total number of shares	Share capital, MEUR	Share premium fund, MEUR	Invested non-restricted equity fund, MEUR
1.1.2019	82,383,182	45.3	7.7	19.1
31.12.2019	**82,383,182**	**45.3**	**7.7**	**19.1**

The company has one share series and all shares confer the same voting rights, one vote per share. The shares have no nominal value.

BOOK-ENTRY SECURITIES SYSTEM

The company's shares belong to the book-entry system. Only such shareholders have the right to receive distributable funds from the company, and to subscribe to shares in conjunction with an increase in the share capital, 1) who are listed as shareholders in the shareholders' register on the record date; or 2) whose right to receive payment is recorded in the book-entry account of a shareholder listed in the shareholders' register on the record date, and this right is entered in the shareholders' register; or 3) whose shares, in the case of registered shares, are registered in their book-entry account on the record date, and as required by section 28 of the Act on the Book-Entry System, the respective manager of the shares is listed on the record date in the shareholders' register as the manager of said shares. Shareholders whose ownership is registered in the waiting list on the record date have the right to receive distributable funds from the company, and the right to subscribe to shares in conjunction with an increase in the share capital, provided they are able to furnish evidence of ownership on the record date.

Own shares

Alma Media Corporation owns a total of 99,795 of its own shares, representing 0.12 per cent of the total number of the company's shares and related votes. The total registered number of Alma Media's shares is 82,383,182, which entitle to 82,383,182 votes.

Translation differences

The translation differences fund comprises the exchange rate differences arising from the translation into euros of the financial statements of the independent foreign units.

Share premium reserve

In cases in which stock options have been decided during the time the previous Finnish Limited Liability Companies Act (29.9.1978/734) was in force, payments received for share subscriptions based on stock options have been recognised in share capital and the share premium reserve in accordance with the terms of the respective option programmes, less transaction costs.

Distributable funds
The distributable funds of the Group's parent company totalled EUR 148,403,121 on 31 December 2019.

Dividend policy
Alma Media published its long-term financial targets on 25 November 2013. According to the targets, the company aims to pay on average more than 50% of the profit for the period in dividends or capital repayments over the long term.

Redemption of shares
A shareholder whose proportional holding of all company shares, or whose proportional entitlement to votes conferred by the company shares, either individually or jointly with other shareholders, is or exceeds 33 1/3% or 50% is obligated on demand by other shareholders to redeem such shareholders' shares.

3.9.1 Earnings per share
Basic earnings per share are calculated by dividing the profit for the period attributable to the ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the parent by the weighted average number of diluted shares during the period.

MEUR	2019	2018
Profit attributable to ordinary shareholders of parent	42.2	41.7
Number of shares (1,000 pcs)		
Weighted average number of shares for basic earnings per share	82,283	82,147
Incentive schemes	1.4	1.1
Diluted weighted average number of outstanding shares	83,673	83,219
Earnings per share (basic)	0.51	0.51
Earnings per share (diluted)	0.50	0.50
EPS, basic, continuing operations	0.41	0.39
EPS, basic, discontinued operations	0.10	0.12

4. Consolidation

4.1 General principles of consolidation

All subsidiaries are consolidated in the consolidated financial statements. Subsidiaries are companies in which the Group has a controlling interest. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The accounting principles applied in the subsidiaries have been brought into line with the IFRS principles applied in the consolidated financial statements. Mutual holdings are eliminated using the purchase method. Purchase consideration and the individualised assets and liabilities of the acquired entity are recognised at their fair value on the acquisition date. The costs related to the acquisition, with the exception of costs arising from the issue of equity or debt securities, are recorded as expenses. Additional purchase cost, if applicable, is recognised at fair value on the acquisition date and classified as a liability through profit or loss. Additional purchase cost classified as a liability is measured through profit or loss at fair value on the last day of each reporting period.

4.2 Subsidiaries

The Group's parent and subsidiary relationships are as follows:

Company		Holding, % Finland	2018	Share of votes, % 2019	2018
Parent company Alma Media Corporation	Finland				
Alma Career Oy	Finland	83.3	83.3	83.3	83.3
Alma Career, spletno oglasevanje d.o.o	Slovenia	83.3		83.3	
Alma Manu Oy	Finland	100.0	100.0	100.0	100.0
Alma Media Kustannus Oy	Finland	100.0	100.0	100.0	100.0
Alma Media Suomi Oy	Finland	100.0	100.0	100.0	100.0
Alma Mediapartners Oy	Finland	65.0	65.0	65.0	65.0
Alma Talent AB	Sweden	100.0	100.0	100.0	100.0
Alma Talent Ekonomi AB	Sweden	100.0	100.0	100.0	100.0
Alma Talent Juridik AB	Sweden	100.0	100.0	100.0	100.0
Alma Talent Media AB	Sweden	100.0	100.0	100.0	100.0
Alma Talent Oy	Finland	100.0	100.0	100.0	100.0
Alma Talent Teknik AB	Sweden	100.0	100.0	100.0	100.0
CV-Online Estonia OÜ	Estonia	83.3	83.3	83.3	83.3
Edlegio AB	Sweden	70.0	70.0	70.0	70.0
Etua Oy	Finland	60.0	20.0	60.0	20.0
Karenstock Oy	Finland	100.0	100.0	100.0	100.0
Kotikokki.net Oy	Finland	65.0	65.0	65.0	65.0
LMC s.r.o	Czech Republic	83.3	83.3	83.3	83.3
Monster Career CZ s.r.o.	Czech Republic	83.3	83.3	83.3	83.3
Monster Polska SP. Z.o.o.	Poland	83.3	83.3	83.3	83.3
Müügimeistrite A/S	Estonia	92.0	92.0	92.0	92.0
Objektvision AB	Sweden	100.0	100.0	100.0	100.0
Profesia s.r.o	Slovakia	83.3	83.3	83.3	83.3
Profesia s.r.o	Czech Republic	83.3	83.3	83.3	83.3
Rantapallo Oy	Finland	79.0	79.0	79.0	79.0

Company		Holding, % Finland	2018	Share of votes, % 2019	2018
SIA CV-Online Latvia	Latvia	83.3	83.3	83.3	83.3
Suomen Tukkuautot Oy	Finland	65.0		65.0	
Suoramarkkinointi Mega Oy	Finland	100.0	100.0	100.0	100.0
TAU On-line d.o.o	Croatia	83.3	83.3	83.3	83.3
Telemarket SIA	Latvia	96.0	96.0	96.0	96.0
UAB CV-Online LT	Lithuania	83.3	83.3	83.3	83.3
Workania Magyarország Kft.	Hungary	83.0	83.0	83.0	83.0
Subsidiaries merged with other Group companies during the financial year:					
Käyttösofta Oy	Finland	65.0	65.0	65.0	65.0
Oy Mediuutiset Ab	Finland	100.0	100.0	100.0	100.0
Raksa ja Kotikauppa Oy (Nettikoti)	Finland	65.0	65.0	65.0	65.0
Alma Talent Events AB	Sweden	100.0	100.0	100.0	100.0
Alma Talent Desk AB	Sweden	100.0	100.0	100.0	100.0

Itemisation of significant non-controlling interests in the Group:

Subsidiary	Finland	Holding, %* 2019	2018
Alma Career Oy sub-group	Finland	16.66	16.66
Alma Mediapartners Oy sub-group	Finland	35	35

* As the non-controlling interest's share of votes and equity are equal, the information is not presented separately.

Summary of financial information on subsidiaries involving a significant non-controlling interest:

MEUR	Alma Career sub-group 2019	Alma Career sub-group 2018	Alma Mediapartners sub-group 2019	Alma Mediapartners sub-group 2018
Current assets	75.7	69.1	3.3	6.6
Non-current assets	44.1	47.2	20.1	16.3
Current liabilities	28.4	26.2	6.9	11.6
Non-current liabilities	0.1	0.2	0.0	0.0
Revenue	74.7	73.9	25.2	22.9
Expenses	-42.5	-43.6	-14.9	-14.1
Operating profit	28.6	26.6	8.4	6.8
Share of profit allocated to Alma Media Corporation's owners (IFRS)	17.7	16.5	4.6	3.3
Share of profit allocated to non-controlling interest (IFRS)	4.1	3.9	1.8	1.8
Dividends paid to non-controlling interest	3.3	2.7	0.4	0.4
Net cash flow from operating activities	23.7	24.8	8.3	7.0
Net cash flows from/(used in) investing activities	-0.5	-0.5	-12.6	-5.2
Financing activities	-21.4	-23.1	4.3	-1.8

The information from the sub-groups' financial statements is presented in the table below according to Finnish Accounting Standards (FAS), as the financial statements have not been prepared in accordance with IFRS.

4.3 Business combinations

ⓘ Subsidiaries acquired are consolidated from the time when the Group gains the right of control, and divested subsidiaries until the Group ceases to exercise the right of control. All intra-Group transactions, receivables, liabilities and profits are eliminated in the consolidated financial statements. The distribution of the profit for the year between the parent company owners and non-controlling interest shareholders is shown in the statement of comprehensive income. The eventual non-controlling interest in the acquired companies is measured at fair value or to the amount corresponding to the share of the non-controlling interest based on the proportionate share of the specified net assets. The measurement method is defined for each acquisition separately.

The comprehensive income is attributed to parent company shareholders and non-controlling shareholders, even if this were to lead to a negative portion being attributed to non-controlling shareholders. The amount of shareholders' equity attributable to non-controlling shareholders is shown as a separate item in the balance sheet under shareholders' equity. Changes in the parent company's holding in a subsidiary that do not lead to a loss of control are treated as equity transactions.

In conjunction with acquisitions achieved in stages, the previous holding is measured at fair value through profit or loss. When the Group loses control in a subsidiary, the remaining investment is measured at fair value through profit or loss on the date control in the subsidiary is lost, and the difference is recognised through profit or loss.

Acquisitions that took place before 1 January 2010 are recognised according to the provisions valid at the time.

Acquisitions in 2019

The Group carried out the following acquisitions in 2019:

	Business	Acquisition date	Acquired share	Group share
Alma Markets segment				
Suomen Tukkuautot Oy	Online service	3 May 2019	100%	65%
Alma Consumer segment				
Etua Oy	Online service	3 July 2019	40%	60%

Alma Markets

The segment's information on acquired businesses is presented in combined form.

Consideration:

MEUR	Fair value
Consideration, settled in cash	3.9
Contingent consideration	1.9
Total consideration	**5.8**

The assets and liabilities recorded as a result of the acquisition were as follows:

MEUR	Fair value
Intangible assets	1.6
Trade and other receivables	0.1
Cash and cash equivalents	0.3
Total assets acquired	**2.0**
Deferred tax liabilities	0.3
Trade payables and other payables	0.1
Total liabilities acquired	**0.5**
Acquired identifiable net assets at fair value, total	**1.5**
Group's share of net assets	**1.0**
Minority interest	**0.5**
Goodwill	**4.8**

Alma Consumer

Consideration:

MEUR	Fair value
Consideration, settled in cash	3.1
Fair value of acquisition achieved in stages	1.2
Total consideration	**4.3**

The assets and liabilities recorded as a result of the acquisition were as follows:

MEUR	Fair value
Intangible assets	1.7
Trade and other receivables	0.1
Cash and cash equivalents	0.2
Total assets acquired	**2.0**
Deferred tax liabilities	0.3
Trade payables and other payables	0.1
Total liabilities acquired	**0.4**
Acquired identifiable net assets at fair value, total	**1.6**
Group's share of net assets	**1.0**
Minority interest	**0.6**
Goodwill	**3.4**

The fair values entered on intangible assets in consolidation relate primarily to acquired customer agreements, the brand and information systems developed in-house. Factors contributing to goodwill were the expected synergies related to these businesses.

Acquisitions in 2018

The Group carried out the following acquisitions in 2018:

	Business	Acquisition date	Acquired share	Group share
Alma Markets segment				
Ahorouta Oy	Online service	3 Jan 2018	100%	65%
Autojerry Oy	Online service	10 Jan 2018	76%	65%
Käyttösofta Oy	Online service	10 Jan 2018	100%	65%

The acquisition of Raksa ja Kotikauppa Oy was treated as a change in ownership in a subsidiary, an acquisition of non-controlling interest, which did not lead to a change in control. As a result, a reduction of MEUR 0.1 was recognised in equity.

Alma Markets

The segment's information on acquired businesses is presented in combined form.

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	5.7
Contingent consideration	10.0
Fair value of acquisition achieved in stages	0.8
Total consideration	**16.5**

The assets and liabilities recorded as a result of the acquisition were as follows:

MEUR	Fair value
Intangible assets	5.2
Trade and other receivables	0.2
Cash and cash equivalents	0.8
Total assets acquired	**6.2**
Deferred tax liabilities	1.0
Trade payables and other payables	0.4
Total liabilities acquired	**1.4**
Acquired identifiable net assets at fair value, total	**4.7**
Group's share of net assets	**3.1**
Minority interest	**1.7**
Goodwill	**13.4**

The fair values entered on intangible assets in consolidation relate primarily to acquired customer agreements, the brand and information systems developed in-house. Factors contributing to goodwill were the expected synergies related to these businesses.

CONSIDERATION PAID FOR ACQUISITIONS - CASH FLOW

MEUR	2019	2016
Paid cash less acquired cash		
Cash consideration	7.1	5.8
Asset transfer tax and transaction costs	0.2	0.3
Contingent considerations paid during the financial year	8.6	
Less acquired amounts		
Cash	0.4	0.8
Net cash flow - capital expenditure	**15.4**	**5.2**

4.4 Investments in associated companies and joint ventures

ⓘ Associated companies are those in which the Group has a significant controlling interest. A significant controlling interest arises when the Group holds 20% or more of the company's voting rights or over which the Group otherwise is able to exercise significant control. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement, whereas in a joint operation, the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. Associated companies and joint ventures are consolidated using the equity method. Investments in associated companies include any goodwill arising from their acquisition. If the Group's share of the associated company's losses exceeds the book value of the investment, this investment is entered at zero value in the balance sheet and any losses in excess of this value are not recognised unless the Group has obligations with respect to the associated companies. The Group's share of the results of its associated companies is shown as a separate item after operating profit. The Group's share of its associated companies' other changes in comprehensive income is recognised in the consolidated comprehensive income statement under other comprehensive income.

MEUR	2019	2018
Investments in associated companies and joint ventures		
At beginning of period	4.1	4.5
Increases		1.5
Decreases	-1.2	-1.1
Share of results	0.5	0.5
Capital repayments received		-0.4
Dividends received	-0.2	-0.2
Impairment		-0.8
At end of period	**3.2**	**4.1**

Further information on associated companies

Goodwill arising from associated companies on the balance sheet on 31 December 2019 totalled MEUR 1.0 (MEUR 2.2).

Summary (100%) of associated company and joint venture totals

MEUR	Alma Markets	Alma Talent	Alma Consumer	Other associated companies
The year 2019				
Current assets	4.8	0.0		
Non-current assets	5.9	0.0		
Current liabilities	1.0			
Non-current liabilities	2.6			
Revenue	11.9	0.1		
Profit/loss for the period	2.7			
Other comprehensive income				
Reconciliation between associated companies' and joint ventures' financial information and the balance sheet value recognised by the Group:				
Associated company's net assets	7.1	0.0		0.1
Group's share of net assets	1.8	0.0		0.1
Goodwill	1.0			
Other adjustments	0.0			
Associated companies' balance sheet value on the consolidated balance sheet	3.1	0.0		0.1
Receivables from associated companies	0.0			
Owed to associated companies	0.0			
Dividends and capital repayments received from associated company during the period	0.2			

MEUR	Alma Markets	Alma Talent	Alma Consumer	Other associated companies
Full year 2018				
Current assets	4.8	0.0	0.7	
Non-current assets	5.3	0.0	0.1	
Current liabilities	1.2		0.3	
Non-current liabilities	3.5			
Revenue	10.3	0.1	2.5	
Profit/loss for the period	2.3	0.0	0.6	
Other comprehensive income				
Reconciliation between associated companies' and joint ventures' financial information and the balance sheet value recognised by the Group:				
Associated company's net assets	5.4	0.0	0.5	4.3
Group's share of net assets	1.4	0.0	0.1	0.1
Goodwill	1.1		1.2	0.0
Other adjustments	-0.1		0.0	-0.9
Associated companies' balance sheet value on the consolidated balance sheet	2.8	0.0	1.2	0.1
Receivables from associated companies				
Owed to associated companies				
Dividends and capital repayments received from associated company during the period	0.2		0.4	

Associated companies	Segment	Holding, %	Share of votes, %
Arena Interactive Oy	Alma Markets	35	35
Conseco Press	Alma Talent	40	40
Infostud 3 d.o.o.	Alma Markets	25	25
Kolektiv d.o.o.	Alma Markets	30	30
Media Metrics Finland Oy	Alma Markets	25	25
Muuttomaailma Oy	Alma Markets	16	16
Vrabotuvanje Online	Alma Markets	30	30

Changes in holdings in associated companies in 2019

In July 2019, Alma Media Group acquired 40 per cent of the share capital of Etua Oy, a provider of competitive tender services for loans and insurance. As a result of the transaction, Alma Media's holding in Etua Oy increased to 60 per cent and Etua Oy is reported as a subsidiary.

4.5 Related party transactions

Alma Media Group's related parties are its associated companies (see Note 4.4), the companies that they own and affiliated companies.

Related parties also include the company's management (the Board of Directors, the Presidents and the Group Executive Team). The employee benefits of management and other related party transactions between management and the company are detailed in Note 1.4.

Sales of goods and services with related party members are based on the Group's prices in force at the time of transaction.

RELATED PARTY TRANSACTIONS – ASSOCIATED COMPANIES

MEUR	2019	2018
Sales of goods and services	0.2	0.2
Purchases of goods and services	0.5	0.8
Trade, loan and other receivables	0.0	0.0
Trade payables	0.0	0.0

RELATED PARTY TRANSACTIONS – PRINCIPAL SHAREHOLDERS

MEUR	2019	2018
Sales of goods and services	0.1	0.1
Purchases of goods and services	0.0	0.0
Trade, loan and other receivables	0.0	
Trade payables	0.0	
Acquired businesses		

RELATED PARTY TRANSACTIONS – CORPORATIONS WHERE MANAGEMENT EXERCISES INFLUENCE

MEUR	2019	2018
Sales of goods and services	0.0	0.0
Purchases of goods and services		
Trade, loan and other receivables		0.0
Trade payables		

5 Other notes

5.1 Income tax

The tax expense in the profit or loss comprises the tax based on the company's taxable income for the period together with deferred taxes. The tax based on taxable income for the period is the taxable income calculated on the applicable tax rate in each country of operation. The tax is adjusted for any tax related to previous periods.

MEUR	2019	2018
Current income tax charge, continuing operations	10.8	10.5
Current income tax charge, discontinued operations	2.0	2.5
Adjustments in respect of current income tax of previous years, continuing operations	-1.1	0.2
Adjustments in respect of current income tax of previous years, discontinued operations	0.0	0.1
Deferred taxes, continuing operations	-1.1	-0.8
Deferred taxes, discontinued operations	0.1	0.0
Total	**10.7**	**12.4**

RECONCILIATION OF TAX EXPENSES IN THE INCOME STATEMENT AND TAX CALCULATED ON FINNISH TAX RATE:

The Finnish corporate tax rate in 2019 was 20% and in 2018 20%. In the calculation of deferred taxes, 20% has been used as the Finnish corporate tax rate in 2019.

MEUR	2019	2018
Profit before tax, continuing operations	49.0	48.1
Profit before tax, discontinued operations	10.4	12.3
Share of result of associated companies	-0.5	0.3
Total	**58.8**	**60.7**
Tax calculated on the parent company's tax rate	11.8	12.1
Impact of varying tax rates of foreign subsidiaries	-0.1	-0.1
Tax-free income	-0.1	-0.4
Non-tax-deductible expenses	0.2	0.7
Items from previous periods		
Use of previously non-entered deferred tax assets	-1.0	0.0
Unrecognised deferred tax asset from the confirmed tax losses	0.0	0.1
Recognition of previously unrecognised deferred tax assets on the balance sheet		
Other items	0.0	0.1
Tax recognised in the income statement	**10.7**	**12.5**
Tax recognised in the income statement, continuing operations	**8.6**	**9.9**
Tax recognised in the income statement, discontinued operations	**2.2**	**2.5**

Tax impacts of entries due to IAS 19 accounting principles are included in other comprehensive income.

5.2 Deferred tax assets and liabilities

ⓘ Deferred tax assets and liabilities are recognised on all temporary differences between their book and actual tax values. Deferred taxes are calculated using the tax rates enacted by the balance sheet date. However, the deferred tax liability is not recognised on the initial recognition of goodwill or if it arises from 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.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. A deferred tax liability is recognised on non-distributed retained earnings of subsidiaries when it is likely that the tax will be paid in the foreseeable future. Deferred tax assets and liabilities are netted by the company when they relate to income tax levied by the same tax authority and when the tax authority permits the company to pay or receive a single net tax payment. Deferred taxes are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. For this purpose, the conditions for the recognition of deferred taxes are assessed on the final day of each reporting period.

CHANGES IN DEFERRED TAXES DURING 2019, INCLUDING DISCONTINUED OPERATIONS

MEUR	31.12.2018	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31.12.2019
Deferred tax assets					
Provisions	0.4	-0.1	0.0		0.3
Pension benefits	0.2	0.0	0.0		0.2
Deferred depreciation	0.2	0.0	0.0		0.2
Other items*	1.0	-0.3	0.0		0.9
Total	**1.8**	**-0.2**	**0.0**		**1.6**
Taxes, net	-0.3				-0.1
Deferred tax assets on balance sheet	1.5				1.5
Deferred tax assets on balance sheet, continuing operations					0.4
Deferred tax assets on balance sheet, classified as held for sale					1.0

* The starting balance of 2018 includes MEUR 0.7 in deferred tax assets from financial leases that have been allocated in accordance with IFRS 16 in 2019.

MEUR	31.12.2018	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31.12.2019
Deferred tax liabilities					
Accumulated depreciation differences	0.3	0.0	0.0		0.3
Business combinations	11.7	-1.1	0.0	0.6	11.2
Retained earnings of subsidiary companies	0.4	-0.1			0.3
Other items	0.1	0.0	0.0		0.1
Total	**12.5**	**-1.2**	**0.0**	**0.6**	**11.9**
Taxes, net	-0.3				-0.1
Deferred tax liabilities on balance sheet	12.2				11.8
Deferred tax liabilities on balance sheet, continuing operations					11.1
Deferred tax liabilities on balance sheet, classified as held for sale					0.6

No deferred tax asset has been calculated on the confirmed losses of Group companies in Finland, amounting to MEUR 0.6, and abroad, amounting to MEUR 3.0. Utilisation of this tax asset requires that the normal operations of such companies would generate taxable income. The losses expire in 2029 at the latest for losses other than those of Group companies in Sweden.

CHANGES IN DEFERRED TAXES DURING 2018

MEUR	31.12.2017	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31.12.2018
Deferred tax assets					
Provisions	0.5	-0.1	0.0		0.4
Pension benefits	0.2	0.0	0.0		0.2
Deferred depreciation	1.1	-0.8	0.0		0.2
Other items	0.9	0.1	0.0		1.0
Total	**2.6**	**-0.9**	**0.0**		**1.8**
Taxes, net	-0.3				-0.3
Deferred tax assets on balance sheet	2.3				1.5
Deferred tax liabilities					
Accumulated depreciation differences	0.3	0.0	0.0		0.3
Business combinations	12.4	-1.5	-0.2	1.0	11.7
Retained earnings of subsidiary companies	0.5	-0.1			0.4
Other items	0.1	0.0	0.0		0.1
Total	**13.3**	**-1.6**	**-0.2**	**1.0**	**12.5**
Taxes, net	-0.3				-0.3
Deferred tax liabilities on balance sheet	13.0				12.2

5.3 Discontinued operations

Non-current assets (or disposal groups) are classified as held for sale in accordance with IFRS 5 if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. If their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are measured at the lower of their carrying amount and fair value less costs to sell.

Assets that are classified as held for sale are not depreciated or amortised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are also presented separately from other liabilities in the balance sheet. A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that meets the IFRS 5 criteria for classification as a discontinued operation. The comparison figures in the income statement are adjusted with respect to the operations classified as discontinued during the most recent financial statements period presented. The results of discontinued operations are also presented separately in the comparison figures.

On 11 February 2020, Alma Media announced it will sell its regional news media business and printing operations to Sanoma Media Finland. The businesses to be divested were previously reported primarily under the Alma Consumer segment. The transaction is subject to customary closing conditions, including approval by the Finnish Competition and Consumer Authority and the closing of the transaction is estimated to take place during the year 2020.

Alma Media has applied the provisions of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation and recognition of the divestment of the regional news media business and printing operations. Alma Media has classified the businesses as assets held for sale and reports them as discontinued operations in the 2019 financial statements.

The consolidated income statement presents the discontinued operations separately from continuing operations and the figures for the comparison period have been adjusted accordingly. The balance sheet figures for prior periods have not been adjusted. The assets and liabilities associated with the discontinued operations are presented as separate line items on the balance sheet.

The result, assets, liabilities and cash flow of the discontinued operations are presented in the following tables.

INCOME STATEMENT FOR DISCONTINUED OPERATIONS

MEUR	2019	Adjusted 2018
Revenue	92.2	99.9
Other operating income	0.2	5.0
Expenses	-75.8	-86.8
Depreciation, amortisation and impairment	-5.2	-4.6
Net financial expenses	-1.1	-1.3
Profit before tax	10.4	12.3
Income tax	-2.2	-2.5
Profit from discontinued operations	**8.2**	**9.7**

Transactions between continuing operations and discontinued operations have been eliminated in accordance with IFRS 10. The intragroup sales of printing and other services by the discontinued operations to the continuing operations amounted to MEUR 6.7 (7.5). These items have been eliminated from the revenue of the discontinued operations and the corresponding expenses have been eliminated from the expenses of the discontinued operations.

The amount of MEUR 2.0 has been deducted from the expenses of the discontinued operations and these expenses have been transferred to the profit for continuing operations. These expenses consist of the fixed expenses of support services that are expected to continue to be borne by the continuing operations following the divestment.

CASH FLOWS OF DISCONTINUED OPERATIONS

MEUR	2019	Adjusted 2018
Net cash flow from operating activities	13.2	8.8
Cash flow from investing activities	6.2	-0.4
Cash flow from financing activities	-10.5	-13.5

ASSETS CLASSIFIED AS HELD FOR SALE 2019

MEUR	2019
Tangible assets and right-of-use assets	43.2
Goodwill	11.7
Other intangible assets	0.7
Other non-current assets	0.1
Non-current receivables	0.3
Deferred tax assets	1.0
Inventories	2.1
Trade and other receivables	5.5
Cash and cash equivalents	18.7
Total assets included in the category of assets held for sale	83.3

LIABILITIES DIRECTLY RELATED TO THE ASSETS CLASSIFIED AS HELD FOR SALE 2019

MEUR	2019
Interest-bearing long-term liabilities	42.1
Deferred tax liabilities	0.6
Pension liabilities	0.4
Other non-current liabilities	0.0
Interest-bearing short-term liabilities	4.3
Advances received	14.0
Income tax liability	0.0
Provisions	0.4
Trade payables and other current liabilities	10.4
Total liabilities transferred to the category of assets held for sale	72.4

5.4 Events after the balance sheet date

ⓘ The period during which matters affecting the financial statements are taken into account is the period from the closing of the accounts to the release of the statements. The release date is the day on which the Financial Statements Bulletin will be published. Events occurring during the period referred to above are examined to determine whether they do or do not render it necessary to correct the information in the financial statements.

Information in the financial statements is corrected in the case of events that provide additional insight into the situation prevailing on the balance sheet date. Events of this nature include, for example, information received after the closing of the accounts indicating that the value of an asset had already been reduced on the balance sheet date.

On 20 June 2019, Alma Media companies Alma Media Kustannus Oy and Alma Manu Oy agreed on a business transfer and a delivery service agreement under which the early morning delivery operations carried out by Alma Manu in Pirkanmaa and Satakunta related to the newspapers published by Alma Media Kustannus was outsourced to Posti Ltd effective from 1 January 2020. The outsourcing arrangement resulted in the transfer of approximately 780 employees from Alma Manu's delivery business to Posti Group. The newspaper transportations and the deliveries carried out as an outsourced service or as third-party deliveries are not within the scope of the delivery agreement and will continue to be operated by Alma Manu.

On 9 January 2020, Alma Media announced that the local competition regulator process that was a prerequisite for the acquisition of the entire share capital of Kolektiv Ltd, the leading online recruitment service in Bosnia and Herzegovina, has been completed and the transaction has been finalised.

The Affärsvärlden financial media business will be transferred to the Swedish company Börsplus Ab effective from March 2020. Alma Media announced the transaction on 20 December 2019. The transaction is a continuation of the decision made by Stiftelsen Affärsvärlden, which owns the Affärsvärlden brand and publishing rights, to transfer the publishing rights of Affärsvärlden to Börsplus Ab starting from 2021.

On 22 January 2020, Alma Media announced it is initiating a strategic partnership with DIAS, a digital service platform for real estate transactions. In connection with the agreement on the partnership, Alma Talent Oy also agreed on the acquisition of a 5% stake in Digitaalinen asuntokauppa DIAS Oy.

On 11 February 2020, Alma Media announced it has signed an agreement with Sanoma concerning the sale of all shares in Alma Media Kustannus Oy, operating in the regional news media business, and Alma Manu Oy, operating in the printing business, to Sanoma Media Finland. The enterprise value of the businesses to be divested is MEUR 115. Alma Media will recognise an estimated capital gain of EUR 58 million on the sale upon closing of the transaction, which is estimated to take place during the year 2020. The businesses to be divested include regional newspapers Aamulehti and Satakunnan Kansa, local newspapers Janakkalan Sanomat, Jämsän Seutu, Kankaanpään Seutu, KMV-Lehti, Nokian Uutiset, Rannikkoseutu, Suur-Keuruu, Merikarvia-Lehti, Sydän-Satakunta, Tyrvään Sanomat, Valkeakosken Sanomat, Jokilaakso and Vekkari as well as Alma Manu printing operations, which are reported under the Alma Consumer segment. The transaction is subject to customary closing conditions, including approval by the Finnish Competition and Consumer Authority.

Parent company income statement (FAS)

MEUR	Note	1.1.–31.12.2019	1.1.–31.12.2018
Revenue	6.1	31.0	31.5
Other operating income	6.2	0.2	1.4
Materials and services	6.3	0.1	0.0
Expenses arising from employee benefits	6.4	11.1	11.5
Depreciation and write-downs	6.5	1.4	1.4
Other operating expenses	6.6, 6.7, 6.8	25.3	25.4
Operating profit (loss)		-6.6	-5.4
Financial income and expenses	6.9	**9.6**	**15.5**
Profit before appropriations and taxes		3.0	10.1
Appropriations	6.10	23.3	31.9
Income tax	6.11	-2.2	-5.1
Profit for the period		**24.0**	**36.9**

Parent company balance sheet (FAS)

MEUR	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Intangible assets	6.12	2.0	3.2
Property, plant and equipment	6.13	1.2	1.3
Investments		0.0	0.0
Holdings in Group companies	6.14	330.2	332.8
Other investments		3.8	5.5
Non-current assets, total		**337.3**	**342.8**
Current assets			
Current receivables	6.15	30.4	37.2
Cash and cash equivalents		49.3	37.4
Current assets, total		**79.7**	**74.7**
Assets, total		**417.0**	**417.5**

MEUR	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
Equity			
Share capital		45.3	45.3
Share premium reserve		119.3	119.3
Other reserves		5.4	5.4
Invested non-restricted equity fund		110.8	110.8
Retained earnings (loss)		14.1	5.1
Profit for the period (loss)		24.0	36.9
Total equity	6.16	**318.8**	**322.7**
Accumulated appropriations	6.17	**0.5**	**0.5**
Provisions	6.18	**0.0**	**0.0**
Liabilities			
Non-current liabilities	6.19	**2.6**	**0.6**
Current liabilities	6.20	**95.1**	**93.7**
Liabilities, total		**97.7**	**94.3**
Shareholders' equity and liabilities, total		**417.0**	**417.5**

Parent company cash flow statement (FAS)

MEUR	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from operating activities		
Profit for the period	24.0	36.9
Depreciation and write-downs	1.4	1.5
Gains on sale of non-current assets	0.0	-0.9
Net financial expenses (income statement)	-9.7	-16.1
Income tax	2.2	5.1
Change in provisions	0.0	0.0
Other adjustments	-22.4	-30.2
Change in working capital:		
Change in trade receivables and other receivables	0.3	0.5
Change in trade payables and other payables	2.9	5.7
Dividend received	18.8	15.8
Interest received	0.1	0.1
Interest expenses paid and other finance expenses	-0.1	-0.7
Taxes paid	-4.6	-6.5
Cash flow from operating activities	**12.8**	**11.2**
Capital expenditure		
Business acquisitions less cash and cash equivalents at the time of acquisition	-3.2	0.0
Proceeds from sale of businesses less cash and cash equivalents at the time of sale data 2018:	0,0	0,6
Acquisitions of tangible assets	0.0	-1.1
Acquisitions of intangible assets	-0.1	-1.1
Other investments	0.0	0.0
Repayment of loan reciveables		8.2
Proceeds of sale of available-for-sale financial assets	0.5	0.0
Acquisition and sale of associated companies	0.0	-0.2
Proceeds from sale of tangible and intangible assets		3.2
Net cash flows from/(used in) investing activities	**-2.8**	**9.5**
Cash flow before financing activities	**10.0**	**20.7**

MEUR	1.1.–31.12.2019	1.1.–31.12.2018
Financing activities		
Repayment of non-current loans	0.0	-5.0
Current loans taken	0.0	14.0
Repayment of current loans	0.0	-14.0
Change in interest-bearing receivables	-1.3	4.9
Group contributions received and paid	32.0	26.6
Dividends paid	-28.8	-19.7
Net cash flows from/(used in) financing activities	**1.9**	**6.7**
Change in cash and cash equivalent funds (increase +/decrease -)	**11.9**	**27.4**
Cash and cash equivalents at beginning of period	37.4	10.0
Cash and cash equivalents at end of period	49.3	37.4

Accounting principles used in the parent company's financial statements

General information
Alma Media Corporation is a Finnish public limited company incorporated under Finnish law. Its registered office is in Helsinki at the address Alvar Aallon katu 3 C, P.O. Box 140, FI-00101 Helsinki, Finland.

Parent company's financial statements
The financial statements of the parent company are prepared in accordance with Finnish Accounting Standards (FAS).

The parent company was established on 27 January 2005. On 7 November 2005, the old Alma Media Corporation was merged with Almanova Corporation, which adopted the name Alma Media Corporation after the merger. The merger difference arising in conjunction with the merger has been capitalised to the Group's shares.

Non-current assets
Tangible and intangible assets are capitalised at direct acquisition cost less planned depreciation and write-downs. Planned depreciation is calculated from the original acquisition cost based on the estimated economic life of the asset. The land areas are not depreciated. The economic lifetimes of the assets are as follows:

Buildings	30–40 years
Structures	5 years
Machinery and equipment	3–10 years
Other intangible assets	5–10 years
Intangible rights	5–10 years

Research and development costs
Research costs are recognised as an expense in the financial period during which they are incurred. Development costs are capitalised when it is expected that the intangible asset will generate future economic added value and the costs arising from this can be reliably determined.

Taxes
Taxes in the income statement are the taxes corresponding to the results of the Group companies during the financial year as well as adjustments to taxes in previous years. No deferred tax assets are recognised in the parent company's accounts.

Foreign currency items
Foreign currency items are entered at the rates prevailing on the transaction date. Receivables and payables on the balance sheet are valued at the average rate on the balance sheet date. Exchange rate differences arising from sales and purchases are treated as additions or subtractions, respectively, in the income statement. Realised and unrealised exchange rate differences related to loans and loan receivables are recognised in other financial income and expenses in the income statement. The parent company does not have any significant foreign currency loans.

Pension commitments
Statutory and voluntary employee pension benefits for the parent company's personnel are arranged mainly through pension insurance companies.

Other employee benefits
The parent company has long-term share-based incentive schemes for key management in effect (LTI 2015 and LTI 2019). In accordance with Finnish Accounting Standards (FAS), the option benefit and the share reward are not measured at fair value, nor is the calculated employee benefit expensed in the income statement

Notes to the parent company's financial statements

6.1 Revenue by market area

MEUR	2019	2018
Finland	31.0	31.5
Total	**31.0**	**31.5**

6.2 Other operating income

MEUR	2019	2018
Gains on the sale of assets	0.2	1.3
Other income	0.0	0.1
Total	**0.2**	**1.4**

6.3 Materials and services

MEUR	2019	2018
Materials and services	0.1	0.0
Total	**0.1**	**0.0**

6.4 Employee expenses

MEUR	2019	2018
Wages, salaries and fees	9.0	9.2
Pension expenses	1.4	1.5
Other payroll-related expenses	0.8	0.8
Total	**11.1**	**11.5**
Average number of employees	113	119
Salaries and bonuses paid to management		
President and CEO	0.7	0.7
Other members of the Group Executive Team	2.1	2.2
Members of the Board of Directors	0.4	0.3
Total	**3.2**	**3.3**

The benefits to which the President and CEO of the parent company is entitled are described in more detail in Note 1.4 to the consolidated financial statements.

6.5 Depreciation and write-downs

MEUR	2019	2018
Depreciation on tangible and intangible assets	1.4	1.4
Total	**1.4**	**1.4**

6.6 Other operating expenses

MEUR	2019	2018
Information technology and telecommunication	10.7	10.6
Business premises	8.5	9.5
Other expenses	6.0	5.3
Total	**25.3**	**25.4**

6.7 Auditors' fees

MEUR	2019	2018
Audit	266.0	246.5
Reporting and opinions	6.0	1.6
Tax consultation	32.0	
Other	27.0	44.8
Total	**331.0**	**292.9**

Parent company audit expenses include audit fees for the whole group.

6.8 Research and development costs

The Group's research and development costs in 2019 totalled EUR 699,939 (EUR 250,000 in 2018). Development costs of EUR 409,939 were capitalised on the balance sheet in 2019 (no development capitalised in 2018).

6.9 Financial income and expenses

MEUR	2019	2018
Dividend income		
From Group companies	18.5	16.4
From associated companies	0.2	0.2
From others	0.0	0.1
Total	**18.8**	**16.7**
Other interest and financial income		
From Group companies	0.1	0.1
Fair value gain on financial assets at fair value through profit or loss	-0.1	0.0
From others	0.0	0.0
Total	**-0.1**	**0.1**
Impairment for non-current investments		
Impairment on shares in Group companies	-9.0	
Impairment of non-current investments		-0.6
Total	**-9.0**	**-0.6**
Interest expenses and other financial expenses		
To Group companies	0.0	-0.4
To others	-0.2	-0.4
Total	**-0.2**	**-0.8**
Foreign exchange rate gains/losses		
Foreign exchange rate gains and losses	0.0	0.1
Financial income and expenses, total	**9.6**	**15.5**

6.10 Appropriations

MEUR	2019	2018
Difference between planned depreciation and depreciation made for tax purposes	0.0	-0.1
Group contribution	23.3	32.0
Total	**23.3**	**31.9**

6.11 Income tax

MEUR	2019	2018
Income tax from regular business operations	-2.2	-5.1
Total	**-2.2**	-5.1

6.12 Intangible assets

MEUR	Intangible rights	Advance payments	Total
Financial year 2019			
Acquisition cost 1 Jan	9.4	0.3	9.8
Increases	0.1		0.1
Decreases	-3.7		-3.7
Transfers between items	0.3	-0.3	
Acquisition cost 31 Dec	**6.1**		**6.1**
Accumulated depreciation and write-downs 1 Jan	6.5		6.5
Accumulated depreciation in decreases	-3.7		-3.7
Depreciation for the financial year	1.3		1.3
Accumulated depreciation 31 Dec	**4.0**		**4.0**
Book value 31.12.2019	**2.0**		**2.0**

MEUR	Intangible rights	Other intangible assets	Advance payments	Total
Financial year 2018				
Acquisition cost 1 Jan	8.9	0.5	0.2	9.6
Increases	0.8		0.3	1.1
Decreases	-0.5	-0.5		-1.0
Transfers between items	0.2		-0.2	
Acquisition cost 31 Dec	**9.4**		**0.3**	**9.8**
Accumulated depreciation and write-downs 1 Jan	5.7	0.5		6.2
Accumulated depreciation in decreases	-0.5	-0.5		-1.0
Depreciation for the financial year	1.3			1.3
Accumulated depreciation 31 Dec	**6.5**			**6.5**
Book value 31.12.2018	**2.9**		**0.3**	**3.2**

6.13 Tangible assets

MEUR	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2019						
Acquisition cost 1 Jan		0.6	0.2	1.5		2.3
Increases						
Decreases		-0.1	0.0	-0.5		-0.6
Acquisition cost 31 Dec		**0.5**	**0.1**	**1.0**		**1.7**
Accumulated depreciation 1 Jan		0.4	0.1	0.5		1.0
Accumulated depreciation in decreases		-0.1	0.0	-0.5		-0.6
Depreciation for the financial year		0.0	0.0	0.1		0.1
Accumulated depreciation 31 Dec		**0.3**	**0.1**	**0.1**		**0.5**
Book value 31.12.2019		**0.3**	**0.0**	**1.0**		**1.2**
Balance sheet value of machinery and equipment 31.12.2019		0.3				
Financial year 2018						
Acquisition cost 1 Jan	0.4	3.9	0.6	1.0	0.1	5.9
Increases			0.0	0.6		0.6
Decreases	-0.4	-3.2	-0.4	0.0	-0.1	-4.2
Acquisition cost 31 Dec		**0.6**	**0.2**	**1.5**		**2.3**
Accumulated depreciation 1 Jan		2.8	0.5	0.5		3.8
Accumulated depreciation in decreases		-2.4	-0.4	0.0		-2.9
Depreciation for the financial year		0.0	0.0	0.0		0.0
Accumulated depreciation 31 Dec		**0.4**	**0.1**	**0.5**		**1.0**
Book value 31.12.2018		**0.3**	**0.0**	**1.0**		**1.3**
Balance sheet value of machinery and equipment 31.12.2018		0.3				

6.14 Investments

MEUR	Shares Group companies	Shares associated companies	Shares other	Total
Financial year 2019				
Acquisition cost 1 Jan	581.4	4.8	1.1	587.4
Increases	5.2			5.2
Decreases	-18.4	-0.2	-0.3	-18.8
Transfers between items	1.2	-1.2		
Acquisition cost 31 Dec	**569.4**	**3.4**	**0.9**	**573.7**
Accumulated depreciation, amortisation and impairments 1 Jan	248.6	0.5	0.0	249.1
Accumulated depreciation in decreases and transfers	-18.4	0.0		-18.4
Amortisation and impairments	9.0	0.0		9.0
Accumulated depreciation, amortisation and impairments 31 Dec	**239.2**	**0.5**	**0.0**	**239.7**
Book value 31.12.2019	**330.2**	**3.0**	**0.8**	**334.0**
Financial year 2018				
Acquisition cost 1 Jan	582.3	3.7	1.3	587.3
Increases	0.9	1.2		2.1
Decreases	-1.8	0.0	-0.2	-2.0
Transfers between items				
Acquisition cost 31 Dec	**581.4**	**4.8**	**1.1**	**587.4**
Accumulated depreciation and write-downs 1 Jan	248.6	0.0	0.0	248.6
Impairment		0.5		0.5
Accumulated depreciation, amortisation and impairments 31 Dec	**248.6**	**0.5**	**0.0**	**249.1**
Book value 31.12.2018	**332.8**	**4.4**	**1.1**	**338.3**

PARENT COMPANY HOLDINGS IN GROUP COMPANIES AND ASSOCIATED COMPANIES

Company	Registered office	Holding %	Share of votes, %	Group holding %
Subsidiaries				
Alma Career Oy	Helsinki, Finland	83.34	83.34	83.34
Alma Manu Oy	Tampere, Finland	100.00	100.00	100.00
Alma Media Kustannus Oy	Helsinki, Finland	100.00	100.00	100.00
Alma Media Suomi Oy	Helsinki, Finland	100.00	100.00	100.00
Alma Mediapartners Oy	Helsinki, Finland	65.00	65.00	65.00
Etua Oy	Helsinki	60.00	60.00	60.00
Karenstock Oy	Helsinki, Finland	100.00	100.00	100.00
Alma Talent Oy	Helsinki, Finland	100.00	100.00	100.00
Kotikokki.net Oy	Helsinki, Finland	65.00	65.00	65.00
Objektvision AB	Stockholm, Sweden	100.00	100.00	100.00
Rantapallo Oy	Helsinki, Finland	79.00	79.00	79.00
Associated companies				
Arena Interactive Oy	Vaasa, Finland	35.00	35.00	35.00
As Oy Lindemaninpiha	Jämsä, Finland	22.56	22.56	22.56
Kolektiv d.o.o.	Bosnia	30.00	30.00	30.00
Infostud 3 d.o.o.	Serbia	25.00	25.00	25.00
Kiinteistö Oy Keuruun Tervaportti	Keuruu, Finland	28.20	28.20	28.20
Kytöpirtti Oy	Seinäjoki, Finland	43.20	43.20	43.20
Nokian Uutistalo Oy	Nokia, Finland	36.90	36.90	36.90

6.15 Receivables

MEUR	2019	2018
Current receivables		
Receivables from Group companies		
Trade receivables	0.0	0.0
Loan receivables*	27.3	34.7
Loan receivables	0.0	0.0
Prepaid expenses and accrued income	1.1	1.0
Total	**28.4**	**35.8**
Receivables from others		
Trade receivables	0.0	0.0
Other receivables	0.1	0.2
Prepaid expenses and accrued income**	1.8	1.3
Total	**1.9**	**1.4**
Current receivables, total	**30.4**	**37.2**

* Cash and cash equivalents in Group bank accounts are included in loan receivables.

** Major balances in prepaid expenses and accrued income consist of ICT purchase invoice accruals and the accrual of taxes for the financial year.

6.16 Shareholders' equity

MEUR	2019	2018
Restricted shareholders' equity		
Share capital 1 Jan	45.3	45.3
Share capital 31 Dec	45.3	45.3
Share premium reserve 1 Jan	119.3	119.3
Share premium reserve 31 Dec	119.3	119.3
Other reserves 1 Jan	5.4	5.4
Other reserves 31 Dec	5.4	5.4
Restricted shareholders' equity total	**169.9**	**169.9**
Non-restricted shareholders' equity		
Invested non-restricted equity fund 1 Jan	110.8	110.8
Invested non-restricted equity fund 31 Dec	110.8	110.8
Retained earnings 1 Jan	42.0	23.9
Cancellation of unpaid dividends		0.1
Dividend payment	-28.8	-19.7
Disposal of own shares	0.9	0.9
Retained earnings 31 Dec	**14.1**	**5.1**
Profit for the period	24.0	36.9
Non-restricted shareholders' equity total	**148.8**	**152.8**
Total equity	**318.8**	**322.7**
Calculation of the parent company's distributable funds on 31 December		
Invested non-restricted equity fund	110.8	110.8
Capitalised research and development costs	-0.4	-0.1
Profit from the previous year	14.1	5.1
Profit for the period	24.0	36.9
Total	**148.4**	**152.7**

6.17 Appropriations

MEUR	2019	2018
Difference between planned depreciation and depreciation made for tax purposes	0.5	0.5

6.18 Provisions

Provisions in financial year 2019 amounted to EUR 4,808.17 (EUR 4,808.17 in financial year 2018).

6.19 Non-current liabilities

MEUR	2019	2018
Other non-current liabilities	2.6	0.6
Total	**2.6**	**0.6**
Debt due after five years		
Other non-current liabilities	0.2	0.2

6.20 Current liabilities

MEUR	2019	2018
Trade payables	1.1	0.3
Total	**1.1**	**0.3**
Liabilities to Group companies		
Trade payables	0.0	0.0
Other liabilities	90.2	87.5
Accrued expenses and prepaid income		0.0
Total	**90.2**	**87.5**
Liabilities to associated companies		
Other liabilities		0.0
Total		**0.0**
To others		
Provisions	0.0	0.0
Other current liabilities	0.7	1.1
Accrued expenses and prepaid income	3.1	4.7
Total	**3.9**	**5.8**
Current liabilities total	**95.1**	**93.7**

Most of accrued expenses and prepaid income consist of allocated employee expenses.

6.21 Commitments and contingencies

MEUR	2019	2018
Collateral for own commitments		
Guarantees	0.6	0.7
Collateral for others		
Guarantees	0.9	0.9
Other own commitments		
Rental commitments – within one year	7.5	7.7
Rental commitments – after one year	55.5	55.3
Rental commitments total	62.9	63.0
Other commitments	0.2	0.3
Total		
Guarantees	1.5	1.6
Other commitments	63.1	63.3
Commitments total	**64.6**	**64.9**

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 31 December 2019. The company also has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was unused on 31 December 2019.

6.22 Derivative contracts

MEUR	2019	2018
Commodity derivatives (electricity forwards)		
Fair value*	0.0	0.1
Nominal value	0.2	0.1
Interest rate derivatives**		
Fair value*		-0.5
Nominal value		15.4

* The fair value represents the return that would have occurred if the derivative had been cleared on the balance sheet date.

** The company discontinued the use of interest rate derivates in 2019.

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

The distributable funds of the Group's parent company totalled EUR 148,403,121 on 31 December 2019.

There were 82,383,182 shares carrying dividend rights.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share (2018: EUR 0.35 per share) be paid for the financial year 2019. Based on the number of outstanding shares on the closing date 31 December 2019, the dividend payment totals EUR 32,913,355 (28,751,404).

No essential changes have taken place after the end of the financial year with respect to the company's financial standing. The proposed distribution of profit does not, in the view of the Board of Directors, compromise the company's liquidity.

Helsinki, 13 February 2020

Jorma Ollila
Chairman of the Board

Petri Niemisvirta
Deputy Chairman of the Board

Esa Lager
Board member

Catharina Stackelberg-Hammarén
Board member

Peter Immonen
Board member

Päivi Rekonen
Board member

Alexander Lindholm
Board member

Kai Telanne
President and CEO

AUDITOR'S NOTE

A report on the audit carried out has been submitted today.

Helsinki, 14 February 2020

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Alma Media Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion
- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Alma Media Oyj (business identity code 1944757-4) for the year ended 31 December 2019. The financial statements comprise:
- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 1.3.5 to the Financial Statements.

Our Audit Approach

Overview

Materiality	• We have applied an overall group materiality of EUR 3,4 million
Group scoping	• We have audited parent company and its subsidiaries in Finland, Czech Republic, Slovakia and Sweden
Key audit matters	• Classification and presentation of assets held for sale and discontinued operations • Valuation of goodwill and intangibles with indefinite lives • Valuation of holdings in group companies (Parent company)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality
EUR 3,4 million

How we determined it
We used the 1% of total revenue of continued and discontinued operations to determine overall group materiality.

Rationale for the materiality benchmark applied
We chose net sales as the benchmark because, in our view, the performance of the Group is most commonly measured by using this criteria, and it is a generally accepted benchmark. We chose net sales as the benchmark as we considered that this provides us with a consistent year-on-year basis for determining materiality.

How we tailored our group audit scope
We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

We have performed audit procedures in the most significant subsidiaries in Finland, Czech Republic, Slovakia and Sweden. We have considered that the remaining subsidiaries don't present a reasonable risk of material misstatement for consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group

CLASSIFICATION AND PRESENTATION OF ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS
Refer to note 5.3 in the consolidated financial statements.

In February 2020 Alma Media announced to sell its Regional news and printing businesses.

Management has assessed that the aforementioned businesses meet the assets held for sale criteria 31 December 2019 as defined in IFRS 5 and present major line of businesses and as such presented those as assets held for sale and discontinued operations.

We consider the classification and presentation of assets held for sale and discontinued operations as a key audit matter because there is management judgment involved in deciding whether the IFRS 5 criteria are met and the presentation has significant impact on the group's balance sheet and the statement of comprehensive income.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
In response to the risk related to classification and presentation, we:

- Assessed whether the requirements of IFRS 5 were met with regards to the classification and presentation of the businesses as assets held for sale and discontinued operations
- Assessed whether as per balance sheet date the company's management was committed to a plan to sell the businesses and actively had initiated the programme to locate a buyer and complete the plan
- Assessed the likelihood of the businesses being available for immediate sale in its current state and whether it is highly probable that the sale will take place
- Tested management's assessment whether the carrying values of disposal groups are at least equal to their estimated fair value less cost to sell

Valuation of goodwill and intangibles with indefinite lives
Refer to accounting principles of the consolidated financial statements and note 2.1. Intangible assets and goodwill.

At 31 December 2019 the Group's goodwill balance amounted to EUR 130,3 million and intangible rights with indefinite lives EUR 36,8 million. Goodwill and intangible rights with indefinite lives are allocated to the cash-generating units.

The Company tests goodwill for potential impairment annually and whenever there is an indication that the carrying value may be impaired by comparing the recoverable amount against the carrying value of goodwill.

The recoverable amounts are determined using value in use model. Value in use calculations are subject to significant management judgement in form of estimates of future cash flows, such as estimates of future advertising and content sales, and discount rates.

Valuation of goodwill and intangible rights with indefinite lives are a focus area in the audit due to the size of balance and the high level of management judgement involved.

Our audit focused on assessing the appropriateness of management's judgement and estimates used in the impairment analysis through the following procedures:
- We tested the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, Impairment of Assets, and we tested the mathematical accuracy of calculations;
- We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to the budgets and strategic plans approved by the Board of Directors;
- We assessed the reasonableness of cash flow forecasts by comparing the accuracy of prior period revenue growth and operating profit forecasts to actual outcomes. We also assessed the reasonableness of advertising and content sales growth rates used in the impairment calculations to our understanding of the business;
- We considered whether the sensitivity analysis performed by the management around key assumptions of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions; and
- The discount rates applied within the model were assessed by PwC business valuation specialist.
- We also considered the appropriateness of the related disclosures provided in note 2.1 in the financial statements.

Key audit matter in the audit of the parent company

VALUATION OF HOLDINGS IN GROUP COMPANIES
Refer to note 6.14 Investments.

At 31 December 2019 the holdings in group companies are valued at EUR 330,2 million. The holdings in group companies are tested annually for impairment by comparing the recoverable amount against the book value of individual holding. The recoverable amounts are determined using value in use model.

Based on the annual impairment test of holdings in group companies' management concluded that no impairment was needed.

Valuation of holdings in group companies is a focus area in the audit due to the size of balance and the high level of management judgement involved.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Our audit focused on assessing the appropriateness of management's judgement and estimates used in the impairment analysis through the following procedures:
- We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to the budgets and strategic plans approved by the Board of Directors;
- We assessed the reasonableness of cash flow forecasts by comparing the accuracy of prior period revenue growth and operating profit forecasts to actual outcomes. We also assessed the reasonableness of advertising and content sales growth rates used in the impairment calculations to our understanding of the business;
- We considered whether the sensitivity analysis performed by the management around key assumptions of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions; and
- The discount rates applied within the model were assessed by PwC business valuation specialist.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment
We were first appointed as auditors by the annual general meeting on 20 March 2014. Our appointment represents a total period of uninterrupted engagement of 6 years.

Other Information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 14 February 2020
PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

Corporate Governance Statement 2019

ALMA MEDIA CORPORATION

CONTENT

Corporate Governance Statement of Alma Media Corporation

In 2019, Alma Media Corporation applied the Finnish Corporate Governance Code 2015 for listed companies, issued by the Securities Market Association in 2015, in its unaltered form. A Corporate Governance Statement required by the Corporate Governance Code is presented as a separate report in connection with the Financial Statements. In addition, it is publicly available on Alma Media's website:
www.almamedia.fi/en/investors/governance/corporate-governance

The Audit Committee of Alma Media Corporation's Board of Directors has reviewed the Corporate Governance Statement. The statement will not be updated during the financial period, but up-to-date information on its sections is available on Alma Media's website:
www.almamedia.fi/en/investors/governance/corporate-governance

The Finnish Corporate Governance Code is downloadable from the website of the Securities Market Association: www.cgfinland.fi

Alma Media Group

Responsibility for Alma Media Group's management and operations belongs to the constitutional bodies required by the Limited Liability Companies Act: the General Meeting of shareholders, which elects the members of the Board of Directors; and the President and CEO, who is appointed by the Board of Directors.

Alma Media Corporation's supreme decision-making body is the General Meeting of Shareholders, where shareholders exercise their decision-making power. The Board of Directors is responsible for the company's governance and its appropriate organisation. In its capacity as the Group's parent company, Alma Media Corporation is responsible for the Group's management, legal affairs, corporate restructuring, strategic planning, financial administration, human resources and facilities management, financing, ICT, internal and external communications as well as the Alma brand.

Alma Media Group has three reporting segments. The Alma Markets segment consists of digital automotive and housing marketplaces and complementary services, as well as the recruitment business. The Alma Talent segment publishes 18 trade and financial media, as well as books. Alma Talent also offers competence development and growth services to professionals and businesses in different fields, from events and training to information services. The Alma Consumer segment includes the various digital and print news and lifestyle content of the national Iltalehti. The segment is also responsible for the print and online publishing activities of regional and local papers, as well as Alma Media's printing operations.

In addition, Alma Media's shared sales function (Alma Media Solutions) is a sales and development organisation that serves the business segments' advertiser customers.

Board of Directors of Alma Media Corporation

The Shareholders' Nomination Committee of Alma Media Corporation prepares a proposal for the General Meeting regarding the composition and remuneration of the Board of Directors. The Board of Directors shall comprise no fewer than three (3) and no more than nine (9) members elected by the Annual General Meeting. The term of office of a member of the Board shall be one (1) year, ending at the close of the Annual General Meeting following their election. The President and CEO of the company may not act as the Chair of the Board. There is no specific order of appointment of members of the Board. The Annual General Meeting decides on the remuneration and travel allowances of the members of the Board of Directors.

The Board Diversity Policy sets out the principles concerning the diversity of the Board of Directors. The principles are available in their entirety on the Alma Media website: www.almamedia.fi/en/investors/governance/board-of-directors.

Pursuant to the Board Diversity Policy, the Board of Directors and its members, as a group, shall have sufficient complementary expertise and experience on matters related particularly to the company's line of business and operations, the management of a listed company, financial statements and financial reporting, internal control and risk management, strategy, acquisitions and corporate governance.

The members of the Board of Directors shall represent diverse expertise and qualifications and the diversity of the members' age and gender distribution, academic and professional backgrounds and experience of international business shall support the company's business and its development. Members of the Board of Directors shall possess the necessary qualifications and the opportunity to dedicate sufficient time to their duties as members of the Board. The number of members and composition of the Board of Directors shall enable the effective fulfilment of the Board's responsibilities. Both genders shall be represented on the Board of Directors.

Composition of the Board and Shareholdings of Members

The Annual General Meeting 2019 elected the following members to the Board of Directors: Jorma Ollila, Peter Immonen, Esa Lager, Alexander Lindholm, Petri Niemisvirta, Päivi Rekonen, Catharina Stackelberg-Hammarén. The Chair of the Board of Directors is Jorma Ollila and the Deputy Chair is Petri Niemisvirta.

Jorma Ollila
Chair of the Board, member of the Board since 2019, member of the Nomination and Compensation Committee, expert member of Alma Media's Shareholders' Nomination Committee
Born: 1950
Master of Science degree in Political Science (University of Helsinki), M.Sc. Economics (London School of Economics), M.Sc. in Engineering (Helsinki University of Technology)

Essential work experience

- Chair of the Board, CEO, Chair of the Group Executive Board of Nokia Corporation 1999–2006
- President and CEO and Chair of the Group Executive Board of Nokia Corporation 1992–1999
- President of Nokia Mobile Phones 1990–1992
- CFO of Nokia Corporation 1986–1989

Principal positions of trust

- Tetra Laval Group: member of the Board 2013–
- TBG AG: member of the Board 2016–
- Perella Weinberg Partners: advisory partner 2014–
- Miltton Group Oy: Chair of the Board 2015–
- Xinova LLC: Chair of the Board 2016–
- Otava Oy: member of the Board 1996–2019

Finnish citizen
Independent of the company, but not independent of its significant shareholder

Shareholding on 31 December 2019
0 Alma Media Corporation shares

Petri Niemisvirta

Managing Director, Mandatum Life Insurance Company Limited; member of the Group Executive Committee, Sampo plc 2001–
Deputy Chair 2019–, Chair 2018, Deputy Chair 2011–2018, member of the Board 2011–, expert member of the Shareholders' Nomination Committee 2018–2019, member of the Audit Committee

Born: 1970
LL.M.

Essential work experience

- Managing Director, Evli Life Ltd 2000–2001
- Product Manager (unit-linked insurance), Sampo Life Insurance Company Limited 1999–2000
- Life Insurance Sales Manager, Kaleva Mutual Insurance Company/Sampo Life Insurance Company Limited 1995–1999

Principal positions of trust

- Mandatum Life: member of the Board 2019–
- World Wide Fund for Nature, Finland, member of the Council 2018–
- Topdanmark A/S, member of the Board 2017–
- Kaleva Mutual Insurance Company: member of the Board 2013–, Chair of the Board 2014–
- Varma Mutual Pension Insurance Company: member of the Board 2014–
- Confederation of Finnish Industries EK, Finance and Tax Commission: Chair 2011–2016, member 2017–
- BenCo Insurance Holding B.V.: member of the Board 2009–
- Finance Finland; Deputy Chair of the Life Insurance Executive Committee 2019–, member 2017–2018, Chair 2015–2016, member 2011–2014, Chair 2007–2010
- Confederation of Finnish Industries EK, Finance and Tax Commission: member 2017–, Chair 2015–2016
- Finland Chamber of Commerce: member of the Board 2015–

Finnish citizen
Independent of the company and its significant shareholders

Shareholding on 31 December 2019
21,949 Alma Media Corporation shares

Peter Immonen

WIP Asset Management Oy, Chair of the Board 2005–
Member of the Board 2018–, Chair of the Nomination and Compensation Committee

Born: 1959
M.Sc. (Econ.)

Essential work experience

- WIP Asset Management Oy: Chair of the Board 1995–2001 and 2005–, Managing Director 2002–2005

Principal positions of trust

- Mariatorp Oy: member of the Board 2015–
- Wipunen varainhallinta Oy: member of the Board 2005–
- Cargotec Corporation: member of the Board 2005–
- Dasos Capital Oy: member of the Board 2010–
- Finsilva Oyj: member of the Board 2015–
- Stiftelsen Svenska Handelshögskolan, member of the Board 2019–

Finnish citizen
Independent of the company, but not independent of its significant shareholder

Shareholding on 31 December 2019
1,473 Alma Media Corporation shares

Esa Lager

Member of the Board since 2014, Chair of the Audit Committee

Born: 1959
LL.M., M.Sc. (Econ.)

Essential work experience

- Deputy CEO, Outokumpu Group, 2011–2013
- Chief Financial Officer (CFO), Outokumpu Group, 2005–2013
- Director, Financing and Administration, Outokumpu Group, 2001–2004
- Director, Financing, Outokumpu Group, 1995–2000
- Vice President, Outokumpu Group, 1991–1994
- Various expert and managerial positions (Head Office foreign operations and the London branch), Kansallis-Osake-Pankki, 1984–1990

Principal positions of trust

- Stockmann Oyj: member of the Board 2017–
- SATO Oyj: member of the Board 2016–, Chair of the Board 2015–2016, Deputy Chair of the Board 2014–2015
- Terrafame Oy: member of the Board 2015–
- Ilkka-Yhtymä Oyj: member of the Board 2011–, Deputy Chair of the Board 2014–

Finnish citizen
Independent of the company, but not independent of its significant shareholder

Shareholding on 31 December 2019
15,298 Alma Media Corporation shares

Alexander Lindholm
Otava Group, CEO 2010–
Member of the Board 2018–, member of the Audit Committee

Born: 1969
BBA

Essential work experience
- Yhtyneet Kuvalehdet /Otavamedia, CEO 2008–2012
- Yhtyneet Kuvalehdet: Publishing Director 2005–2007
- Yhtyneet Kuvalehdet: Sales Director 2001–2004

Principal positions of trust
- Otava Ltd: member of the Board 2008–
- Yhtyneet Kuvalehdet Oy/Otavamedia Ltd, member of the Board/Chair 2008–
- Otava Publishing Company Ltd, Chair of the Board 2010–
- Suomalainen Kirjakauppa Ltd: Chair of the Board 2011–
- NettiX Oy, Chair of the Board 2016–
- Kirjavälitys Oy, Chair of the Board 2013–
- Mediapooli, Chair of the Executive Group 2018–

Finnish citizen
Independent of the company, but not independent of its significant shareholder

Shareholding on 31 December 2019
1,473 Alma Media Corporation shares

Catharina Stackelberg-Hammarén
Founder and Executive Chairman, Marketing Clinic Oy, 2004–
Member of the Board 2009–, member of the Nomination and Compensation Committee

Born: 1970
M.Sc. (Econ.), Hanken School of Economics

Essential work experience
- Executive Chairman, Marketing Clinic, 2019–
- CEO, Marketing Clinic Oy, 2004–2019
- Managing Director, Coca-Cola Finland, 2003–2004 and 2000–2002
- Managing Director, Coca-Cola AB 2002–2003
- Marketing Director, Coca-Cola Nordic & Baltic Division Copenhagen 2000
- Consumer Marketing Manager, Coca-Cola Finland, 1996–2000
- Marketing Manager, Sentra plc, 1994–1996

Principal positions of trust
- Marimekko Oyj, member of the Board 2014–
- Marketing Clinic Oy, member of the Board 2004–
- Scan Securities AB, member of the Board 1996–
- Royal Unibrew A/S, member of the Board 2019–

Finnish citizen
Independent of the company and its significant shareholders

Shareholding on 31 December 2019
23,164 Alma Media Corporation shares

Päivi Rekonen
Independent strategy advisor 2018–
Member of the Board 2018–, member of the Audit Committee

Born: 1969
M.Sc. (Econ.), M.Sc. (Soc.Sci.)

Essential work experience
- Managing Director, Group Technology, UBS, 2014–2018
- Senior Vice President, Global Head of Digital Strategy, Adecco Group 2011–2012
- Head of IT, Credit Suisse 2007–2009
- Various leadership roles, Cisco Systems 1998–2007
- Various leadership roles, Nokia 1990–1998

Principal positions of trust
- F-Secure: member of the Board 2017–
- Efecte: member of the Board 2018–
- Konecranes: member of the Board 2018–
- UNOPS, member of Strategy Advisory Board 2018–

Finnish citizen
Independent of the company and its significant shareholders

Shareholding on 31 December 2019
1,473 Alma Media Corporation shares

Matti Korkiatupa (member of the Board until 15 March 2019)

Member of the Board 2016–2019, Member of the Nomination and Compensation Committee until 15 March 2019

Born: 1955
Master of Agriculture

Essential work experience

- CEO, Ilkka-Yhtymä Oyj 1999–2017
- CEO, I-Mediat Oy, 2010–2017
- Regional Director, Tapiola Group 1992–1998

Principal positions of trust

- Arena Partners Oy, Chair of the Board 2000–2004 and 2010–2017, Deputy Chair 2006–2010
- Alma Mediapartners Oy, member of the Board 2010–2017
- I-Print Oy, Chair of the Board 2007–2017
- Lännen Media Oy, member of the Board 2014–2017
- The Finnish Newspapers Association, member of the Board 2000–2017, Deputy Chair of the Board 2009–2010, Chair of the Board 2011–2013
- WAN-IFRA, member of the Board 2009–2014
- Finnmedia, member of the Board 2011–2013

Finnish citizen
Independent of the company, but not independent of its significant shareholder

Shareholding on 15 March 2019
7,344 Alma Media Corporation shares

Gerlinde Heike Tyler (member of the Board until 15 March 2019)

Entrepreneur, advisor and investor in start-ups in the digital space 2016–
Member of the Board 2018–2019, member of the Audit Committee until 15 March 2019

Born: 1969
Master's degree in German and Slavonic literature, MBA (HBS/IMD)

Essential work experience

- Entrepreneur, focusing on digital transformation and restructuring in various industries. Amongst other positions, has worked as Senior Advisor for The Boston Consulting Group 2016– and as an Independent Operational Partner for the private equity firm Advent International 2016–
- Bauer Media, Head of M&A 2018–2019
- CEO of Sanoma Media Russia & CEE and member of Executive Management Group, Sanoma Corporation 2012–2015
- CEO, Bertelsmann Media Poland 2002–2011
- CEO, Swiat Ksiazki sp.z o.o (Random House) 2002–2011
- CEO and founder, i-Connex AG, digital content platform for lawyers and tax advisors 1998–
- Managing Director of Bertelsmann Professional Information Poland 1995–1998

Principal positions of trust: -

German citizen
Independent of the company and its significant shareholders

Shareholding on 15 March 2019
1,473 Alma Media Corporation shares

It is the duty of the members of the Board of Directors to provide the Board of Directors with sufficient information for the assessment of their competence and independence. The Board of Directors has assessed that, with the exception of Jorma Ollila, Peter Immonen, Esa Lager and Alexander Lindholm, the members of the Board are independent of the company and its significant shareholders. The members mentioned hereinabove are assessed to be independent of the company but not independent of its significant shareholders. Peter Immonen is a member of the Board of Mariatorp Oy, Esa Lager is a member of the Board of Ilkka-Yhtymä Oyj, Alexander Lindholm is the CEO of Otava Group and Jorma Ollila has been a member of the Board of Otava Ltd. for ten consecutive years until 2019 (a relationship with a significant shareholder pursuant to subsection j of Recommendation 10 of the Corporate Governance Code).

Tasks and Responsibilities of the Board of Directors

The Board of Directors is responsible for the company's governance and the due organisation of its operations. The tasks and responsibilities of the Board of Directors are determined by the Finnish Limited Liability Companies Act and the Articles of Association. The detailed working of the Board of Directors is set out in the Board's Charter. Principal tasks of the Board of Directors include confirming the Group's strategy and objectives as well as deciding on significant investments and acquisitions. The Board of Directors monitors the Group's performance through monthly reports and other information provided by the Group's management. The company ensures that all members of the Board of Directors receive adequate information on Alma Media's operations, operating environment and financial position. New members of the Board of Directors are familiarised with Alma Media's operations.

The duties of the Board of Directors include:

- confirming the Group's strategy and objectives, monitoring their implementation, and, if required, initiating corrective action
- considering and approving the interim reports and financial statements
- approving strategically significant corporate and real estate acquisitions and disposals as well as investments according to separate investment instructions
- deciding on the Alma Media Corporation's capital financing programmes and operations according to a separate treasury policy
- approving the dividend policy and submitting a dividend proposal to the Annual General Meeting
- annually reviewing the main risks associated with the company's operations and the management of these risks; if necessary, giving the President and CEO instructions on how to deal with them, and, if required, initiating corrective action
- approving the principles for the advance approval of non-audit services provided by the auditor
- appointing and, if required, dismissing the President and CEO
- deciding on the Nomination and Compensation Committee's proposal for the terms of employment of the President and CEO and the other members of the Group Executive Team
- confirming the company's organisation based on the CEO's proposal
- confirming the terms of employment of the CEO's direct subordinates based on the CEO's proposal
- based on the President and CEO's proposal, confirm the appointment and dismissal of the editors-in-chief of newspapers and magazines with significant revenue and circulation
- holding a meeting with the company's auditors at least once a year
- deciding on matters that are exceptional and have wide-ranging consequences
- considering other matters that the Chair of the Board and President and CEO have agreed to be included in the agenda for the Board's meeting. Other Board members are also entitled to put a matter before the Board by notifying the Chair of such a matter
- representing the company and entitling individuals to represent the company, as well as deciding on procurations
- approving the principles underlying the donation of sums to good causes.

The Board's Charter is available in full on the Alma Media website: www.almamedia.fi/en/investors/governance/board-of-directors

The Board convenes approximately 12 times a year according to a previously confirmed timetable and, in addition, whenever necessary. Most meetings are connected with the publication of the company's financial statements and interim reports. Part of the meetings are focused on strategy, and at these meetings the Board discusses the Group's future scenarios and confirms the strategy for each strategy period.

In 2019, the Board met 20 times. The attendance of each member is shown in the table below.

NAME	ROLE	ATTENDANCE AT THE BOARD MEETINGS
Jorma Ollila	Chair[1]	17/17
Petri Niemisvirta	Deputy Chair[2]	20/20
Catharina Stackelberg-Hammarén	Member[3]	20/20
Peter Immonen	Member	20/20
Matti Korkiatupa	Member[4]	3/3
Esa Lager	Member	19/20
Alexander Lindholm	Member	20/20
Päivi Rekonen	Member	19/20
Heike Tyler	Member[4]	2/3

[1] Chair starting from 15 March 2019

[2] Chair until 15 March 2019, Deputy Chair starting from 15 March 2019

[3] Deputy Chair until 15 March 2019, member starting from 15 March 2019

[4] Member until 15 March 2019

Assessment of the Board's Performance

In 2019, the Board of Directors evaluated its performance and working methods through self-assessment.

Permanent Committees

The Board of Directors has established two permanent committees: the Audit Committee and the Nomination and Compensation Committee. At its constitutive meeting after the Annual General Meeting, the Board of Directors elects the members of these committees from among the Board members.

The Board of Directors confirms a written Charter for the committees. The committees report to the Board of Directors.

Audit Committee

At its constitutive meeting after the Annual General Meeting, the Board of Directors elects a minimum of three members to the Audit Committee from among the Board members, who then elect a Chair for the Committee. The Audit Committee meets at least four times a year.

As of 15 March 2019, the members of the Audit Committee were Esa Lager, Alexander Lindholm, Petri Niemisvirta and Päivi Rekonen. Esa Lager was the Chair of the Audit Committee. The Audit Committee's meetings are attended by the company's Auditor, the Group's Chief Financial Officer and General Counsel. Matters to the Committee are presented by the CFO.

The Board of Directors has appointed the Audit Committee to monitor the company's internal control systems. The work of the Audit Committee includes tasks such as evaluating compliance with legislation and regulations; monitoring the auditing process; monitoring and supervising the preparation of the financial statements and other financial reports; approving, in accordance with the principles confirmed by the company's Board of Directors, or giving advance authorisation to the Chair of the Audit Committee to approve, all permitted non-audit services provided by the auditor, including their scope and the estimated fees payable for them; and monitoring significant financial, financing and tax risks; and monitoring the company's fiscal position. In addition, the Audit Committee processes any messages received through the Group's ethical reporting – the whistleblowing channel.

The Charter of the Audit Committee is available in full on the Alma Media website: www.almamedia.fi/en/investors/governance/board-of-directors

The Audit Committee convened five times in 2019. The attendance of each member is shown in the table below.

NAME	ROLE	ATTENDANCE AT THE COMMITTEE MEETINGS
Esa Lager	Chair	5/5
Alexander Lindholm	Member	5/5
Petri Niemisvirta	Member[1]	4/4
Päivi Rekonen	Member	5/5
Heike Tyler	Member[2]	1/1

[1] Member since 15 March 2019

[2] Member until 15 March 2019

Nomination and Compensation Committee

At its constitutive meeting after the Annual General Meeting, the Board of Directors elects the members to the Nomination and Compensation Committee from among the Board members. The Nomination and Compensation Committee comprises at least three members, who elect a Chair for the Committee. On 15 March 2019, Jorma Ollila and Catharina Stackelberg-Hammarén were elected as members of the Nomination and Compensation Committee, with Peter Immonen elected as Chair.

The principal task of the Nomination and Compensation Committee is to prepare matters for the Board concerning appointments, compensation, incentive systems, the self-evaluation of the Board and the development of good governance.

In the Nomination and Compensation Committee, the matters concerning compensation are presented by the President and CEO.

The Charter of the Nomination and Compensation Committee is available in full on the Alma Media website: www.almamedia.fi/en/investors/governance/board-of-directors

The Nomination and Compensation Committee convened five times in 2019 to consider matters according to its Charter. The attendance of each member is shown in the table below.

NAME	ROLE	ATTENDANCE AT THE COMMITTEE
Peter Immonen	Chair	5/5
Matti Korkiatupa	Member[2)]	1/1
Petri Niemisvirta	Member[2)]	1/1
Jorma Ollila	Member[1)]	4/4
Catharina Stackelberg-Hammarén	Member	5/5

[1)] Member since 15 March 2019

[2)] Member until 15 March 2019

The Shareholders' Nomination Committee

The Nomination Committee's duties include preparing proposals related to the election and remuneration of the members of the Board of Directors to the Annual General Meeting.

The Shareholders' Nomination Committee consists of four members appointed by Alma Media's four largest shareholders, and the members elect a Chair from among their number.

The shareholders with the right to appoint members representing shareholders to the Nomination Committee are those four largest shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Ltd on 30 September in the calendar year preceding the Annual General Meeting.

In 2019, the following were appointed as members of Alma Media's Nomination Committee: Timo Aukia, Chair of the Board of Directors, Ilkka Group; Peter Immonen, member of the Board of Mariatorp Oy; Henrik Ehrnrooth, Chair of the Board of Otava Oy; and Timo Sallinen, Head of Listed Securities, Varma Mutual Pension Insurance Company. At the constitutive meeting, Henrik Ehrnrooth was elected Chair of the Shareholders' Nomination Committee. In addition, the Chair of the Board, Jorma Ollila, acts as an expert member in the Nomination Committee.

More information on the members of the Shareholders' Nomination Committee of Alma Media Corporation in 2019 is presented in the tables below:

NAME	ROLE
Henrik Ehrnrooth Born in 1954, B.Sc. (Forest Econ.), M.Sc. (Econ.) Chair of the Board of Directors, Otava Oy and CLC (Climate Leadership Coalition) member of the Board, ÅF Pöyry AB Shareholding on 31 December 2019: 0 Alma Media Corporation shares	Chair
Timo Aukia Born in 1973, M.Sc. (Econ.) Managing Director, Timo Aukia Oy & Jaakko Aukia Oy Shareholding on 31 December 2019: 5,246 Alma Media Corporation shares	Member

NAME	ROLE
Peter Immonen Born in 1959, M.Sc. (Econ.) Chair of the Board of Directors, WIP Asset Management, member of the Board of Directors of Mariatorp Oy Shareholding on 31 December 2019: 1,473 Alma Media Corporation shares	Member
Timo Sallinen Born in 1970, M.Sc. (Econ.) Head of Listed Securities, Varma Mutual Pension Insurance Company Shareholding on 31 December 2019: 0 Alma Media Corporation shares	Member
Petri Niemisvirta Born in 1970, LL.M. Managing Director, Mandatum Life Insurance Company Limited; member of the Group Executive Committee, Sampo plc 2001– Deputy Chair 2019–, Chair 2018, Deputy Chair 2011–2018, member of the Board 2011–, member of the Audit Committee Shareholding on 31 December 2019 21,949 Alma Media Corporation shares	Expert member during the 2018–2019 term
Jorma Ollila Born in 1950, Master of Science degree in Political Science (University of Helsinki), M.Sc. Economics (London School of Economics), M.Sc. in Engineering (Helsinki University of Technology) Chair of the Board of Directors, member of the Board since 2019, member of the Nomination and Compensation Committee Shareholding on 31 December 2019: 0 Alma Media Corporation shares	Expert member during the 2019/2020 term

The members of the Shareholders' Nomination Committee are not entitled to remuneration for their membership in the Committee, but their travel expenses are compensated in accordance with the company's travel policy.

The Shareholders' Nomination Committee convened twice during its term of office in 2019–2020: in November 2019 and in January 2020. All members of the Nomination Committee attended both meetings.

On 14 January 2020, the Shareholders' Nomination Committee issued a proposal to the Annual General Meeting to be held on 25 March 2020.

President & CEO and Group Executive Team of Alma Media Corporation

The President and CEO of Alma Media Corporation is Kai Telanne, M.Sc. (Econ.), born 1964.

The President and CEO is responsible for the day-to-day management of the company in accordance with the guidelines and instructions of the Board of Directors. The President and CEO is responsible for the company's accounts conforming to legislation and its assets being reliably managed. The President and CEO must supply all the information necessary for the appropriate working of the Board of Directors to the Board or any of its members.

The President and CEO may undertake matters that are exceptional or have wide-ranging consequences with regard to the scope and nature of the company's business only through authorisation by the Board of Directors or in circumstances in which it is not possible to wait for the Board's decision without causing essential damage to the company's operation. In the latter case, the Board must be notified of the action taken as soon as possible.

The President and CEO, Mr Kai Telanne, is supported by a Group Executive Team, in 2019 comprising Kari Kivelä (Senior Vice President, Alma Consumer), Vesa-Pekka Kirsi (Senior Vice President, Alma Markets), Juha-Petri Loimovuori (Managing Director, Alma Talent), Tiina Järvilehto (Senior Vice President, Alma Media Solutions), Santtu Elsinen (CDO), Virpi Juvonen (Senior Vice President, Human Resources), Mikko Korttila (General Counsel), Elina Kukkonen (Senior Vice President, Communications and Brand) and Juha Nuutinen (CFO). Raimo Mäkilä, who previously headed Alma Markets, retired on 31 July 2019. The members of the executive team take turns acting as secretary to the Group Executive Team.

The Group Executive Team prepares the monthly reports, investments, Group guidelines and policies, the strategy and other long-term plans, action plans covering the following 12 months and the financial statements for confirmation by the Board of Directors. The Group Executive Team convened 20 times in 2019.

Kai Telanne
President and CEO, Chair of the Group Executive Team
In the current position 2005–
Born: 1964
Member of the Group Executive Team 2005–
M.Sc. (Econ.)

Essential work experience

- Kustannus Oy Aamulehti: Managing Director, 2001–2005
- Kustannus Oy Aamulehti: Deputy Managing Director, 2000–2001
- Kustannus Oy Aamulehti: Marketing Director, 1999–2000
- Suomen Paikallissanomat Oy: Marketing Director, 1996–1999
- Kustannus Oy Aamulehti: Marketing manager, 1993–1996
- Kustannus Oy Aamulehti: Sales Manager, 1991–1993
- Kustannus Oy Aamulehti: Research Manager, 1990–1991
- Nokian Paperi Oy: Product Manager, 1989–1990

Principal positions of trust

- Varma Mutual Pension Insurance Company: Deputy Chair of the Board 2009–
- Teleste Corporation: member of the Board,2008–
- Altia Corporation: Deputy Chair of the Board 2016–
- Tampere Chamber of Commerce & Industry: Member of the Board 2018–

Shareholding on 31 December 2019
175,273 Alma Media Corporation shares

Santtu Elsinen
Chief Digital Officer (CDO)
In the current position 2016–
Born: 1972
Member of the Group Executive Team 2016–
B.Sc.-level studies in Economics

Essential work experience

- Talentum Oyj: Business Development Director, member of the extended Group Management Team, 2012–2016
- Trainers' House Oyj: Vice President, Business Development, member of the Management Team, 2011–2012
- Satama Interactive Oyj: Director, Business Development, 2005–2010
- Quartal Oy: CEO 2011–, Business Development Director 1998–2005, Creative Director 1997–1998
- Kauppamainos Bozell Oy: Director, Digital media, 1997
- Specialist positions at advertisement agencies and the media, 1994–1996

Principal positions of trust

- Media Industry Research Foundation of Finland: Member of the Board 2016–
- Digia Oyj: Member of the Board 2018–
- Finnmedia: Chair of the Technology team 2019–
- Winterfell Oy: Chair of the Board and CEO 2014–

Shareholding on 31 December 2019
21,636 Alma Media Corporation shares and 10,100 shares via Winterfell Capital Oy

Virpi Juvonen
Senior Vice President, Human Resources
In the current position 2013–
Born: 1963
Member of the Group Executive Team 2012–
M.Sc. (Soc.)

Essential work experience

- Alma Media Corporation: Acting Senior Vice President, Human Resources, December 2012–April 2013
- Alma Media Corporation: Director, Human Resources, Marketplaces unit, 2011–2012
- Kustannusosakeyhtiö Iltalehti: Human Resources Manager, 2007–2011
- Elisa Plc: Human Resources Manager, 2004–2007
- Oy Radiolinja Ab: Human Resources Manager, 2002–2004

Principal positions of trust

- Finla Työterveys Oy: Member of the Board 2017–
- Finnmedia: Member of the committee for labour market issues 2018–

Shareholding on 31 December 2019
20,592 Alma Media Corporation shares

Tiina Järvilehto
Senior Vice President, Alma Media Solutions
In the current position 2015–
Born: 1970
Member of the Group Executive Team 2017–
M.Sc. (Econ.)

Essential work experience

- Alma Media Corporation: Senior Vice President, Alma Media Solutions 2015–
- Kauppalehti Ltd: Director, Sales and Marketing, 2013–2015
- Iltalehti Oy: Director, Sales and Marketing, 2008–2013
- Iltalehti Oy: Director, Customer Relations, 2006–2008
- Iltalehti Oy: Sales Manager, 2004–2006

Principal positions of trust

- Kärkimedia Oy: Member of the Board 2018–
- Finnish Periodical Publishers' Association: Member of the Board 2018–

Shareholding on 31 December 2019
21,040 Alma Media Corporation shares

Vesa-Pekka Kirsi (member of the Group Executive Team since 1 September 2019)
Senior Vice President, Head of Alma Markets
In the current position 2019–
Born: 1969
Member of the Group Executive Team 2019–
BA

Essential work experience
- Fonecta Ltd.: Business Unit Director, B2B business unit, and member of the executive management team 2016–2019, Fonecta Markets, Vice President and member of the executive management team 2011–2016
- Openbit Oy/Tanla Solutions Ltd.: Vice President, Sales 2008–2011
- Nokia Corporation: Head of Nokia Games Publishing 2004–2007, Senior Manager Games Application Forum Nokia 2002–2004
- Riot Entertainment Ltd: Head of Product Development and Publishing Director 2000–2002
- Hewlett-Packard Oy: Program Manager 1998–2000
- Dava Ltd: Product Marketing Manager 1996–1998

Principal positions of trust: -

Shareholding on 31 December 2019
0 Alma Media Corporation shares

Kari Kivelä
Senior Vice President, Alma Consumer
In the current position 2018–
Born: 1959
Member of the Group Executive Team 2005–
M.Sc. (Soc.), MBA

Essential work experience
- Iltalehti, Senior Editor-in-Chief and publisher 2004–2018
- Startel Oy: Managing Director, 2002–2004
- Saunalahti Group Corporation: Deputy Managing Director, 2000–2002
- Uutislehti 100 Oy, City-lehti: Managing Director, 1997–2000
- City-lehti: Editor-in-Chief 1986–1997

Principal positions of trust
- Lännen Media Oy: Member of the Board 2018–

Shareholding on 31 December 2019
45,175 Alma Media Corporation shares

Mikko Korttila
General Counsel, Legal Affairs, M&A and Corporate Development; Secretary to the Board of Directors of Alma Media Corporation
In the current position 2007–
Born: 1962
Member of the Group Executive Team 2008–
Master of Laws, Master of Laws trained on the bench, eMBA

Essential work experience
- Raisio plc: Executive Vice President and General Counsel; member of the Executive Committee 2003–2007
- Raisio plc: Executive Vice President, HR and
Legal; General Counsel, member of the Executive Committee 2001–2003
- Raisio plc: Legal Counsel, Chemicals and
Benecol divisions 1997–2001
- Attorney-at-Law, 1990–1997

Principal positions of trust
- Advisory Board of Finnish Listed Companies: Member 2008–
- International Chamber of Commerce, Finnish Committee: Member of certain working groups 2006–
- Finnish Media Federation (Finnmedia): Member of the Media Policy Group 2007–

Shareholding on 31 December 2019
32,061 Alma Media Corporation shares

Elina Kukkonen
Senior Vice President, Communications and Brand
In the current position 2017–
Born: 1970
Member of the Group Executive Team 2017–
Doctor of Business Administration DBA

Essential work experience
- Alma Media Corporation: Marketing Director, Alma Media Solutions, 2015–2018
- Kauppalehti Ltd: Marketing Manager 2006–2015
- Gant / Profashion Oy: Product Manager 2006
- C More Entertainment / Canal+, Sweden Marketing Manager 2006
- Kustannus Oy Aamulehti: Marketing Manager 2003–2006
- Kustannus Oy Aamulehti: Specialist positions 1999–2003

Principal positions of trust
Media Industry Research Foundation of Finland: Member of the committee for labour market issues 2019–

Shareholding on 31 December 2019
2,500 Alma Media Corporation shares

Juha-Petri Loimovuori
Managing Director, Alma Talent Oy
In the current position 2016–
Born: 1964
Member of the Group Executive Team 2006–
M.Sc. (Econ.)

Essential work experience

- Alma Media Corporation: Director, Kauppalehti Group, 2006–2015
- Alma Media: Director, Media Marketing 2004–2006
- Kustannus Oy Aamulehti: Director, Media Sales 2002–2006

Principal positions of trust:

- Finnmedia: member of the Board, Chair of the committee for labour market issues 2017–

Shareholding on 31 December 2019
49,987 Alma Media Corporation shares

Juha Nuutinen
Chief Financial Officer
In the current position 2012–
Born: 1972
Member of the Group Executive Team 2012–
M.Sc. (Econ.)

Essential work experience

- University Properties of Finland Ltd: CFO, member of the Executive Team 2009–2012
- Alma Media Corporation: Group Financial Manager 2005–2009
- IF P&C Insurance Company: Financial Manager 2003–2005
- KPMG Oy: Auditor, APA (as of December 2000) 1996–2003

Principal positions of trust: -

Shareholding on 31 December 2019
29,884 Alma Media Corporation shares

Raimo Mäkilä (member of the Group Executive Team until 31 July 2019)
Senior Vice President, Head of Alma Markets 1999–2019
At Alma Media 1998–2019 (at Aamulehti Group since 1997), Born: 1958
Member of the Group Executive Team 1999–2019
M.Sc. (Eng.)

Essential work experience

- Alma Media Net Ventures Oy: Managing Director, 1999–2000
- Alexpress Oy: Managing Director 1998
- Helsingin Sanomat: Director, Services 1994–1997

Principal positions of trust: -

Shareholding on 31 July 2019
56,085 Alma Media Corporation shares

Insider Management

Alma Media Corporation's Board of Directors approved Alma Media Group's Guidelines for Insiders on 21 September 2017. The Guidelines for Insiders are based on the Market Abuse Regulation, Level 2 Commission Regulations and the rules and guidelines issued by the European Securities and Markets Authority (ESMA), and they supplement the valid provisions of NASDAQ Helsinki Ltd's Guidelines for Insiders, Chapter 51 of the Finnish Criminal Code, the Finnish Securities Markets Act and the regulations and guidelines issued by the Finnish Financial Supervisory Authority regarding the management and handling of insider information.

Insiders are divided into two categories at Alma Media Corporation: managers subject to the notification obligation and project insiders.

At Alma Media Corporation, the following shall be considered managers subject to the notification obligation: the Chair of the Board and the Deputy Chair, the members of the Board and any deputy members, the CEO and any deputies to the CEO, and the members of the Group Executive Team. Managers subject to the notification obligation shall not trade in the company's financial instruments before the publication of the company's interim reports and financial statement release within a time frame beginning 30 days before the publication of the interim reports and the financial statement release and ending on the day following the publication date ("closed window"). Project insiders shall not trade in Alma Media Corporation's financial instruments until the project in question has ended.

Alma Media Corporation has further decided that the persons involved in the preparation and drafting of Alma Media Corporation's interim reports and financial statement releases Permanent insiders must not trade with financial instruments issued by the Company before the publication of the company's interim reports and financial statement releases within a time frame beginning 30 days before the publication of the interim reports and the financial statement release and ending on the day following the publication date ("extended closed window"). The extended closed window also applies to persons who, in the course of performing their duties, obtain information on Alma Media Group's sales figures or the sales figures of a business unit that has material significance to the result of the Alma Media Group as a whole.

In conjunction with the entry into force of the Market Abuse Regulation, the company introduced a whistleblowing channel "Almawhistleblow", which is an independent channel for the company's employees to report suspected non-compliance with regulations such as the Market Abuse Regulation and other regulations governing the financial markets.

Alma Media Corporation shall disclose transactions by managers and their closely associated persons involving the company's financial instruments by issuing a stock exchange release in accordance with the Market Abuse Regulation.

Information concerning the shareholdings of the company's management is updated every day on the Alma Media website:
www.almamedia.fi/en/investors/share-and-shareholders/insider-shareholdings

The Company's General Counsel is responsible for the insider management of the Alma Media Group.

Related party transactions

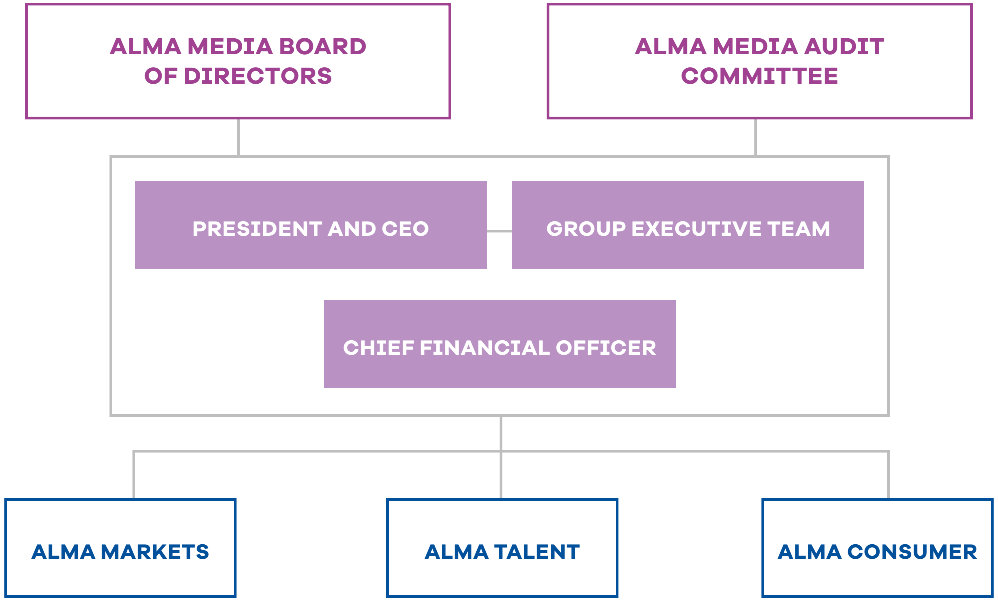
During the financial year, Alma Media did not have material related party transactions that deviated from the Group's normal business operations or were not made on market or market equivalent terms. The Group maintains a list of related parties and potential related party transactions are reported in connection with the consolidated financial statements.

Internal control and risk management systems in financial reporting

Internal Control

Internal control is an essential part of the company's governance and management systems, covering all of the Group's functions and organisational levels. The purpose of internal control is to provide sufficient certainty, for example, that the company will be able to execute its strategy. Internal control is not a separate process; instead, it is part of the company's operations, covering all Group-wide operational principles, guidelines and systems.

Alma Media's Internal Control and Risk Management Organisation



Financial Reporting

The Board of Directors and the President and CEO carry the overall responsibility for organising the internal control and risk management systems for financial reporting. The President and CEO, members of the Group Executive Team and the heads of the business units are responsible for ensuring that the accounting and administration of the areas within their spheres of responsibility comply with legislation, the Group's operating principles and the guidelines and instructions issued by Alma Media Corporation's Board of Directors. In Alma Media Group, the control over business unit administration and accounting is centralised in the Group's financial administration. The financial administration monitors and gives guidance regarding internal control measures and practices, based on the Group's operating principles and guidelines. The financial administration, working under the Group CFO, is the centralised source of financial statement data required by external accounting, as well as the analyses and result reports to Group and business unit management teams for monitoring the profitability of business operations. The Group's internal control practices ensure the correctness of financial reporting within the Group. Risks related to financial reporting are managed with the help of the Group's accounting manual, finance and investment policy, acquisition guidelines and internal control.

Alma Media Group follows the International Financial Reporting Standards (IFRS) approved for use within the European Union. Guidelines for financial reporting and accounting principles are collected in an accounting manual that is updated as standards change, as well as the financial department guidelines that are applied in all Group companies. Group accounting is responsible for the monitoring and observance of the financial reporting standards as well as maintaining financial reporting principles and communicating them to the business units.

Risk management

Risk management is part of Alma Media Corporation's financial reporting process and one of the company's significant measures of internal control. At Alma Media Group, the task of risk management is to continuously evaluate and monitor all business opportunities and threats and to manage risks to ensure the achievement of objectives and business continuity.

The Board of Directors carries the primary responsibility for Alma Media's risk management. The Board of Directors considers the most significant identified risks and is in charge of defining the Group's risk appetite and risk tolerance. The Audit Committee prepares for the Board of Directors the risk management principles of the Group and monitors the efficiency of the risk management systems. The Audit Committee also discusses the management reports on significant risks and the company's exposure to them and it considers the plans to minimise risks.

The CEO, the Group Executive Team and other managers in the Group at all organisational levels are responsible for daily risk management. In each business unit, a member of the unit's management team, usually the person in charge of the finances, is responsible for risk management and reporting on risk management operations.

The risk management process identifies the risks, develops appropriate risk management methods and regularly reports on risk issues to the risk management organisation and the Board of Directors. Risk management is part of Alma Media Corporation's internal control and, thus, is part of good corporate governance. Alma Media sets limits and procedures for quantitative as well as qualitative risks in writing in its risk management system. Alma Media classifies its business risks as strategic, operational and financing risks. The financing risks are described in more detail in the notes to the consolidated financial statements.

The most critical strategic risks for Alma Media are a significant drop in its print media readership, a decrease in the online audience of digital media, a permanent decline in advertising sales and a significant increase in distribution and delivery costs. The group subscriptions of the major financial and technology-related magazines are significant in scale. Changes to the subscription agreements could have a substantial impact on the magazines' total subscription volumes. The media industry is undergoing changes following the transformation in media consumption and technological development. In Alma Media's business, an increasingly important source of competitive advantage, but also a strategic risk, is the ability to use customer data to improve the product and service offering for advertisers and enrich end user services. Alma Media will manage customer data and behavioural data by centralising customer data repositories and deploying analysis and activation technology, while taking regulatory requirements into consideration. The regulation of the media sector and the related market practices are becoming stricter. As technology advances and the focus of media consumption shifts to digital channels, Alma Media is responding to the transformation of the operating environment by developing digital products and services for consumers and businesses.

Fluctuating economic cycles are reflected in the development of advertising sales. Advertising sales account for approximately half of the Group's revenue. Business operations outside Finland, such as in Eastern and Central European countries, include country-specific risks relating to market development and economic growth. The expansion of business outside Finland has reduced the risks inherent in operating in one market area.

Disturbances of information technology and communications, cyber risks and the disruption of printing are the key operational risks.

The strategic, operational and financial risks related to Alma Media's business and the actions taken to mitigate them are described in more detail in the Report by the Board of Directors.

Internal Audit

In Alma Media Group, internal audit functions have been incorporated into the responsibilities of Alma Media Corporation's financial administration. Reviewing the functionality of internal controls is also taken into account in the external auditors' audit plans. Internal audits test the effectiveness of processes and the controls included in them. Internal auditing is carried out by means of monitoring reports as well as separate reviews.

Auditing

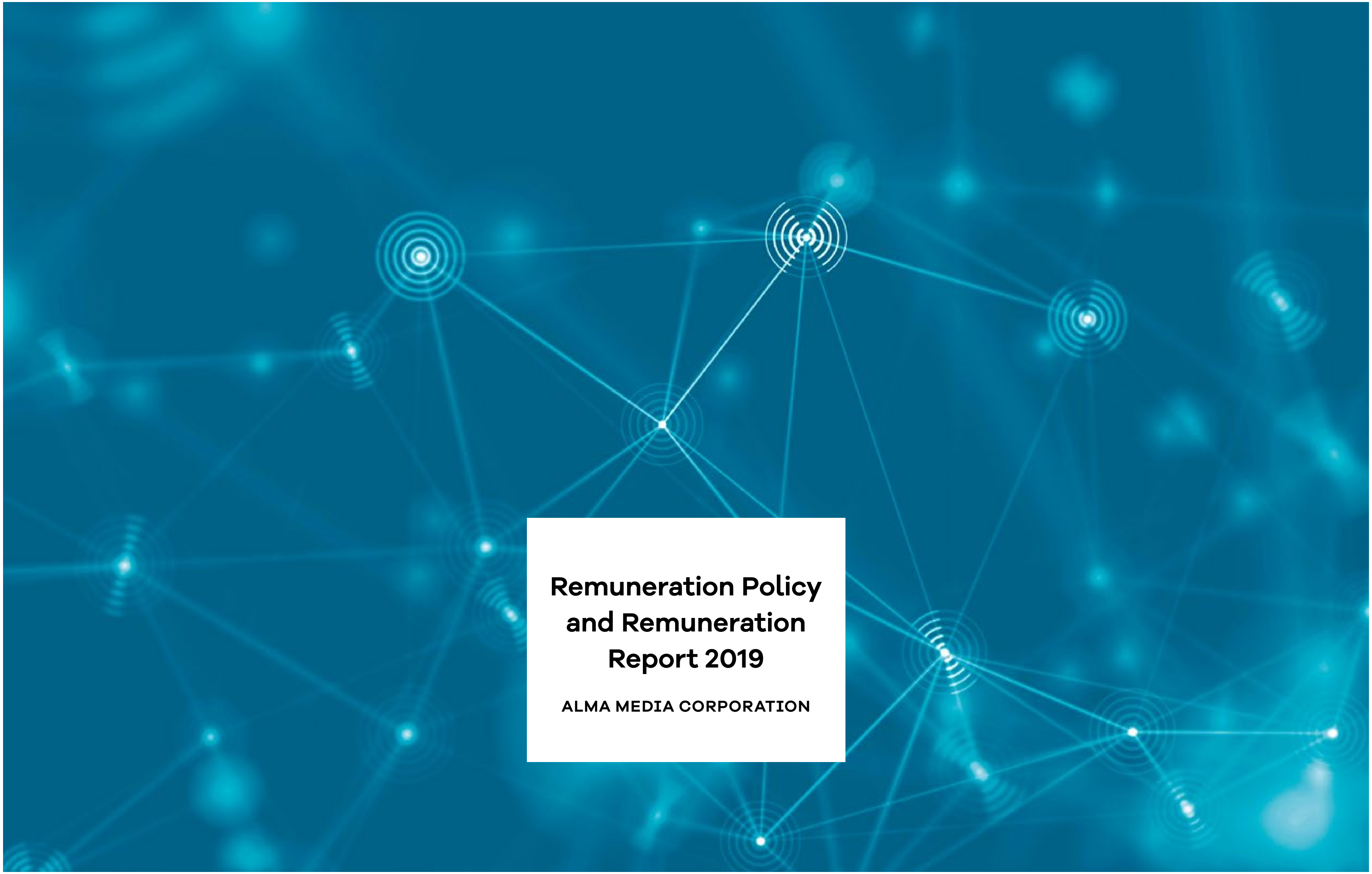
The General Meeting of Shareholders annually elects least one auditor, who shall have one deputy. An auditing firm can also be appointed as the auditor. If an auditing firm that is entered in the register of auditors of the Finnish Patent and Registration Office (PRH) and whose key audit partner is an Authorised Public Accountant is appointed the auditor, no deputy is required.

The term of office of the auditors expires at the close of the next Annual General Meeting following their election. The auditor's task is to ensure that the financial statements are prepared in accordance with current regulations and that they provide correct and sufficient information on the company's result, financial position and other aspects of the business for the stakeholders. As part of their annual auditing assignment, the auditors of Alma Media Corporation audit the accounting and governance of the business units. The requirements set by the internal audit are taken into account in the audit plans.

The auditors submit their report to Alma Media Corporation's shareholders at the Annual General Meeting. Furthermore, the auditors submit an annual summary of their auditing plan and a written report on the entire Group to the Board of Directors and Audit Committee in conjunction with the publication of each interim report and the annual financial statements. In addition, the auditors provide a separate report on any observations concerning the audit of the financial year to the Group's financial management and the Audit Committee.

Alma Media Corporation's Annual General Meeting 2019 elected Authorised Public Accountants PricewaterhouseCoopers Oy as the company's auditors, with Markku Launis, Authorised Public Accountant, as the principal auditor. As a rule, PricewaterhouseCoopers is the auditor of the subsidiaries of Alma Media Group.

Alma Media Group's auditing fees for 2019 amounted to EUR 266,000. In addition, the auditing firm PwC charged the Group a total of EUR 65 000 in fees for other services in the 2019 financial year, including, among other things, advisory services related to reporting on corporate responsibility. PWC has served as the Group's auditor since 2014.



Remuneration Policy and Remuneration Report 2019

ALMA MEDIA CORPORATION

In accordance with the EU Shareholder Rights Directive, Alma Media published its Remuneration Policy, which documents the principles of the remuneration of the Groups governing bodies and the key terms applicable to service contracts on 14 February 2020 and it is available on Alma Media's website www.almamedia.fi/en/investors/governance/remuneration

From the Chairman

Dear shareholders

In accordance with the EU Shareholder Rights Directive, the following Remuneration Policy and Remuneration Report cover Alma Media's remuneration policy, i.e. the remuneration principles of the governing bodies and the key terms applicable to service contracts including the Group Executive Team, and the Group's actual remuneration in 2019. The Remuneration Policy section complies with the Finnish Corporate Governance Code 2020, while the Remuneration Report section has been prepared pursuant to the Finnish Corporate Governance 2015, in accordance with the new Corporate Governance Code's provisions concerning its adoption and entry into force.

The objective of the Group's Remuneration Policy and remuneration systems is to ensure the effective execution and practical implementation of Alma Media's strategy. They play a key role in promoting the Group's long-term financial success, competitiveness and the development of shareholder value. Remuneration is a key factor in recruiting and engaging the commitment of highly competent employees and executives. With this in mind, in the implementation of the Group's strategy, we focus on measurable targets, the monitoring of targets and rewarding strong performance. Building an attractive corporate culture through day-to-day work is also important.

For several years now, building sustainable growth by utilising the opportunities of digitalisation has been at the core of Alma Media's strategy. At the end of the review period, the share of Group revenue represented by digital business was 51.6 per cent. The progress of the digital transformation has been reflected in improved profitability: Alma Media's adjusted operating profit has increased for five consecutive years and the operating profit margin was 18.0 per cent. Digital business growth slowed in 2019 to 3.7 per cent.

During the past few years, the key criteria for the short-term incentive bonuses of the President and CEO and the Group Executive Team have been the Group's profitability (EBIT %), the growth targets of digital business, the financial targets of each business unit and the implementation of strategy. Alma Media's development in 2019 did not meet the growth target set for digital business, but 80 per cent of the profitability target was achieved. Short-term incentive bonuses were paid to the President and CEO in the amount of EUR 189,000 and the other members of the Group Executive Team in the amount of EUR 371,000 for the year 2019.

In total, Alma Media paid performance-based short-term incentive bonuses in spring 2020, based on the results achieved in the year 2019, in the amount of EUR 2.5 million to executives and employees (including pension insurance contributions and social security contributions). This total amount corresponds to approximately 4.0 of the adjusted operating profit for 2019.

Alma Media's long-term incentive scheme is based on the absolute total shareholder return (TSR) of the company's share over the past five years and the average growth of digital business over the past three years. The rewards are paid in Alma Media shares. The five-year TSR of the share for the performance period was 180 per cent and the average growth of digital business over the three-year period was 9.9 per cent. Accordingly, the long-term incentive schemes were realised at 75 per cent of the maximum amount of the long-term incentive scheme.

In 2019, we introduced a new performance-based and share-based incentive scheme for the company's management and key employees for the calendar years 2019–2022 as part of our overall remuneration system. The terms of the new share-based long-term incentive scheme for senior management (LTI 2019) largely correspond to those of the share-based incentive scheme that was launched in 2015 (LTI 2015).

Highly competent and committed executives and employees are the foundation for Alma Media's success. Our remuneration practices are aimed at ensuring that Alma Media will be a competitive and attractive employer now and in the future.

Peter Immonen
Chairman of the Nomination and Compensation Committee

Decision-making procedure concerning remuneration

The Remuneration Policy for Alma Media Corporation's governing bodies is prepared by the Shareholders' Nomination Committee where the remuneration of the Board of Directors is concerned and by the Board's Nomination and Compensation Committee where the remuneration of the President and CEO is concerned. The Board of Directors presents the Remuneration Policy for approval by the General Meeting of Shareholders in four-year intervals at most.

The Annual General Meeting of Alma Media Corporation decides on the remuneration and other financial benefits of the members of Alma Media Corporation's Board of Directors and the Board committees. Alma Media's Nomination Committee, which consists of representatives of the company's most significant shareholders, prepares proposals related to the election and remuneration of the members of the Board of Directors to the Annual General Meeting. In addition, the Nomination Committee evaluates and monitors the practical implementation of the Board of Directors' Remuneration Policy and the extent to which it supports the execution of Alma Media's strategy.

Alma Media Corporation's Board of Directors monitors and evaluates the practical implementation of Alma Media Group's remuneration schemes, including the Remuneration Policy concerning the President and CEO, as well as the competitiveness of the remuneration schemes and the extent to which the actual remuneration supports the implementation of Alma Media's strategy and the company's long-term financial success. The Board of Directors of Alma Media Corporation decides on the salaries, short-term incentive schemes and benefits of the Group's President and CEO and the President and CEO's direct subordinates on the basis of the proposal of the Board's Nomination and Compensation Committee. In addition, the Board of Directors decides on the content, target group and allocation of long-term incentive schemes based on a proposal prepared by the Nomination and Compensation Committee. The Board of Directors' currently valid remuneration-related authorisations and their use is described on page 134.

The terms of the service contracts of the members of the Group Executive Team are decided on by the Board of Directors based on the proposal of the Nomination and Compensation Committee.

In accordance with the principles of Alma Media's decision-making procedures concerning remuneration, no governing body or individual shall participate in making remuneration decisions concerning themselves or decisions in which there is a conflict between their interest and the company's interest. In the event that the Board of Directors or its Nomination and Compensation Committee uses an external advisor in the preparation of decisions or decision proposals, they shall ensure that the advisor in question is not under such an assignment by the company's operative management that would result in a conflict of interest. The aforementioned decision-making procedure ensures that decisions concerning remuneration are made in a fair and impartial manner.

Key remuneration principles

The remuneration of the members of the Board of Directors at Alma Media must be competitive to ensure that the Board of Directors consists of members with sufficient expertise to carry out the duties of the Board of Directors, which include, among other things, deciding on the company's strategy and monitoring its implementation.

In accordance with its strategy, Alma Media builds sustainable growth by taking advantage of the opportunities presented by the digital transformation. The objective is to increase shareholder value through revenue growth and improved profitability. Alma Media is developing and expanding its current business operations and seeking growth opportunities in new businesses and markets. The company's Remuneration Policy and remuneration systems are aimed at promoting the Group's long-term financial success, competitiveness and the development of shareholder value.

The remuneration schemes concerning the company's President and CEO and other executives are based on the principle of achieving the Group's strategic objectives defined and confirmed by the Board of Directors as well as the principle of improving the company's result. The incentive schemes emphasise the reconciliation of the interests of the executives and the interests of Alma Media's shareholders, engaging the commitment of the executives through long-term share ownership and thereby increasing the company's shareholder value in the long term.

The remuneration principles include the promotion of a performance-based operating culture, offering competitive compensation for development that promotes the implementation of strategy and the achievement of targets. Alma Media's remuneration principles and processes are transparent, clear and consistent.

At Alma Media, the remuneration of employees is based on the company's strategic objectives. Remuneration consists of several different elements. An employee's monetary salary is based on the following factors: the demands of the job, performance and the capacity for renewal. In addition to monetary salary, an individual can be included in Alma Media's short-term remuneration scheme or various sales incentive or bonus schemes. The proportion of variable remuneration elements in total remuneration is determined based on the demands of the employee's job. As jobs get more demanding, the proportion of variable remuneration elements increases.

Individuals in executive positions in the Group and its business units and employees in key positions can also be included in the long-term remuneration scheme. In addition, there are various fringe benefits for employees.

Remuneration of the Board of Directors

The members of the Board of Directors of Alma Media Corporation are not in an employment relationship with the company. The compensation received by the members of the Board of Directors from the company is limited to compensation related to membership of the Board of Directors and its committees and their work on the Board of directors. The members of the Board of Directors are not included in Alma Media's share-based incentive schemes or the company's other incentive schemes.

The members of the Board shall, as decided by the Annual General Meeting, acquire a number of Alma Media Corporation shares corresponding to approximately 40 per cent of the full amount of the annual remuneration for Board members, taking into account tax deduction at source, at the trading price on the regulated market arranged by the Helsinki Stock Exchange. The acquired shares cannot be transferred until the recipient's membership on the Board has ended.

The meeting fees of the members of the Board of Directors are paid in cash. The Board members' compensation for travel costs are paid in accordance with Alma Media's travel policy.

Remuneration of the President and CEO

The fixed components of the remuneration of the President and CEO, such as the basic salary, fringe benefits and pension benefits, are based on the President and CEO's service contract. The variable components, the short-term incentive bonus scheme and the long-term share-based incentive scheme are based on pre-defined and measurable performance and result criteria. Maximum limits have been set for the variable remuneration components.

The President and CEO's earning opportunity based on incentive schemes is set at a competitive level in accordance with the market. Remuneration is closely aligned with the principle of performance-based remuneration. If performance relative to the indicators used in the incentive schemes is good or excellent, the incentive bonuses may represent a significant proportion of the President and CEO's overall remuneration. The President and CEO's variable remuneration consists of a short-term incentive (STI) bonus scheme related to the achievement of short-term financial and operational targets and long-term remuneration schemes (LTI). The earning opportunity based on the STI scheme is limited to 66 per cent of the President and CEO's fixed annual salary. The measurement period is five years for the LTI 2015 scheme and three years for the LTI 2019 scheme. Dividing the maximum incentive reward over the remuneration periods on average, the maximum incentive reward based on the LTI scheme is limited to 95 per cent of the President and CEO's fixed annual salary.

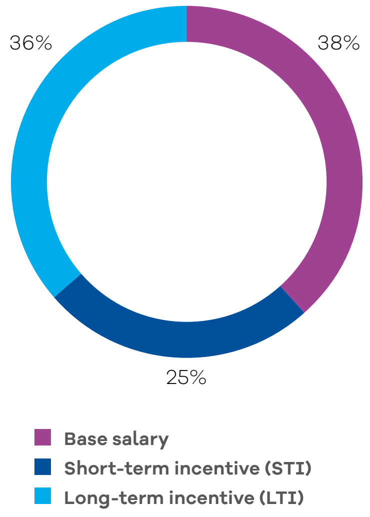
The President and CEO's remuneration consists of the following components:

Remuneration of the President and CEO	
Basic salary	Fixed monetary salary (monthly salary), fringe benefits (company car, mobile telephone benefit and housing benefit). In the overall remuneration package, the purpose of the fixed salary is to establish a competitive level of basic remuneration that allows the President and CEO to focus on performing his duties and the long-term implementation of the company's strategy. In the overall remuneration package, the purpose of the fringe benefits is to provide benefits that are in line with the company's current practices as well as market practices.
Insurance	Life and health insurance.
Pension	In addition to statutory employment pension security, the President and CEO has a defined contribution group pension benefit. His pension accumulates by 37% of the annual earnings. The CEO has the opportunity to retire upon reaching 60 years of age. The payment of insurance contributions ends at the termination of employment. The pension is determined on the basis of the insurance savings accrued by the time of retirement. Retirement can be postponed up to 70 years of age. At this time, the pension is determined on the basis of insurance savings adjusted according to the value development of the investment objects. It is included in the terms and conditions of Alma Media President and CEO's group pension insurance that when the insured has been within the scope of the agreement for three years, he has the right to a paid-up policy corresponding to the insurance savings accumulated by the termination of the employment relationship. The paid-up policy includes old-age pension after retirement age, coverage for incapacity for work and coverage in the event of death. In the overall remuneration package, the purpose of the supplementary pension is to provide a reward for the long-term fulfilment of tasks and obligations.

Remuneration of the President and CEO	
Short-term remuneration scheme	A short-term incentive (STI) bonus scheme related to the achievement of short-term financial and operational targets. The structure, performance indicators and target levels of the incentive bonus scheme are determined, and may vary, according to the decisions of Alma Media's Board of Directors. The targets of the President and CEO's incentive bonus scheme are primarily Group-level result and operational targets. The incentive bonus of Alma Media's President and CEO may be up to 66% of his annual salary. .More information is provided on pages 129–130. In addition to the afore-mentioned earning opportunity based on the incentive bonus scheme the President and CEO may be eligible for one-off project bonuses for example based on key development projects, projects relating to significant changes in the group structure or to M&A transactions and based on other one-off projects or arrangements as in each case determined by the Board of Directors. In the overall remuneration package, the purpose of the scheme is to incentivise the achievement of Alma Media's key financial targets and other key performance targets that support the Group's strategy at the annual level.
Long-term remuneration scheme	Alma Media's long-term remuneration scheme consists of a share-based incentive scheme but, subject to the Board of Directors' decision, it may also be cash-based. When the scheme is share-based, the rewards under it may also be paid in cash subject to the Board of Directors' decision. The structure, performance indicators and target levels of the long-term remuneration scheme are determined, and may vary, according to the decisions of Alma Media's Board of Directors. Depending on the decision of the Board of Directors, there may be one or several structures in effect. The targets under the scheme may be linked to the Group's strategic objectives, long-term financial targets, the development of shareholder value, the environment, social responsibility and corporate governance, or they may be other performance indicators as decided by the Board of Directors. The performance indicators may measure either absolute or relative performance. More information is provided on pages 129–130. The measurement period is five years for the LTI 2015 scheme and three years for the LTI 2019 scheme. Dividing the maximum incentive reward over the measurement period on average, the maximum incentive reward based on the LTI scheme is limited to 95 per cent of the President and CEO's fixed annual salary. In the overall remuneration package, the purpose of the scheme is to incentivise the long-term achievement of Alma Media's key financial targets and other key performance targets that support the Group's strategy as well as to increase shareholder value over the long term by aligning the President and CEO's interests with the interests of the shareholders.

Remuneration of the President and CEO	
Severance package	The notice period is six months. An additional contractual compensation equal to 12 months' salary is paid if the employer terminates his contract without the President and CEO being in breach of contract. This compensation corresponding to the 12-month salary is not paid if the President and CEO resigns on his own initiative. Alma Media's Board of Directors decides on the dismissal of the President and CEO. In the event of the service contract being terminated, the potential rewards payable under the remuneration schemes in effect at the time shall be determined according to the criterion that was the basis for the termination of the service contract. As a rule, if the service contract is terminated due to resignation or dismissal, rewards under the remuneration schemes in effect at the time are not paid. If the service contract is terminated on certain separately defined grounds, such as retirement or permanent disability, part of the rewards based on the remuneration schemes in effect at the time may be paid subject to the terms of the scheme in question.
Clawback	Under the long-term and short-term incentive schemes, the Board of Directors may reduce, cancel or claw back previously paid rewards in the event of misconduct.
Guidelines concerning share ownership	In accordance with the Board of Directors' recommendation concerning share ownership, the President and CEO is expected to retain ownership of at least half of the net shares received through the company's share-based incentive schemes until the total value of the Alma Media shares held corresponds to at least one year's fixed gross annual salary. If the service contract with Alma Media is terminated before the share-based reward is due to be paid, the participant is not, as a rule, entitled to the reward under the scheme. The objective of the recommendation concerning share ownership is, alongside the share-based incentive scheme, to align the President and CEO's interest with the interests of the shareholders in order to increase shareholder value in the long term.

Total earning potential of Alma Media's President and CEO and the relative proportions of the various remuneration components (in maximum amounts):



Remuneration of the other members of the Group Executive Team

The fixed components of the remuneration of the other members of the Group Executive Team, such as the basic salary, fringe benefits and pension benefits, are based on their service contracts. The variable components, the short-term incentive bonus scheme and the long-term share-based incentive scheme are based on pre-defined and measurable performance and result criteria. Maximum limits have been set for the variable remuneration components.

Remuneration of the other members of the Group Executive Team	
Basic salary	Fixed monetary salary (monthly salary), fringe benefits (company car, mobile telephone benefit).
Insurance	Life insurance and the opportunity to take out health insurance
Pension	The members of the Group Executive Team have a defined contribution group pension plan. Pension accumulates at a rate of 15–34% of annual earnings depending on when the person in question became a member of the Group Executive Team. Members of the Group Executive Team have the opportunity to retire upon reaching 60 years of age. The payment of insurance contributions ends at the termination of employment. The pension is determined on the basis of the insurance savings accrued by the time of retirement. Retirement can be postponed up to 70 years of age. In this case, the pension is determined on the basis of insurance savings adjusted according to the value development of the investment objects. The terms and conditions of the group pension plan for the members of Alma Media's Group Executive Team give the insured persons, after three-year insurance coverage, the right to receive a premium-free policy corresponding to the savings accrued until the termination of employment (paid-up policy). The paid-up policy includes old-age pension after retirement age, coverage for incapacity for work and coverage in the event of death.
Short-term remuneration scheme	A short-term incentive (STI) bonus scheme related to the achievement of short-term financial and operational targets. Eligibility for remuneration schemes is determined by the job. The incentive bonus for members of the Group Executive Team and the heads of business units may not exceed 44% of their respective annual salaries. More information is provided on pages 129–130. In addition to the afore-mentioned earning opportunity based on the incentive bonus scheme the members of the Group Executive Team may be eligible for one-off project bonuses for example based on key development projects, projects relating to significant changes in the group structure or to M&A transactions and based on other one-off projects or arrangements as in each case resolved determined by the Board of Directors.
Long-term remuneration scheme	Alma Media's long-term remuneration scheme consists of a share-based incentive scheme but, subject to the Board of Directors' decision, it may also be cash-based. When the scheme is share-based, the rewards under it may also be paid in cash subject to the Board of Directors' decision. Eligibility for remuneration schemes is determined by the job. More information is provided on pages 129–130.

Remuneration of the other members of the Group Executive Team	
Severance packages	The period of notice for the members of the Group Executive Team is six months. In addition, members of the Executive Team will receive a compensation corresponding to their respective basic salaries for six months in the event that the dismissal is initiated by the employer without the members' own fault or negligence. If necessary, the President and CEO decides on the dismissal of the members of the Executive Team. This compensation corresponding to six months' salary is not paid if the Group Executive Team member resigns on their own initiative.
Clawback	Under the long-term and short-term incentive schemes, the Board of Directors may reduce, cancel or claw back previously paid rewards in the event of misconduct.
Guidelines concerning share ownership	In accordance with the Board of Directors' recommendation concerning share ownership, each member of the Group Executive Team is expected to retain ownership of at least half of the net shares received through the company's share-based incentive schemes until the total value of the Alma Media shares held corresponds to at least one year's fixed gross annual salary. If the service contract with Alma Media is terminated before the share-based reward is due to be paid, the participant is not, as a rule, entitled to the reward under the scheme.

Remuneration components agreed upon prior to the presentation of this Remuneration Policy

Alma Media's Board of Directors reserves the right, without being restricted by this Remuneration Policy, to pay out all rewards, benefits and severance packages (including the use of discretion regarding their payment and the amounts paid) that the company has decided or agreed on, or to which it has made a commitment prior to this Remuneration Policy being presented to the General Meeting of Shareholders.

Deviation from the Remuneration Policy of the governing bodies

Temporary deviations from this Remuneration Policy may be made if such a deviation is necessary to ensure the long-term interests of Alma Media. The assessment may take into account, among other things, the company's long-term financial success, competitiveness, ensuring the undisrupted continuation of business and the development of shareholder value.
Temporary deviation is possible in the event of Alma Media's key operating conditions changing under the following scenarios:

- Change of President and CEO
- A significant change in Alma Media's strategy
- A significant corporate arrangement, such as a merger or a takeover bid
- Some other significant change in Group structure or business structure, or a significant change involving the business environment or competitive landscape
- Other significant external changes or significant changes in business conditions
- When required by law, or to adapt to a significant change caused by legislation
- In the event of a change in taxation that is substantially unfavourable to the payer/recipient of a reward, or to adapt to a change in tax regulations or practices

Deviations from the Remuneration Policy concerning the President and CEO shall be prepared by the Board's Nomination and Compensation Committee and decided on by the Board of Directors. If there are grounds for temporary deviation, the deviation may concern any component or aspect of remuneration.

Temporary deviations must be documented in the Remuneration Report to be presented to the next Annual General Meeting.

Comparison data

The overall remuneration of the President and CEO and the other members of the Group Executive Team are compared to other corresponding positions. The remuneration components are compared to the practices of peer companies to ensure the competitiveness and appropriateness of overall remuneration on a job-specific basis.

Incentive bonus scheme (short-term retention and incentive scheme)

Alma Media has annually determined incentive bonuses for the purpose of short-term remuneration. Alma Media's Board of Directors decides on the criteria for the management's incentive bonus scheme annually. The principles of Alma Media's management incentive scheme are in line with the terms of Alma Media's incentive scheme.

The incentive bonus is determined based on the achievement of Alma Media Group's financial targets, the business unit's financial targets, the successful implementation of the business unit's strategy and the achievement of departmental or individual targets linked to the implementation of the business unit's strategy for each calendar year.

Alma Media's Board of Directors monitors and evaluates the achievement of performance and result criteria and their impact on the company's long-term financial success.

SHARE-BASED RETENTION AND INCENTIVE SCHEME (LONG-TERM RETENTION AND INCENTIVE SCHEME)

Long-term retention and incentive scheme for senior management
In December 2018, Alma Media's Board of Directors decided on the revised structure of the matching share plan for senior management. The matching share plan for Alma Media's senior management consists of annually commencing individual plans, each subject to separate Board approval.
Each individual plan has the following main elements:
- the participant's own investment in Alma Media shares is a precondition for participation,
- matching shares based on the investment in shares, using a fixed multiplier, after a three-year restriction period,
- the opportunity to earn performance-based matching shares based on a three-year performance period, and
- a two-year transfer restriction applied to half of the shares received.

The share rewards will be paid in shares of Alma Media Corporation.

Share-based incentive scheme launched in 2019 (LTI 2019)
In the first matching share plan for the members of Alma Media's Group Executive Team within the revised plan structure, MSP 2019, the participant will receive two matching shares for each invested share free of charge after a three-year holding period. If all the eligible individuals participate in MSP 2019 by making the required share investment, the maximum aggregate amount of matching shares to be delivered based on the fixed matching ratio is 125,000 shares (representing a gross reward from which the applicable payroll tax is withheld and the remaining net value is paid to the participants in shares). The fixed matching shares will be delivered in the spring of 2022.

In MSP 2019, the potential performance-based matching share rewards will be delivered to the participants after the three-year performance period in the spring of 2022 provided that the performance targets set by the Board of Directors for the plan are achieved.

The performance targets applied to MSP 2019 are based on:
- The absolute total shareholder return of Alma Media's share (TSR)
- The growth of Alma Media's digital business.

If the performance targets set by the Board of Directors are achieved in full, the participant will receive in total four performance-based matching shares for each invested share free of charge. In that case, if all the eligible individuals participate in MSP 2019 by making the required share investment, the maximum aggregate amount of performance-based matching shares delivered based on MSP 2019 is 250,000 shares (representing a gross reward from which the applicable payroll tax is withheld and the remaining net value is paid to the participants in shares).

Share-based incentive scheme launched in 2015
In 2015, the Board of Directors of Alma Media Corporation approved the establishment of a long-term share-based incentive scheme for the key management of Alma Media (hereinafter referred to as "LTI 2015").

The performance targets applied to LTI 2015 are based on the absolute total shareholder return of Alma Media's share (TSR) and the company's profitable growth.

LTI 2015 consists of annually commencing individual plans, each subject to separate Board approval. Each of the individual plans consists of three main elements: an investment in Alma Media shares as a precondition for participation in the scheme, matching shares based on the said share investment and the possibility of earning performance-based matching shares.

The Matching Share Plan
In the matching share plan, the participant receives a fixed amount of matching shares against an investment in Alma Media shares.

In the first matching share plan, which commenced in 2015 (LTI 2015 I), the participant receives two matching shares for each invested share free of charge after a two-year vesting period, provided that the other conditions stipulated by the terms of the plan for the receipt of the share-based incentive are still satisfied at the time.

The Performance Matching Plan
The performance matching plan comprises a five-year performance period in total. The potential share rewards will be delivered in tranches after three and five years if the performance targets set by the Board of Directors are attained.

The performance measures used in the first performance matching plan, which commenced in 2015, are based on the company's profitable growth and share value. If the performance targets set by the Board of Directors are attained in full, the participant will receive in total four matching shares for each invested share free of charge, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

Remuneration report for 2019

BOARD OF DIRECTORS

The Annual General Meeting on 15 March 2019 resolved, in accordance with the proposal of the Shareholders' Nomination Committee, that the remuneration of the Board of Directors be increased, as it has remained unchanged since 2016, and that the following annual fees be paid to the members of the Board of Directors to be elected at the Annual General Meeting for the term of office ending at the close of the Annual General Meeting of 2020:

- To the Chair of the Board of Directors, EUR 62,500 (previously 40,000) per year; to the Vice Chair, EUR 40,000 (previously 32,000) per year, and to the other members EUR 32,500 (previously 27,000) per year.
- In addition, the Chair of the Board of Directors and the Chair of the Audit Committee will be paid a fee of EUR 1,500 (previously EUR 1,000), the Chair of the Nomination and Compensation Committee a fee of EUR 1,000 (previously EUR 1,000), the Deputy Chairs of the committees a fee of EUR 700 (previously EUR 700) and members a fee of EUR 500 (previously EUR 500) for the Board and Committee meetings that they attend.
- It is proposed that the travel expenses of Board members be compensated in accordance with company travel regulations.

The above-mentioned attendance fees for each meeting are

- doubled for (i) members living outside Finland in Europe or (ii) meetings held outside Finland in Europe; and
- tripled for (i) members resident outside Europe or (ii) meetings held outside Europe.

The members of the Board of Directors were paid the following fees (EUR) for their work on the Board and its committees in 2019, with comparison figures for the previous financial period:

Year	Name	Position	Board meetings					
			Annual fee	Annual fee paid in shares, no. of shares	Meeting fees	Audit Committee	Nomination and Compensation Committee	Fees total
2019	Jorma Ollila	Chairman[1]	62,500	-	25,500		2,000	90,000
2019	Petri Niemisvirta	Deputy Chairman[3]	40,000	-	14,900	2,000	500	57,400
2018	Petri Niemisvirta	Chair	40,000	2,182	11,400		5,000	56,400
2019	Catharina Stackelberg-Hammarén	Member[3]	32,500	-	10,600		2,500	45,600
2018	Catharina Stackelberg-Hammarén	Deputy Chairman	32,000	1,745	8,000	500	3,000	43,500
2019	Peter Immonen	Member	32,500	-	10,000		5,000	47,500
2018	Peter Immonen	Member	27,000	1,473	5,000		6,000	38,000
2019	Matti Korkiatupa	Member[4]	-	-	1,500		500	2,000
2018	Matti Korkiatupa	Member	27,000	1,473	6,000	500	3,000	36,500
2019	Esa Lager	Member	32,500	-	9,500	7,000		49,000
2018	Esa Lager	Member	27,000	1,473	6,000	5,000	-	38,000
2019	Alexander Lindholm	Member	32,500	-	10,000	2,500		45,000
2018	Alexander Lindholm	Member[4]	27,000	1,473	5,000	2,000	-	34,000
2019	Päivi Rekonen	Member	32,500	-	19,000	5,000		56,500
2018	Päivi Rekonen	Member	27,000	1,473	9,000	4,000	-	40,000
2019	Heike Tyler	Member[4]	-	-	2,000	1,000		3,000
2018	Heike Tyler	Member	27,000	1,473	8,000	2,000	-	37,000

[1] Chair starting from 15 March 2019

[2] Chair until 15 March 2019, Deputy Chair starting from 15 March 2019

[3] Deputy Chair until 15 March 2019, member starting from 15 March 2019

[4] Member until 15 March 2019

In the financial year 2019, the fees paid on an accrual basis to the Board members totalled EUR 396,000.

The President and CEO and the Group Executive Team

In 2019, the main elements of the short-term incentive bonus scheme were based on three criteria: Achievement of Alma Media Group's financial targets (weight 20%), achievement of the business unit's financial targets (weight 40%) and achievement of departmental/personal performance targets (weight 40%) for each calendar year.

THE PRESIDENT AND CEO

In 2019, the President and CEO of Alma Media Corporation, Kai Telanne, received a total of EUR 1,111,781 in salary, rewards and benefits, of which incentive bonuses accounted for EUR 182,000 and the share-based incentive scheme accounted for 418,000. In addition, a total of EUR 239,895 was paid into the President and CEO's supplementary pension arrangement.

EUR 1,000	2019	2018
Salaries and other short-term employee benefits	717	723
Post-employment benefits	371	368
Granted stock options to be settled in shares	354	468
Total	1,442	1,559

The figures in the table are presented on an accrual basis. The post-employment benefits include the statutory TYEL pension insurance contributions as well as the contributions towards the President and CEO's supplementary pension arrangement.

Other members of the Group Executive Team

The total amount of salaries, rewards and benefits paid to other members of the Group Executive Team was EUR 2,874,768, of which EUR 333,000 was based on the incentive bonus scheme and EUR 862,000 on the share-based incentive scheme. In addition, a total of EUR 351,461 was paid into the supplementary pension arrangement for the Group Executive Team's members.

EUR 1,000	2019	2018
Salaries and other short-term employee benefits	2,054	2,227
Benefits paid in connection with dismissal	0	0
Post-employment benefits	713	774
Granted stock options to be settled in shares	673	928
Total	3,440	3,929

The figures in the table are presented on an accrual basis. The post-employment benefits include the statutory TYEL pension insurance contributions as well as the contributions towards the supplementary pension arrangement for the members of the Group Executive Team.

	Annual salary	Performance based bonuses	Fringe benefits	Share-based payments
President & CEO				
2019	459,075	181,730	52,702	418,275
2018	420,038	260,755	53,697	393,866
2017	442,689	281,898	52,830	167,265
2016	445,783	195,043	49,601	
2015	402,210	102,509	48,166	
Group Executive Team				
2019	1,594,006	333,393	85,698	861,671
2018	1,676,001	503,172	80,595	787,732
2017	1,590,915	417,832	88,497	344,530
2016	1,349,769	206,914	86,467	
2015	1,297,042	136,732	82,093	

Long-term remuneration

SHARE-BASED INCENTIVE SCHEMES LTI 2015 II (2016), LTI 2015 III (2017) AND LTI 2015 IV (2018)

On 17 March 2016, the Board of Directors of Alma Media Corporation decided on a share-based incentive scheme to be launched in 2016 based on the LTI 2015 scheme (LTI 2015 II). On 22 March 2017, the Board made a corresponding decision on a share-based incentive scheme to be launched in 2017 (LTI 2015 III) and, on 14 February 2018, a corresponding decision on a share-based incentive scheme to be launched in 2018 (LTI 2015 IV). The main terms of the incentive schemes correspond to those of the share-based incentive scheme that was launched in 2015. See pages 129–130.

	Based on share investment (shares max.)	Performance matching (shares max.)				Matching share plan (LTI)
	2018	2015	2016	2017	2018	2019
Kai Telanne, President and CEO	36,000	30,000	68,000	72,000	72,000	135,000
Santtu Elsinen	9,000	-	12,000	18,000	18,000	27,600
Virpi Juvonen	6,000	4,000	12,000	8,000	12,000	19,800
Tiina Järvilehto	9,000	4,000-	8,000	12,000	18,000	27,600
Kari Kivelä	12,000	10,000	20,000	26,000	24,000	45,000
Mikko Korttila	9,000	6,000	16,000	18,000	18,000	27,600
Elina Kukkonen	5,000	-			10,000	19,800
Juha-Petri Loimovuori	12,000	10,000	26,000	26,000	24,000	45,000
Juha Nuutinen	6,000	6,000	16,000	18,000	12,000	27,600

The individual holdings of Alma Media shares on 31 December 2019 were as follows*

pcs	Shares	Performance-based Fixed matching share plan 2015 LTI IV	matching share plan 2015 LTI II, III, IV	matching share plan LTI I, II, III and IV	Matching share plan LTI 2019 (MSP)
Jorma Ollila, Chairman of the Board	0				
Petri Niemisvirta, Deputy Chairman of the Board	21,949				
Catharina Von Stackelberg-Hammarén	23,164				
Peter Immonen, member of the Board	1,473				
Esa Lager, member of the Board	15,298				
Alexander Lindholm, member of the Board	1,473				
Päivi Rekonen	1,473				
Kai Telanne, President and CEO	175,273	36,000	106,000	136,000	135,000
Santtu Elsinen, member of the Group Executive Team	31,736	9,000	24,000	24,000	27,600
Virpi Juvonen, member of the Group Executive Team	20,592	6,000	16,000	20,000	19,800
Tiina Järvilehto, member of the Group Executive Team	21,040	9,000	19,000	23,000	27,600
Kari Kivelä, member of the Group Executive Team	45,175	12,000	35,000	45,000	45,000
Mikko Korttila, member of the Group Executive Team	32,061	9,000	26,000	32,000	27,600
Elina Kukkonen, member of the Group Executive Team	2,500	5,000	5,000	5,000	19,800
Juha-Petri Loimovuori, member of the Group Executive Team	49,987	12,000	38,000	48,000	45,000
Vesa-Pekka Kirsi, member of the Group Executive Team	0				
Juha Nuutinen, member of the Group Executive Team	29,884	6,000	23,000	29,000	27,600
Total	473,078	104,000	292,000	362,000	375,000

* The figures include holdings of entities under their control as well as holdings of related parties.

The Board of Directors' currently valid authorisations related to remuneration and their use

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots. The maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The shares shall be acquired using the company's non-restricted shareholders' equity through trading on a regulated market arranged by Nasdaq Helsinki Ltd and in accordance with its rules and instructions, for which reason the acquisition is directed, in other words, the shares will be purchased otherwise than in proportion to the shareholders' current holdings. The price paid for the shares shall be based on the price of the company share on the regulated market, so that the minimum price of purchased shares is the lowest market price of the share quoted on the regulated market during the term of validity of the authorisation and the maximum price, correspondingly, the highest market price quoted on the regulated market during the term of validity of the authorisation.

Shares can be purchased for the purpose of improving the company's capital structure, financing or carrying out corporate acquisitions or other arrangements, implementing incentive schemes for the management or key employees or to be otherwise transferred or cancelled. The authorisation is valid until the following AGM, but not later than 30 June 2020.

The AGM authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company. A maximum of 824,000 shares may be issued on the basis of this authorisation. The maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more lots. The Board of Directors can use the authorisation to implement incentive programmes for the management or key employees of the company.

The authorisation is valid until the following AGM, but not later than 30 June 2020. This authorisation overrides the corresponding share issue authorisation granted at the Annual General Meeting of 14 March 2018.

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