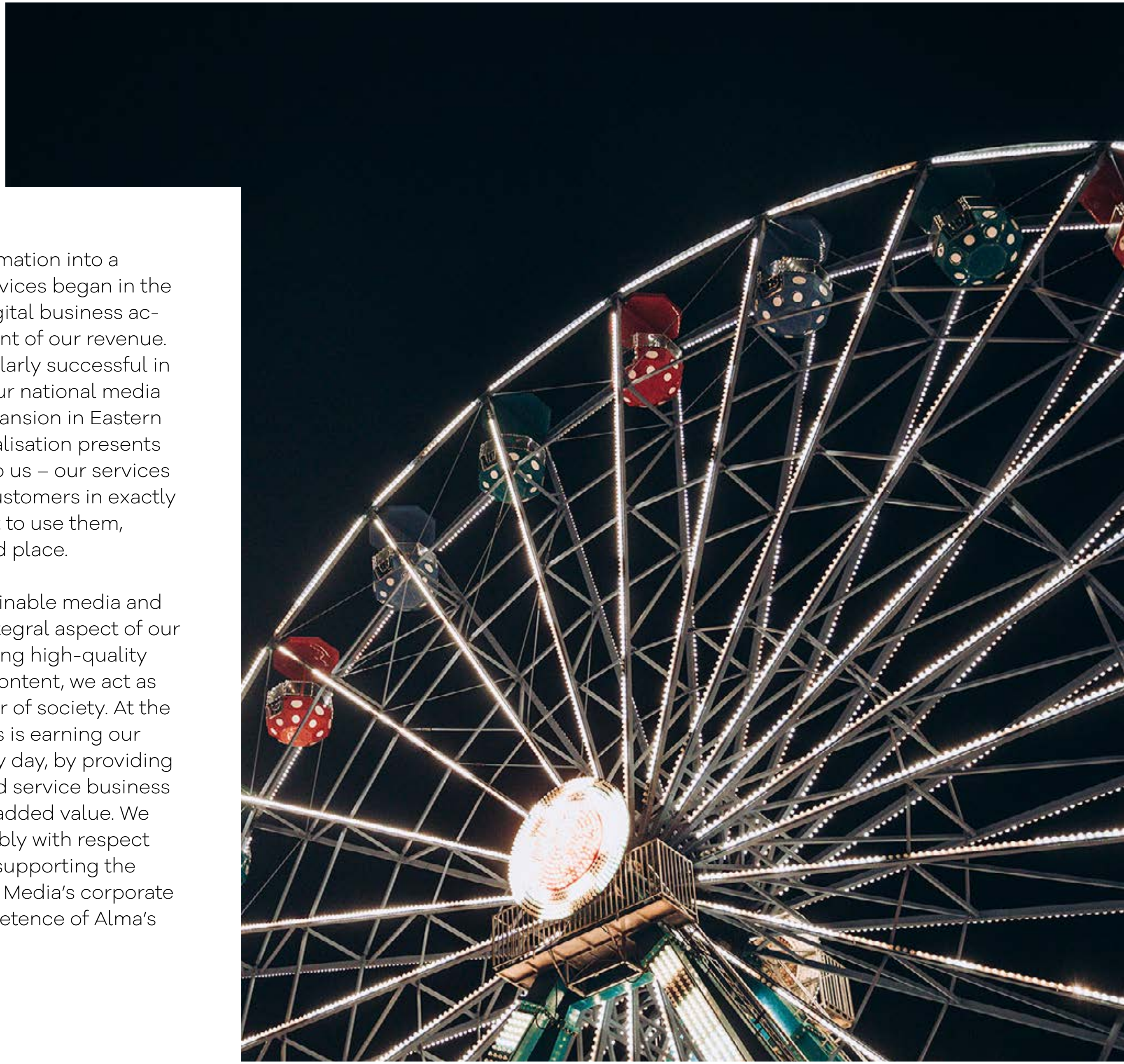
Annual Report 2017

Accelerating sustainable growth

CONTENTS

Alma Media – accelerating sustainable growth



Alma Media is a media company focusing on service business and journalistic content, with the mission of boosting the sustainable growth of individuals, companies and society. In addition to journalistic content, we provide services related to lifestyle, career, competence and business development. Our products are leading media and service brands in their respective fields, such as Kauppalehti, Talouselämä, Affärsvärlden, Iltalehti, Aamulehti, Etuovi.com and Monster.fi.

Alma Media has employees in 10 European countries, from the Finnish Lapland to the Balkan Peninsula. In Finland, our business includes national, regional and local media, digital consumer and business services, training, events, trade literature publishing as well as the printing and distribution businesses. Finns encounter Alma Media's nearly 100 media and service outlets some 20 million times every day. 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 telemarketing services.

Our ongoing transformation into a provider of digital services began in the mid-1990s. In 2017, digital business accounted for 43 per cent of our revenue. We have been particularly successful in the digitalisation of our national media products and our expansion in Eastern Central Europe. Digitalisation presents many opportunities to us – our services are available to our customers in exactly the manner they want to use them, regardless of time and place.

We are building sustainable media and responsibility is an integral aspect of our operations. By providing high-quality independent media content, we act as a responsible member of society. At the core of our operations is earning our customers' trust every day, by providing sustainable media and service business solutions that create added value. We also operate responsibly with respect to our employees by supporting the development of Alma Media's corporate culture and the competence of Alma's employees.

CEO's Review

Alma Media continued on the path of strong organic growth in 2017. The factors behind the excellent development in financial performance included the growing digital business, internationalisation and closer internal cooperation.

In 2017, Alma Media's revenue increased by four per cent to 367 million euros and the Group's adjusted operating profit grew by 45 per cent to 51 million euros. All three of the long-term financial targets we set a few years ago were reached ahead of schedule.

All of Alma Media's business segments improved their result during the year, for the first time in a decade. Alma Markets again led the way in growth and the development of profitability in 2017. In Alma News & Life, digital advertising saw strong growth and reached a record level at the end of the year. In Alma Talent, the planned and promised cost synergies of the Talentum merger were achieved in full. The positive development of the Alma Regions segment was achieved through cost savings that compensated for the decline in media sales. The profit performance of the business segments reflects the broad transformation of the media sector: digital businesses performed very well, while businesses that are still dependent on print media revenue and are in earlier stages of their digital transformation saw slower development.

In spite of the rapid growth of the Finnish economy, the advertising market in Finland remained subdued in 2017.

According to TNS Kantar, investments in media advertising fell by 2.8 per cent to EUR 0.9 billion during the year. Alma Media's domestic media sales grew by 2.7 per cent over the same period of time. This growth in market share was due to strong performance in content and mobile marketing as well as the programmatic buying market. International platform operators account for around half of the Finnish digital advertising market. Together with other Finnish media companies, we nevertheless achieved a defensive victory when the international operators' share of digital advertising did not grow in Finland last year, unlike in many other countries.

An increasingly significant share of Alma Media's growth comes from international business. Our operations in Eastern Central Europe grew, supported by favourable economic development, and achieved a very good level of profitability for the year. Our international units have also been active in building new growth initiatives through successful product development. In 2017, our operations outside of Finland accounted for 23 per cent of our revenue and 39 per cent of our adjusted operating profit.

Our digital transformation is progressing well, but we are only halfway there. In 2017, digital business represented 43 per cent of our revenue, or 157 million euros. We continued the development and renewal of our digital content services in many different publishing channels in 2017, including online TV and radio. Cross-segment joint initiatives and close cooperation at the Alma Media level are integral aspects of our digital transformation. In 2017, we revamped our digital advertising distribution system and developed new and innovative digital advertising solutions. One of our key joint initiatives was establishing the joint eCom team between the business units to develop digital subscription sales as well as increase and share knowledge related to content e-commerce. We also enhanced our IT-related capacity for the responsible utilisation of data, taking into account the requirements of the EU General Data Protection Regulation, which will take effect at the beginning of May.

Alma Media's growth is driven by our people. They also ensure our continued competitiveness in the future. In 2017, learning and development were incorporated into the personal targets of every Alma Media employee. We placed special emphasis on the recruitment of digital developers and launched our first trainee programme for developers.

Alma Media's purpose is to boost the sustainable growth of companies, individuals and society. One of our most important functions is to produce responsible and reliable journalism while preventing the spread of fake news and disinformation.

"An increasingly significant share of Alma Media's growth comes from international business. "

In 2017, we defined corporate responsibility objectives to guide our responsibility-related efforts, and we planned measures to follow through on our commitments related to sustainable business. As a company, Alma Media is committed to, among other things, supporting the universally accepted principles in the areas of human rights, labour, environment and anti-corruption laid out in the United Nations Global Compact initiative. We are also committed to the UN Sustainable Development Goals and the Paris Climate Agreement.

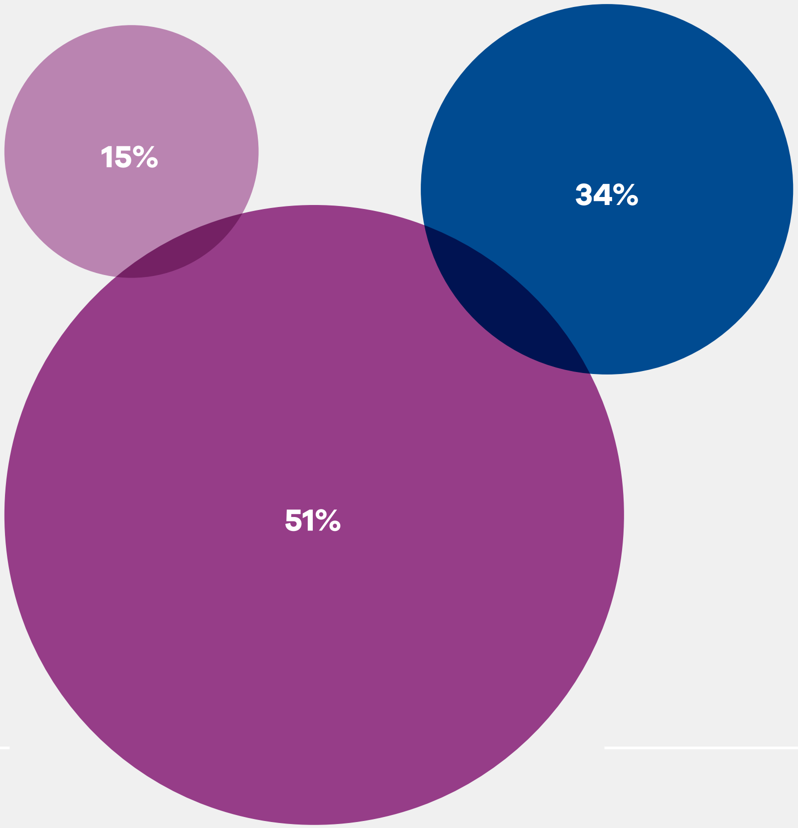
I would like to take this opportunity to extend my warmest thanks to all of our stakeholders for their excellent cooperation in 2017 as well as Alma Media's employees for their strong performance and dedication to achieving our shared goals.

Kai Telanne
President and CEO
Alma Media

Key figures 2017

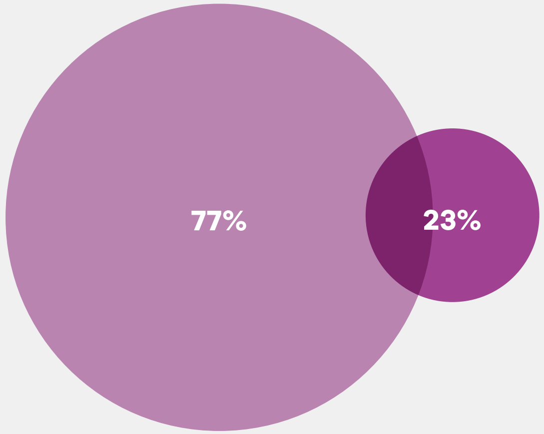
DISTRIBUTION OF REVENUE

Content revenue | Advertising revenue | Service revenue



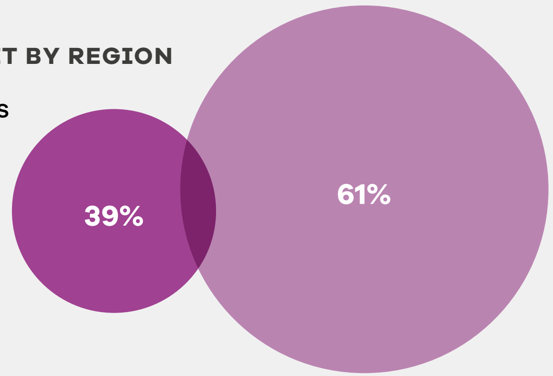
REVENUE BY REGION

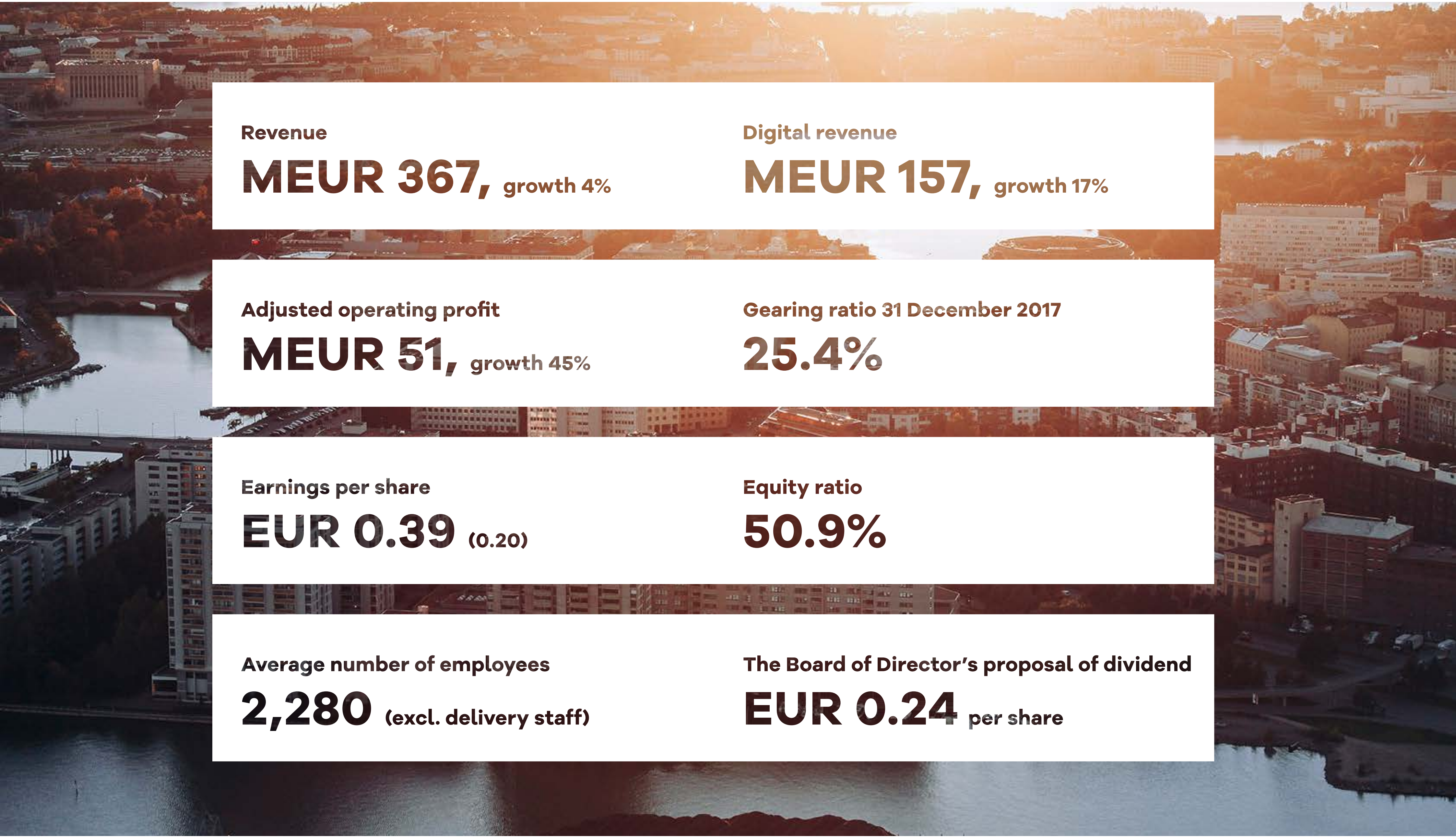
Finland | Other countries



ADJUSTED OPERATING PROFIT BY REGION

Finland | Other countries





Revenue
MEUR 367, growth 4%

Digital revenue
MEUR 157, growth 17%

Adjusted operating profit
MEUR 51, growth 45%

Gearing ratio 31 December 2017
25.4%

Earnings per share
EUR 0.39 (0.20)

Equity ratio
50.9%

Average number of employees
2,280 (excl. delivery staff)

The Board of Director's proposal of dividend
EUR 0.24 per share

Forces of change in the operating environment

MEDIA CONSUMPTION

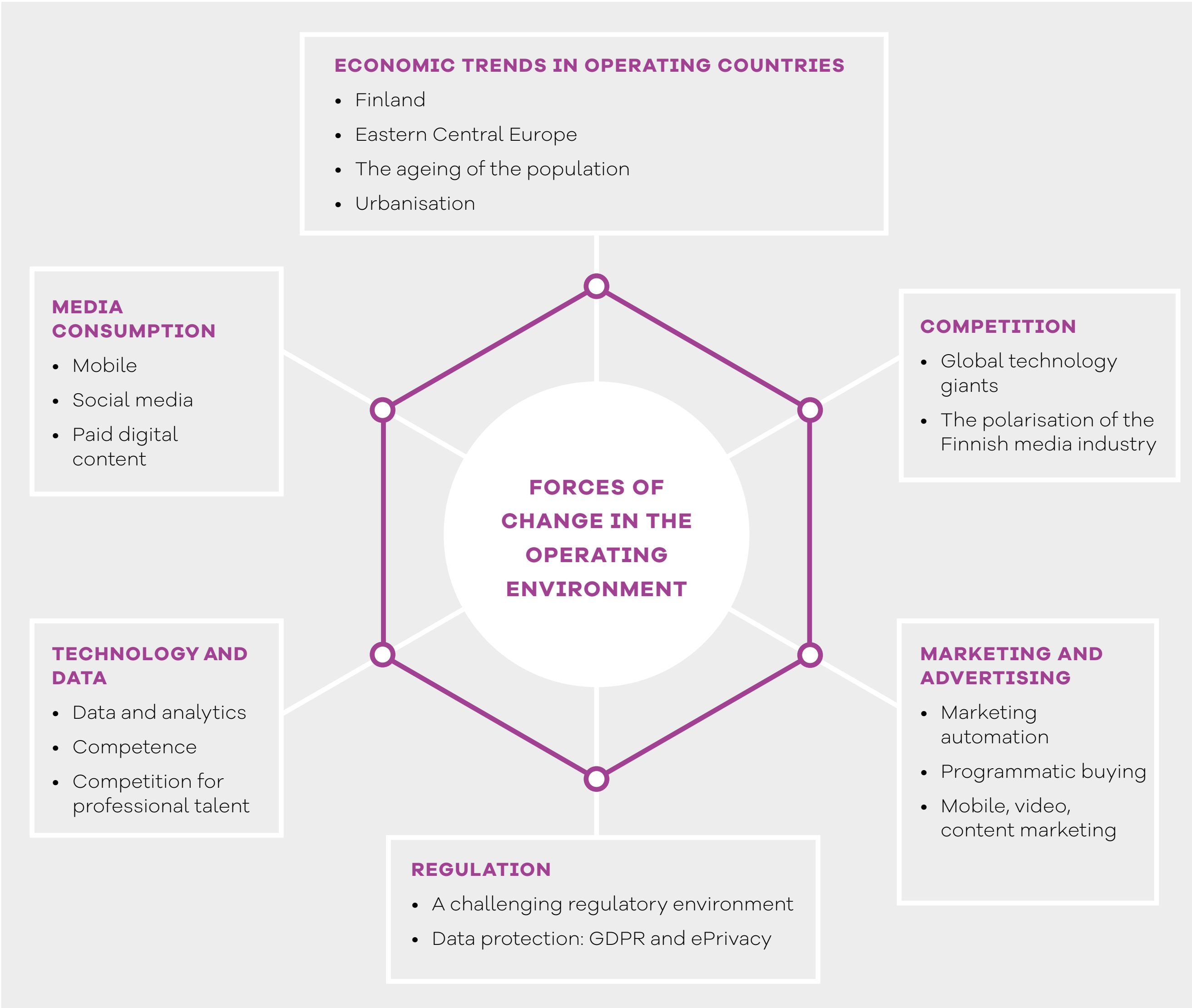
- Mobile devices are the primary means of media consumption for most users.
- Social media has changed media consumption to a significant degree.
- The level of preparedness to pay for digital content is still low, but it will become higher as the supply increases.

TECHNOLOGY AND DATA

- Using data and analytics in the various areas of business operations is increasingly essential.
- Rapid changes in the technological operating environment require investments in competence. The competition for skilled employees is intense.

REGULATION

- The significance of regulation is increasing in the media sector due to factors such as data protection, copyright and the role of the Finnish public broadcaster YLE.
- Regulatory reforms concerning data protection and the processing of personal information will give consumers increased rights over their information and impose greater obligations on companies with respect to data protection and security.



ECONOMIC TRENDS IN OPERATING COUNTRIES

- The Finnish economy is growing but the advertising market remains subdued.
- Eastern Central Europe is continuing to see strong economic growth.
- The population is ageing and becoming concentrated in growth centres.

COMPETITION

- Global technology giants are expanding their business through the convergence of industries.
- The Finnish media market is becoming polarised due to the investments required by the digital transformation.

MARKETING AND ADVERTISING

- Marketing automation is increasing, with a large proportion of marketing investments being directed into technology investments.
- The programmatic buying of advertising is increasing.
- The areas of strong growth in digital advertising are search engine, social media, mobile and video advertising as well as content marketing.

Strategy

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.

The share of revenue represented by digital consumer and business services will be increased. In order to achieve this goal, Alma Media will increase its digital offering by launching new products and services, also outside publishing operations.

MISSION

- For individual freedom and well-being.
- Alma Media's news media work to promote democracy, free speech, the reliable dissemination of information and the well-being of their reference groups. Alma Media's digital consumer and business services as well as marketplaces bring together buyers and sellers of products and services and enable a sense of community.

VISION

- Alma Media is the most exciting provider of information, service and experiences. The company sets the stage for the future of media.
- The vision provides the direction for the development of all products and services provided by the corporation.

VALUES

- Freedom and pluralism of journalism
- Team play
- Courage

PURPOSE

- Alma Media's purpose is to accelerate the sustainable growth of individuals, companies and society.

Strategic development areas and related achievements in 2017

The focus areas in the development of Alma Media's current business operations in 2017 were multi-channel content, marketing and advertising solutions, services and improving resources and competencies.

CONTENT

OBJECTIVE

Retaining our current level of content revenue through high-quality print and digital content. Alma Media seeks growth in the digital content sales of its media products to compensate for the declining subscription revenue from print-based media. The aim is to achieve user growth in digital content products as well as increase the consumption of content.

ACHIEVEMENTS IN 2017

- Various actions were taken to increase the subscriber numbers and use of digital content products. Among other things, the Group established a joint eCom team between the business units to develop digital subscription sales as well as increase and share knowledge related to e-commerce. Aamulehti strengthened its content aimed at subscribers and launched paid Tähtijuttu star stories for readers online. The Talouselämä and Arvopaperi online services were redesigned and their digital contents were partly moved behind paywalls.
- The offering for consumers of content services was developed and redesigned on several different publishing channels. A new weather application, Paras sää ("The Best Weather") was launched for Iltalehti's weather service. Kauppalehti introduced the KL Assistant chatbot news service on the Facebook Messenger platform. The print editions of Talouselämä and Optio were redesigned.
- Alma Media responded to the rapid growth in the consumption of online video by developing the video services of Iltalehti and Aamulehti, among others. IL-TV launched the web TV talk show Päivärinta Uncensored. The show and clips taken from it have produced hundreds of thousands of weekly video starts and an even higher number of page loads.
- The Group began producing radio news. Iltalehti started producing radio news for Radio Nostalgia, Business FM and Bauer Media's largest radio stations: Radio Nova and Iskelmä. Aamulehti produces news content for Radio 957, a Tampere-based radio station that has been brought back to life by Bauer Media.
- Several projects were carried out in the area of robotic journalism. Alma Media is involved in Immersive Automation, a project led by the University of Helsinki and Tekes, the Finnish Funding Agency for Technology and Innovation. A news robot developed by the project produced news on election results based on data provided by the Ministry of Justice. Aamulehti introduced a bot that scans City of Tampere agendas for keywords specified by the editorial team. Robot journalism is also utilised in financial statements analyses produced by Alma Talent and in financial news coverage to automatically update different types of dynamic elements, such as share prices and visualisations.

MARKETING SOLUTIONS

OBJECTIVE

The best marketing solutions partner for advertisers. Alma Media will introduce new productisation initiatives in advertising and other marketing solutions by making use of behavioural data and analytics. Alma Media will pursue growth in advertising revenue and market share as well as significant growth in the various areas of digital advertising. Investments will be made in the programmatic buying of advertising, content marketing and mobile marketing.

ACHIEVEMENTS IN 2017

- The Alma Media Solutions organisation established to manage Group-level key customer media sales, digital advertising and marketing development as well as sales support continued to work well during the year.
- Several initiatives were introduced during the year to develop better advertising solutions for advertisers; for example, by improving the viewability, functioning and effectiveness of advertisements. Improving the viewability of advertisements was a particularly important focus area. Other initiatives included, among other things, mobile-optimised rich media implementations that produced good results for customers.
- The digital advertising infrastructure was revised and clarified. The aim of the change is to enhance the efficiency of Alma's digital advertising functions with regard to management, optimisation, forecasting, yield analysis and programmatic buying. The advertising distribution system covers desktop, mobile and video advertising.
- The Group responded to the growing demand for content marketing by organising at the Alma level in the area of content marketing and starting to sell Alma-level productisations and production.
- Investments were made in advertising buying in response to strong growth in demand.

SERVICE BUSINESS

OBJECTIVE

Strong growth from services. Alma Media pursues service revenue growth organically and by acquisitions. Alma invests in the growth of digital services through active development. Printing and distribution services will be actively developed.

ACHIEVEMENTS IN 2017

- Alma Markets continued to implement its strategy by expanding its service offering in the housing, automotive and recruitment businesses. Alma Mediapartners' Autotalli.com launched a new mobility service for consumers to compare the alternatives and costs of gaining access to a car without ownership. Private leasing, car sharing and other alternatives to car ownership are an emerging automotive megatrend. Alma Mediapartners also acquired full ownership of Urakkamaailma.fi, having previously held 51%, and bought a 25% stake in Muuttomaailma.fi, a competitive bidding platform for moving and relocation services.
- The recruitment business was developed and strengthened through organic development efforts as well as acquisitions and divestments. Alma Career's Tau on-line acquired a 30% minority interest in Vrabotuvanje Online, the leading online recruitment service in Macedonia. Alma Career subsidiary LMC sold the VysokeSkoly.cz online service, which offers information and services focused on tertiary education, to EDUroute.
- The development of digital consumer services continued in the Alma News & Life unit. The Matkapörssi online service was redesigned and the new-look online store makes it easy to buy package tours, flights and hotel accommodation, as well as additional services, such as transport, seat reservations and travel insurance, from any device.
- Alma Regions' cooperation with Vakka-Suomen Sanomat was expanded to include the newspaper's digital services, having previously only covered Alma Manu's printing services. The Alma Regions digital development unit will redesign Vakka.fi, the Vakka-Suomen Sanomat online service, in spring 2018.

RESOURCES AND EXPERTISE

OBJECTIVE

Together we are more agile. Internal cooperation will be increased within the Group. Alma Media has efficient back-end systems and processes, strategic partnerships and the ability to make use of improving employee competencies in various business operations as needed. In addition, content cooperation and directing visitor traffic create a significant advantage for Alma Media's businesses. Alma Media will improve the recognisability of its brand and key products among consumers and advertisers.

ACHIEVEMENTS IN 2017

- The process of increasing the Group's digital business competence was accelerated through employee training as well as managerial development programmes. To strengthen technical competencies, Alma launched a trainee programme, with 10 trainees selected for various technical roles.
- The Group continued to prepare for the changes brought about by regulatory reforms in the area of data protection. Among other things, the Group appointed a data protection officer, audited business functions and carried out training related to data protection.
- Cooperation between the Group's units was increased in various system and development projects. The Group established a steering group focused on the directing of visitor traffic. Through various development measures, the steering group aims to increase the user volumes of the Group's digital services as well as the regularity of their use. Another new initiative was the Group-wide Alma ID project to create a single user authentication system for customers across Alma's various services. In addition to delivering a better user experience, the project creates the conditions for improving the legal protection of authenticated customers of our services in compliance with the provisions of the EU General Data Protection Regulation.
- The use of data and analytics in advertising sales, content production and business development was improved in the business units and the Group's joint development projects. In early 2018, it was announced that Alma will deploy the Data Management Platform (DMP). The deployment of the platform will strengthen the development of the data-driven customer experience of Alma's content and services as well as marketing automation and the targeting of digital advertising.
- Restructuring measures, acquisitions and divestments were carried out in the area of content services. In the Alma Regions business unit, Pohjolan Sanomat and Lapin Kansa were merged to create a single media brand called Lapin Kansa. The Pohjolan Sanomat brand and the separate edition of the newspaper were discontinued. Three local papers published in Northern Ostrobothnia – Raahen Seutu, Raahelainen and Pyhäjokiseutu – were sold to Kaleva365 Oy, a subsidiary of Kaleva. Alma Talent strengthened its professional content offering by acquiring full ownership of Mediuutiset, having previously held a 50% stake. In Sweden, Alma Talent acquired Personnel & Lederskap, the leading Swedish publication specialising in human resource management.

Strategic goals

- Increasing shareholder value through revenue growth and improved profitability.
- Digital business growth.
- Strengthening operating cash flow and the financial position.
- Development and growth of international business operations.
- Finding new business areas.

1. PRODUCT DEVELOPMENT AT THE BRAND AND BUSINESS LEVELS

Organic development of products and services

- Active development of existing products, services and businesses.
- Ensuring the profitable growth of products and services as wella as a controlled transformation of business.

2. BUSINESS UNIT-LEVEL INVESTMENTS

Acquisitions and development projects aimed at growing the existing business

- Expanding the existing offering and market share organically or through acquisitions.
- Seeking growth by expanding Alma's operations in the value chain, taking advantage of existing customer relationships and visitor traffic, our digital competencies and cooperation between business units.
- Expanding income sources from the media business to service revenue.

3. GROUP-LEVEL INVESTMENTS

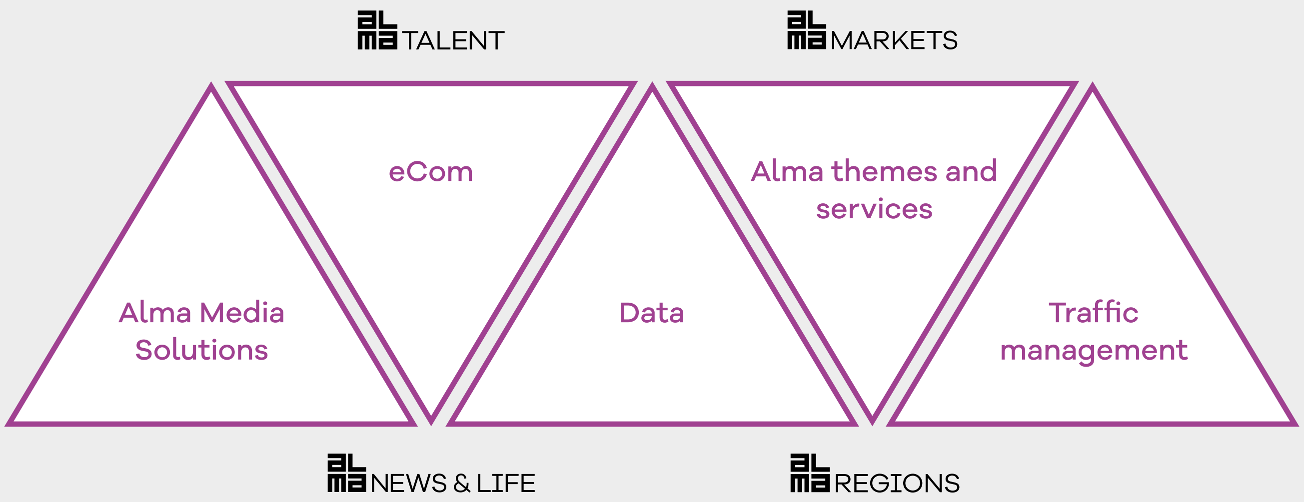
Major acquisitions aimed at growing the existing business and expanding into new business areas.

- Businesses related to Alma Media's current business operations that will create synergies with our existing business.
- Expanding the current businesses to new geographical areas.

New Group-level projects

Near the end of the reporting period, Alma Media selected five strategic Group-level initiatives for the 2018–2020 strategy period. The outcome of these initiatives will have a significant impact on Alma's future success.

The focus of the initiatives is on enhancing the customer experience. They are based on Alma Media's strong competence and broad offering. Effective cooperation and leveraging synergies between Alma's businesses will play a key role in achieving the goals set for the Group-level initiatives.



ALMA MEDIA SOLUTIONS
Market share in advertising sales will be increased through customer relationship management at the Alma level. The programmatic buying of advertising will be accelerated. There will be a growing shift from digital advertising to digital services.

eCOM
The growth of digital content revenue will be accelerated by increasing the user volume of digital content products and making them a regular part of the customers' daily lives. The stages of the digital customer path will be actively managed in order to increase reader loyalty and subscription propensity.

DATA
Data-related competencies will be built and strengthened to support media sales, content sales and the personalisation of services as well as to respond to regulatory requirements. Customer data and behavioural data will be managed by consolidating customer data repositories and deploying analysis and activation technology.

ALMA THEMES AND SERVICES
Alma's commercial position will be enhanced in selected sectors in which Alma is strong to begin with. This will be achieved by expanding the offering to include special content and services. In the first phase, the selected areas of strength are cars & mobility, health & well-being, housing, travel, food and careers.

TRAFFIC MANAGEMENT
The external and internal directing of visitor traffic will be developed to strengthen continuous and growing visitor streams and boost content and media sales.

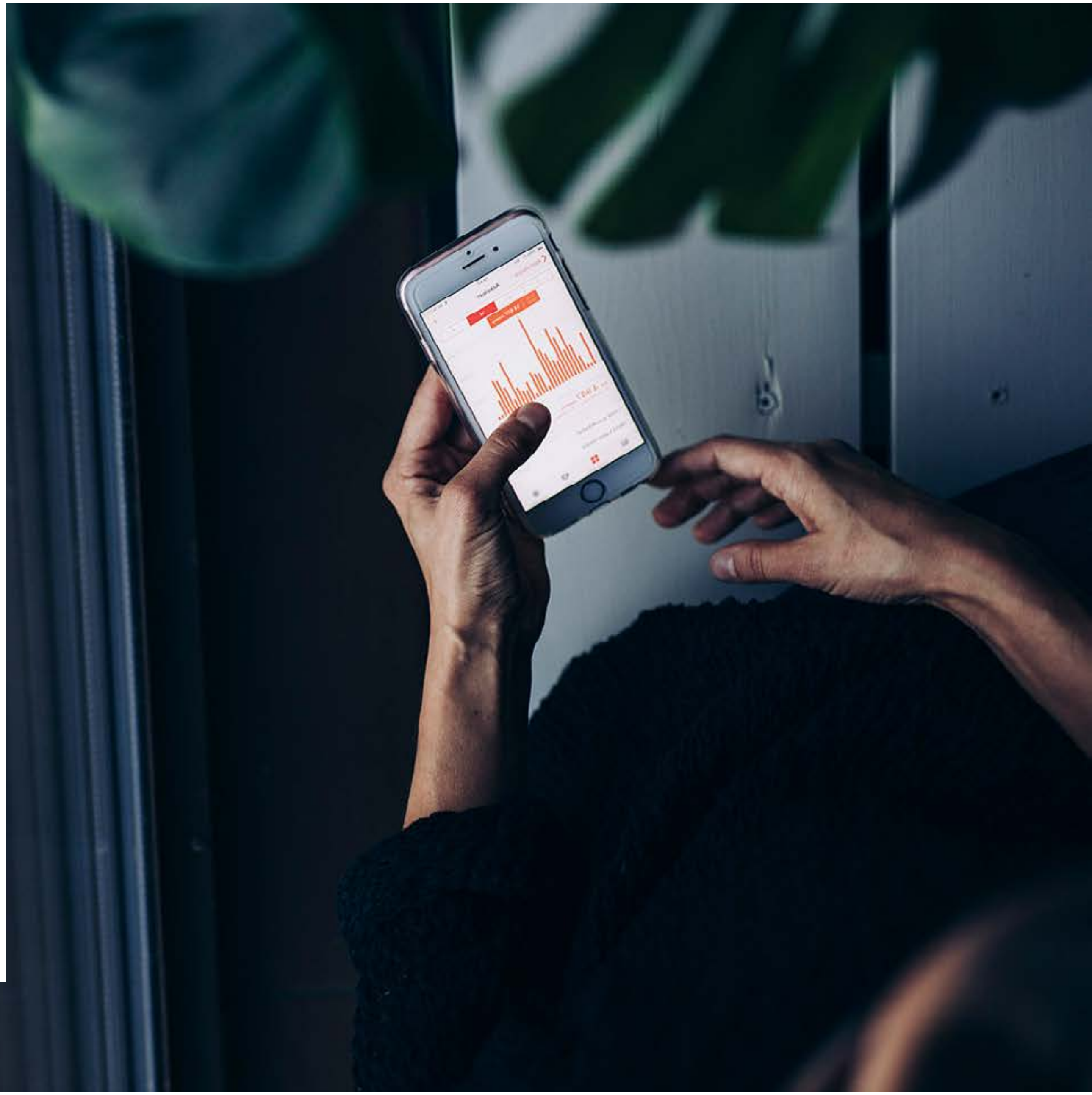
Long-term financial targets

Long-term financial targets	2017	2016	Target level
Digital business growth	17.3%	27.9%	> 15%
Return on Investment (ROI), %	17.5%	10.1%	> 15%
Dividend payout ratio*	61.5%	78.2%	> 50%

* Includes capital repayment to shareholders.

Investments, debt management and profit distribution in balance

- The long-term targets are achieved by developing the digital media and service business and improving the quality and cost efficiency of publishing operations.
- To support growth, Alma Media aims to allocate investments, the repayment of debt and the distribution of profit optimally from the company's and investors' point of view.



Value creation model

RESOURCES AND INPUTS

Employees and expertise
- 3,150* (in 2017) Alma employees – strong expertise in journalism, marketing and technology.

Intellectual property
- The Alma brand and over 50 product brands.
- Customer data.

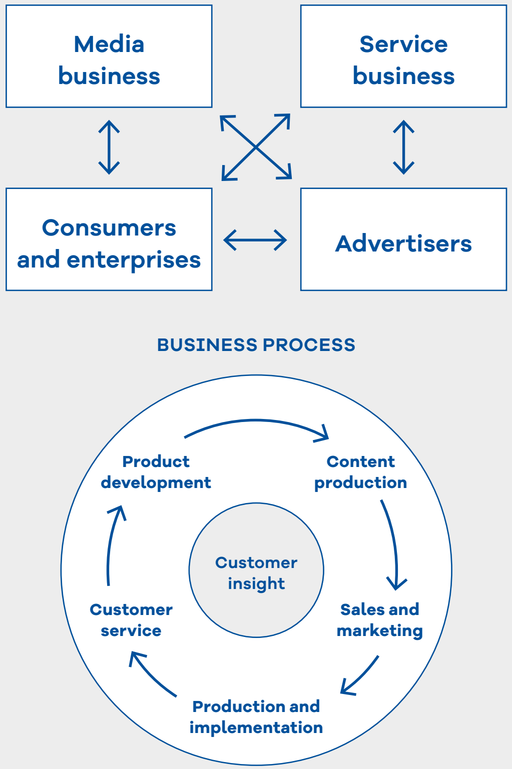
Financial
- Invested capital MEUR 218 (2017).
- Investments MEUR 170 in 2013–2017.

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

Production inputs, Raw materials
- Operations in 10 countries.
- Multi-channel digital service channels.
- Printing facility and regional distribution network.
- District heating, district cooling and electricity consumption in 2017: 69,395 GJ GJ/ 19,276 MWh, paper consumption 26 tonnes.

* Including delivery staff

BUSINESS MODEL



MARKETS	TALENT	NEWS & LIFE	REGIONS

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 reach approximately 74% of Finns (in 2017, the 15–74 age group, Kantar TNS).
- Digital services for businesses.
- Events and training: 540 pcs (2017).
- Printed books and e-books: 134 pcs (2017).
- Printing and distribution services: 10,066,020,160 tabloid-size pages (2017).

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 117 (2017).

Shareholders
- Operating result MEUR 47 (2017).
- Profit distribution MEUR 19.8 (2017), 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 77.9 (2017).

Partner network
- Purchases from partners.

Environment
- Carbon dioxide emissions in 2017: District heating, district cooling and electricity consumption 4,720 tCO_2 business travel 248 tCO_2.

Responsibility at the core of business

In accordance with its strategy, Alma Media creates added value for its stakeholders through building sustainable growth by taking advantage of the opportunities presented by the digital transformation.

This goal is also reflected in how Alma Media promotes its corporate responsibility: Alma Media's sustainability efforts are increasingly focused on the challenges and opportunities presented by the digital transformation of its business.

The transformation of the media industry has already been underway for quite some time in the area of content production, with the circulations of printed newspapers declining as a result of changes in media behaviour among consumers. The public debate on digital content has seen a new theme in recent years with the growing concerns regarding the impacts of fake news on social climate and stability. This is currently a major topic of discussion within the media industry, and it is a concern that is also shared by many other Alma Media stakeholders.

In response to the debate surrounding fake news, Alma Media makes long-term investments in developing the competence of its employees; for example, by providing various coaching programmes to employees to reinforce high-quality journalism and by offering opportunities for on-the-job learning and job rotation. The aim is to ensure that all Alma Media employees working in editorial teams and media sales have the capacity to operate responsibly and professionally in the digital media environment, which calls for new competencies from those who participate in it. Each year, Alma Media also invests in technologies that, among other things, enhance the monitoring and management of digital advertising materials and prevent data protection and information security problems related to the processing of customer data.

Investments in technology and competence development support Alma Media's goal of strengthening and diversifying its media offering. At the same time, they ensure that Alma Media can compete in a job market characterised by intense competition between employers, particularly for talented digital professionals.

SOCIAL RESPONSIBILITY

Responsible journalism

Social influence

RESPONSIBLE PRODUCTS AND SERVICES

Information security and data protection

Responsible marketing

RESPONSIBLE BUSINESS

Transparency and ethics in business

Responsibility throughout the supply chain

Environmental impacts of operations

RESPONSIBILITY AS AN EMPLOYER

Developing employee competence and well-being

Equal and diverse work community

Stakeholder interaction

Stakeholder interaction constitutes the foundation of Alma Media's business and is a central aspect of the company's day-to-day operations.

As a media company, Alma Media must fulfil the expectations of its stakeholders every day. It must ensure that readers and service users, customers and other stakeholders can trust the company as well as the content and services published by Alma Media.

Actively managed and transparent relationships with different stakeholders are one way to ensure that Alma Media maintains its stakeholders' trust and responds to their various expectations. At Alma Media, stakeholder interaction is led by the Senior Vice President in charge of the development of Alma Media's branding, communications, investor relations and corporate responsibility, along with the rest of the Group Executive Team. In addition, Alma Media's various units regularly monitor the stakeholder feedback received by employees, such as customer service representatives, the media sales representatives who work with advertisers as well as journalists.

Advocacy work in society

Alma Media also manages its stakeholder relationships by being actively involved in associations and cooperative bodies. The goal is to survey changes in Alma Media's industry and in relation to corporate responsibility.

As part of the development of its corporate responsibility and advocacy work, Alma Media is a member of organisations such as the Confederation of Finnish Industries (EK), Central Chamber of Commerce, Finnish Business and Society (FIBS), the FIBS diversity network, the City of Helsinki climate network and Responsible Media Forum.

In addition to these, many members of Alma Media's Management Team and managers and experts hold board memberships in the Media Industry Research Foundation of Finland, Finnmedia, Media Metrics Finland, the Finnish News Agency and Lehtikuva picture agency, as well as IAB Finland, an association that promotes the growth and development of digital marketing and advertising. Furthermore, in 2016–2018 Alma Media is a key partner of the Finnish Children and Youth Foundation.

STAKEHOLDER	KEY CONCERNS	ALMA MEDIA'S RESPONSE
Readers and online users	Reliability and quality of media content Data protection, own data	Long-term service development, technology purchases, developing employee competence, customer contacts and feedback, customer and reader satisfaction surveys
Advertisers, corporate customers	High-quality and secure advertising environment, service reliability, monitoring and management of advertising in the digital operating environment, data protection and information security	Long-term service development, technology purchases, developing employee competence, customer contacts and feedback
Investors, shareholders, analysts	Profitable and responsible business, increasing shareholder value	Building sustainable business growth by leveraging the opportunities presented by the digital transformation. Active and transparent investor relations
Employees	Workers' rights, equal and fair work community, competence development	One-to-one discussions between managers and subordinates, team meetings, employee surveys, unit-level equality, diversity and non-discrimination plans
Service producers	Fair and equal treatment, supplier requirements	Alma Media's Code of Conduct, Alma Media's procurement policy
Associations	Cooperation, mutual sharing of knowledge and expertise	Memberships, partnerships and projects, communication, seminars and other events
Media	Openness, transparency, accuracy of content, actively providing information, quick response to enquiries	Commitment to the Guidelines of Journalists, interviews and releases, surveys published by Alma Media, key publications, meetings, seminars, social media channels
Society and the authorities	Regulatory compliance, supporting local wellbeing as well as a pluralistic and democratic society	Regulatory compliance, reporting, high-quality and reliable content and services, Alma Media's Code of Conduct, key corporate responsibility principles

Business segments in brief

Alma MARKETS

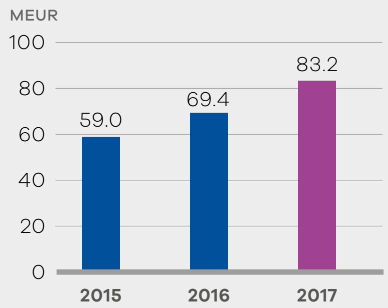
OFFERING AND MAIN BRANDS

- Recruitment services as well as digital automotive and housing marketplaces and related services in Finland.
- Operates in Finland and nine European countries.

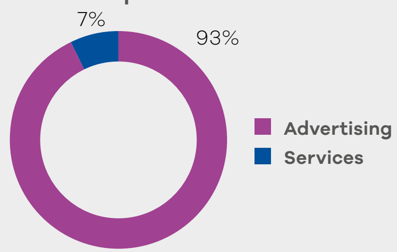
MARKET POSITION

- Alma Markets produces leading recruitment services in several Eastern Central European countries.
- Alma Markets also includes Finland's largest marketplaces for selling and renting properties with adjoined value-added services, and the second largest car sales portal in Finland with adjoined value-added services for car dealers and drivers.

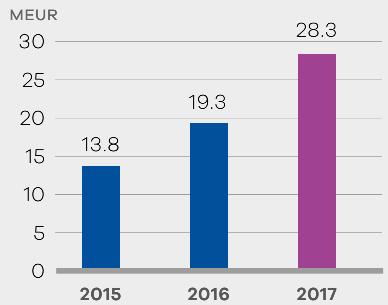
Revenue



Revenue split 2017



Adjusted operating profit



Alma TALENT

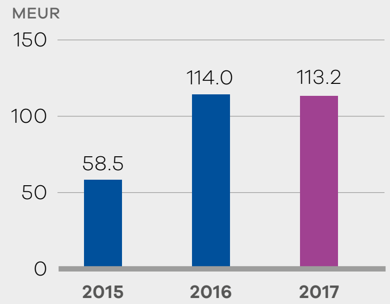
OFFERING AND MAIN BRANDS

- 22 trade and financial media, as well as book publishing.
- Skills development and growth services for professionals and businesses in different fields, from events and training to information services.
- Operates in Finland, Sweden and the Baltics.

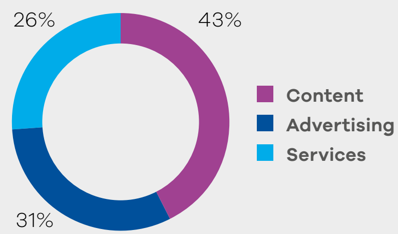
MARKET POSITION

- Alma Talent has a target audience of two million Finnish and Swedish-speaking professionals, decision-makers and investors.
- Alma Talent produces influential content for professionals in the fields of business and finance, law, management, HR, sales and marketing, technology and health care.

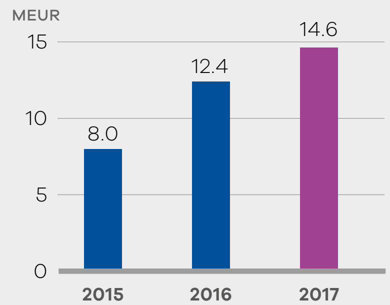
Revenue



Revenue split 2017



Adjusted operating profit



Business segments in brief

Alma NEWS & LIFE

OFFERING AND MAIN BRANDS

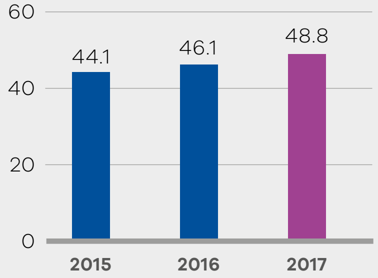
- Iltalehti and its various digital and print news and lifestyle publications. Several digital consumer services related to travel, cooking and dating.
- Operates in Finland.

MARKET POSITION

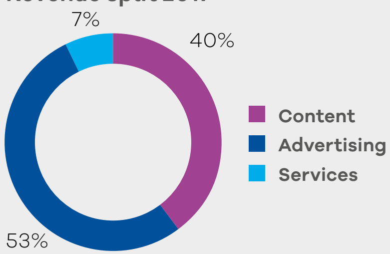
- The online service of Alma News & Life's most significant product, Iltalehti, is one of the largest news services in Finland.
- Its combination of digital and print channels reaches approximately two million Finns weekly nationwide.

Revenue

MEUR

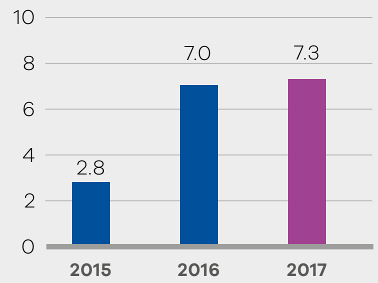


Revenue split 2017



Adjusted operating profit

MEUR



Alma REGIONS

OFFERING AND MAIN BRANDS

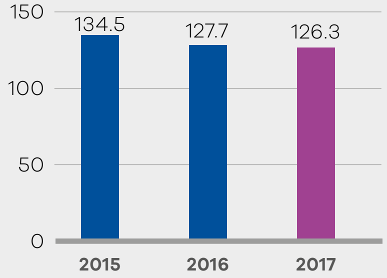
- Regional and local media publishing, both print and online. In addition to regional newspapers, includes 12 subscription-based local papers and four town papers.
- Printing and distribution unit Alma Manu.
- Operates in Finland.

MARKET POSITION

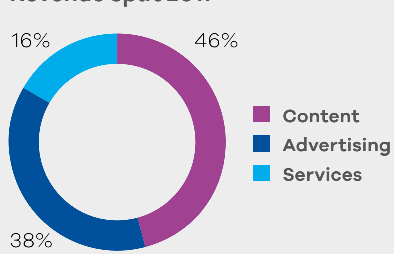
- The combined weekly readership of Alma Regions' regional, local and town papers is approximately 750,000. Taking websites into account, the combined print and online, the regional papers reach over 90 per cent of the consumers in their regions.
- The Alma Manu printing press in Tampere is one of Europe's most modern printing facilities. The printing press prints the majority of Alma's own papers and increasingly sells printing services to other publishers as well. Alma Manu has its own early morning delivery operations and through Jakeluyhtiö Suomi, Alma Manu also delivers addressed letters and magazines in its operating regions.

Revenue

MEUR

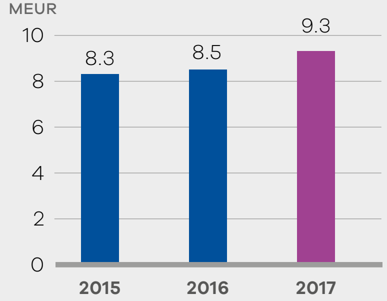


Revenue split 2017



Adjusted operating profit

MEUR



Alma Markets

Alma Markets achieved another excellent result in 2017. The basic business was supported by the continued strong economic development in Eastern Central Europe and the Finnish economy returning to growth, but business was also increased by active sales efforts and the expansion of the product portfolio.

The recruitment business constitutes a major part of the Alma Media Group's international operations. The Alma Markets segment operates in the recruitment business in ten European countries and it is the market leader in seven of them. 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 recruitment business countries: it facilitates cooperation and learning as well as the duplicating and leveraging of best practices to further develop the product portfolio.

Economic growth continued in Eastern Central Europe in 2017. The thriving labour markets in the region supported the development of the Alma Markets segment's digital recruitment business. The Finnish economy returning to growth was also reflected favourably in Alma Markets' recruitment business. Among the Alma Markets segment's operating countries, growth was the fastest in the Czech Republic, Slovakia and Croatia. Alma Markets invested in the future by hiring new employees, particularly in sales, and by strengthening the brand awareness of its recruitment services through investments in marketing.

Economic growth in the Czech Republic and Slovakia has been the fastest in the EU in several of the past few years, and their labour markets are highly active. However, strong economic growth and thriving labour markets can also reduce jobseeker activity and the number of job applications. Various services have been introduced to activate jobseekers. For example, Prace za Rohem, a mobile service that provides information on vacancies based on geographic proximity, is very popular in the Czech Republic. Alma Markets also launched the employer rating service Atmoskop during the year.

In the Czech Republic, the job advertising business has been successfully complemented by the training business. One example of this is the Seduo.cz online platform, which offers a comprehensive range of courses aimed at the needs of working life.

Alma Markets pursues organic growth as well as growth through acquisitions. During the reporting year, the Group's Croatian subsidiary, Tau on-line, acquired a 30% minority interest in Vrabotuvanje Online, the leading online recruitment service in Macedonia.

The competitive advantages of Alma Markets are its superior brand awareness and agile development organisations that are highly familiar with the local markets in several of the segment's operating countries.

Media is becoming a service

Alma Markets has a long history of providing clients with not only media advertising opportunities, but also business management tools and services. Real estate agents have access to a brokering system and information services. Recruitment business operations have invested in HR consulting and recruitment systems, for example. The service offering has also been expanded to cover ERP systems for the automotive trade. The Alma Markets segment's marketplace business aims to offer increasingly tailored and personalised services to consumers. Etuovi, the largest housing marketplace in Finland, is in a process of renewal. The new concept will include content and services that span the various stages of buying and moving to a new home: from dreaming about it to buying a new home and selling the old one, and extending all the way to moving into the new home and decorating it. The mobile version of the redesigned service was launched in autumn 2017. The goal is also supported by the acquisitions made during the year. Alma Mediapartners acquired full ownership of the renovation and construction marketplace Urakkamaailma.fi during the year. Alma Mediapartners previously held a 51% stake in the service. Alma Mediapartners also acquired a 25% minority interest in Muuttomaailma.fi, a competitive bidding platform for moving and relocation services, to complement its service offering.

Consumers are increasingly looking to use competitive bidding for their purchases and share their experiences of different service providers on online platforms. Autotalli.com launched a new mobility service in 2017 to give consumers a comprehensive overview of the various ways of gaining access to a car without ownership and to allow them to compare the relevant costs and operating models. In January 2018, Alma Markets strengthened its automotive service offering by acquiring the entire share capital of Autojerry.fi, a competitive bidding platform for car servicing, and Katsastushinnat.fi, an online service for comparing vehicle inspection services.

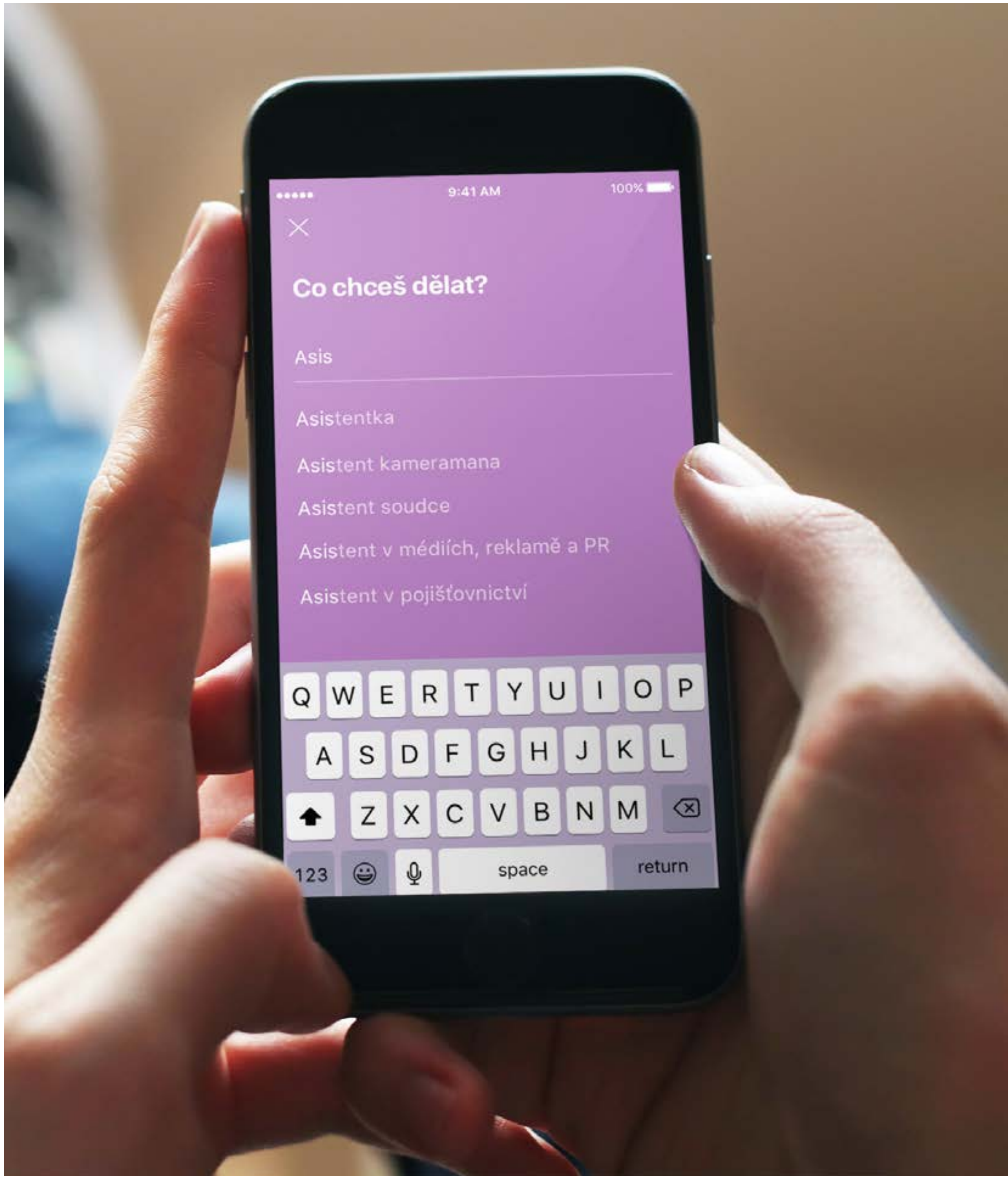
The aim of the marketplace business is to expand from the buying and selling of homes to provide a comprehensive range of housing-related services, and to expand from automotive services to mobility services in a broader sense.

Cornerstones of operations

- Active product development geared towards a better user experience or entirely new services with new revenue sources and revenue generation models.
- Continuous development of employees and operating methods, particularly by utilising best practices developed in different countries.

READ MORE

Read more about the Alma Markets business segment's financial performance in the Report by the Board of Directors and Financial Statements.



Alma Talent

Created by the merger of Alma Media and Talentum, the Alma Talent segment had its first official year of operations in 2017. After completing the integration project early in the year, the segment shifted its focus to normal business development with an emphasis on digital development. The segment's result for the year exceeded targets and the cost synergies expected from the merger were achieved.

In early 2017, Alma Talent developed its strategy with respect to the post-integration business unit's business portfolio, synergies, organisation and management. Alma Talent has a unique target group: its media channels and services reach two million influencers in Finland and Sweden. Going forward, Alma Talent also has a good opportunity to increase the value of content products by linking digital subscriptions with digital book contents or other database contents, for example.

Alma Talent's key objective is to rapidly move towards digital media and service business models. Increasing content revenue is a particular goal and the business segment's aim is that, in 2020, all Alma Talent media in Finland and Sweden will be paid media, also in the digital format.

The first development project under Alma Talent's new digital strategy was the redesigned Arvopaperi online service launched in January 2017. The redesign saw some of the articles on the website moved behind a paywall, accessible only to subscribers. The Talouselämä website was also redesigned during the year. In line with the strategy, content is made easily accessible across various channels, allowing the customer to decide whether to consume it in print or digital format. Kauppalehti also introduced subscriber-only Tähtijuttu star stories as part of the productisation of its content sales. All of these changes are aimed at increasing digital content revenue, which the segment achieved as planned in 2017.

Another example of digital development in 2017 was the KL Assistant, a Kauppalehti chatbot on the Facebook Messenger platform. KL Assistant delivers Kauppalehti news related to the reader's selected topics via the Messenger application or the Facebook message window at times specified by the reader. The goals of the KL Assistant project are to gather experiences of this new way of reading the news and to increase audience commitment.

Kauppalehti Optio celebrated its 30th anniversary by redesigning its content and visual appearance.

On the acquisition front, Alma Media took over full ownership of Mediuutiset during the year. Mediuutiset is an independent health care news media company for physicians, medical professionals and decision-makers that also organises industry events and seminars. Alma Talent previously held a 50% ownership share of Mediuutiset Oy.

Alma Talent Pro invested in digital information content and increased its cooperation with other Alma Talent units in areas such as the marketing and sales of products and services. The business of paid events and training developed particularly well in 2017, with some 6,500 people participating in 500 events and training functions. The online store of Alma Talent Pro, Finland's largest publisher of business books, was also redesigned during the year. In the training and book publishing business,

Alma Talent relies heavily on paid digital content and high-quality journalism. In 2017, the online editions of Arvopaperi and Talouselämä were redesigned and their contents were expanded. At the same time, some of the digital content was moved behind a paywall.

cooperation with expert authors in Alma Talent Pro's high-quality training modules was also found to be an effective operating model.

In Kauppalehti Business Information Services, investments in property information services and their development produced good results. Profitability was also improved by cost reduction measures carried out in the unit in 2017.

Significant restructuring measures were implemented in the Swedish media business in the previous year. The implemented measures helped bring about an upturn in the company's result. The next step is to seek new revenue through digital product development.

For the direct marketing unit Suoramarkkinointi Mega, the year was stable. The company continues to operate as an independent unit and it has not been functionally integrated with Alma Talent.

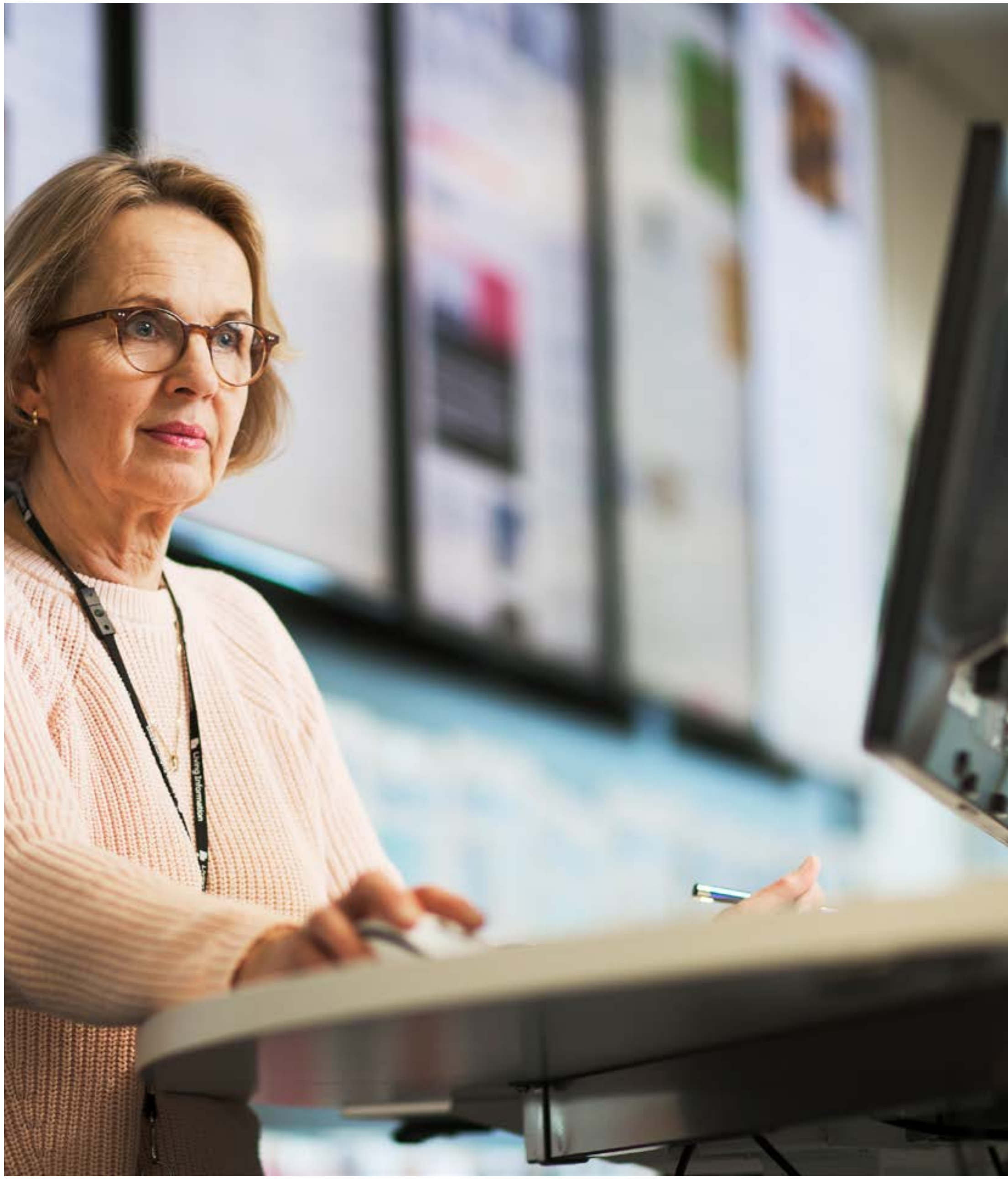
READ MORE

Read more about the Alma Talent business segment's financial performance in the Report by the Board of Directors and Financial Statements.

In 2017, focus was placed on content synergies in the book and training business: the ability to commercialise content produced by leading experts in their respective fields in the form of training events and books. Alma Talent Pro published 134 printed books and e-books in 2017.

Cornerstones of operations

- Alma Talent aims to help professionals reach the next level.
- We provide high-quality content and services that help our customers and readers achieve success in work and life.
- Our work is geared towards the leading professional target groups in Finland and Sweden.



Alma News & Life

Digital advertising continued to see strong growth in Alma News & Life in 2017.

The strategy of the Alma News & Life business segment is based on the growth of digital media, increasing cash flow from advertising-funded digital media and the growth of the service business. The chosen focus areas were clearly reflected in the development of the Alma News & Life business in 2017. Digital business now constitutes approximately half of the segment's revenue.

Iltalehti accounts for the majority of the Alma News & Life segment's revenue and digital advertising. Iltalehti's high reach and diversity of target audiences, combined with the investments made by Alma Media in recent years in the automation and effectiveness of advertising, were the factors contributing to the segment's growth in 2017. The growth of digital advertising in Alma News & Life has outpaced the market. With respect to advertising, good results have been achieved particularly in programmatic buying and mobile marketing, such as optimised rich media implementations. Growth has also been achieved through content marketing. Alma Media and the Alma News & Life segment's lifestyle media represented a growing share of content marketing production. The general decline in TV advertising was reflected in an increase in video advertising, also in Iltalehti.

Iltalehti's single-copy sales – the content revenue of the printed newspaper – declined, but not by as much as expected. Revenue from Iltalehti's special supplements increased slightly.

Iltalehti has adjusted its news profile and news content from traditional tabloid journalism towards higher-quality content produced by special editorial teams and current affairs teams. In 2017, the scope of news content was developed, particularly with respect to international news and domestic politics. Iltalehti has also invested in news applications, which are seen as a key tool for creating audience loyalty as content consumption increasingly moves to social media platforms. Iltalehti's news application was made more picture-oriented and significant steps were also taken in publishing technology during the year, which are expected to be reflected in a better user experience and reliability of service. One example of new applications launched during the year is the Iltalehti weather application. Iltalehti continued its multi-channel evolution as a news brand. At the beginning of 2017, it began producing radio news for Radio Nostalgia and Business FM. At the end of the year, these operations were expanded to cover Radio Nova and Radio Iskelmä. Radio Nova is Finland's most popular commercial radio station with 1.3 million weekly listeners. Iskelmä has over 700,000 listeners a week. (National Radio Survey, KRT).

IL-TV has established its position as one of Finland's most popular online TV channels, with 6,000,000 video starts per week. In 2017, Iltalehti also launched its first online talk show, Päivärinta Uncensored, which has been well received. At its peak, the audience for journalist Susanne Päivärinta's weekly live IL-TV talk show has exceeded 500 000 video starts, boosting the growth of Iltalehti's video advertising. In December 2017, Päivärinta Uncensored was selected as one of the three finalists in the talk show category in the Golden Venla Awards organised by the Finnish Television Academy. IL-TV also increased its live TV broadcasts late in the year following agreements signed with CNN and Reuters. Around the same time, IL-TV made a promising start to smartphone-based live broadcasts.

The automation of advertising has benefited Iltalehti, a newspaper with a high reach and diverse content.

In addition to evolving as a news media brand, Iltalehti has become a strong and increasingly well-known lifestyle media brand. Its content related to health, fashion, housing, travel and cars have found traction with their demanding audiences. One example of this success is Iltalehti's health editor Heljä Salonen being named Science Journalist of the Year in Finland.

The service business was dominated in 2017 by investments in the Matkapörssi service's new reservation system technology. The new-look online store makes it easy to buy package tours, flights and hotel accommodation from any device. Additional services, such as transport services, seat reservations and travel insurance, can also be bought as part of the booking process. Although the system updates were delayed due to technical problems, the travel services Matkapörssi and Rantapallo achieved a satisfactory result. The E-Kontakti dating service continued to see growth among the older age groups and maintained its robust profitability. Marketing cooperation with the Alma Markets segment's consumer services was developed further in Finland. The unit strengthened its human resources in the areas of content, marketing and technology.

Iltalehti has quickly become a major lifestyle media brand that is important to its readers.

Cornerstones of operations

- Multi-channel news and lifestyle media whose large audience enables it to have a strong position as a digital advertising medium.
- Active development of digital services that fit the publication profile.

READ MORE

Read more about the Alma News & Life business segment's financial performance in the Report by the Board of Directors and Financial Statements.

Alma Regions

Alma Regions continued to have a strong focus on the digital transformation of services as well as selling services to consumers and businesses in 2017. The business segment also implemented significant measures to improve profitability.

While the majority of Alma Regions' revenue is still derived from printed newspapers, the digital transformation moved ahead on several fronts in Alma Media's regional and local media in 2017. Digital subscriptions have increased in line with targets. At the same time, the majority of print subscribers have become active consumers of digital content in accordance with the business segment's paid content strategy.

The trend in the circulation of printed newspapers has been better than expected. Combined with increased subscription prices, this meant that Alma Regions' content revenue was substantially higher in 2017 than in the previous year.

The development of digital advertising sales also outpaced the overall market. Alma Regions has expanded its operations beyond its natural geographic area. The unit hired five regional sales managers in different parts of Finland to sell the Alma network and, in particular, regionally targeted advertising. There is natural demand for paid content, i.e. content marketing, and Alma Regions has responded to this demand by investing resources in the sales and production of content marketing in Satakunta, Pirkanmaa and Lapland.

Print advertising continued to decline, but the segment's own digital revenue, the Alma Media network's sales and content marketing revenue helped partly compensate for the decrease in print advertising sales.

Alma Regions' in-house product development completed the Tekes-funded Reviiri project during the year. The aim of the project was to study and implement a new kind of media platform. Among other things, Alma Regions experimented with geolocation-based content services. The groundwork laid down by the project will be built on further with the support of Google's Digital News Initiative Innovation Fund, which granted funding of EUR 300,000 to Alma Regions for the development of smart notifications for mobile services. Smart notifications make it possible to build an even more customised and meaningful user experience. They can be used to offer consumers targeted content according to their areas of interest, geographic location and time, among other things. Product development efforts in 2018 will include a comprehensive technological renewal of all of the unit's digital services.

Alma Manu's printing press increased its external revenue thanks to new customers. The printing press had a very high prime time capacity utilisation rate in 2017. The printing press has used product development to reach out to a broader customer base than before.

Alma Manu's distribution business is profitable and Jakeluyhtiö Suomi has provided additional revenue. Alma Manu's delivery staff also deliver letters and magazines along with the morning papers.

Alma Regions implemented profitability improvement measures in the publishing business in all regions. The largest change took place in Lapland, where the Pohjolan Sanomat brand was discontinued entirely. Following this change, Lapin Kansa is the only regional newspaper published in the Lapland region. In Satakunta and Pirkanmaa, operations were enhanced and centralised. Some services were outsourced. As a result of these measures, the number of employees was reduced by 35 person-years.

The goal of Alma Regions is paid content across all channels. Content subscriptions are full subscriptions that include both print and digital.

The focus of human resource development remained on improving leadership and management as well as boosting and diversifying the competencies required by the digital transformation.

Aamulehti's overall design was recognised as the best in the Nordic region in the annual newspaper design competition organised by the Society for News Design Scandinavia (SNDS). The award is one of the most renowned of its kind in the world and Aamulehti was the first-ever Finnish winner. Aamulehti also won four silver medals and one bronze medal in the Nordic competition. Aamulehti's visual design also received four honourable mentions in the international European Newspaper Award competition.

Selling the Alma network, particularly with regional targeting, is a significant source of competitive advantage for Alma Regions. In the Alma network, advertisers can select from Alma's full range of versatile online services.

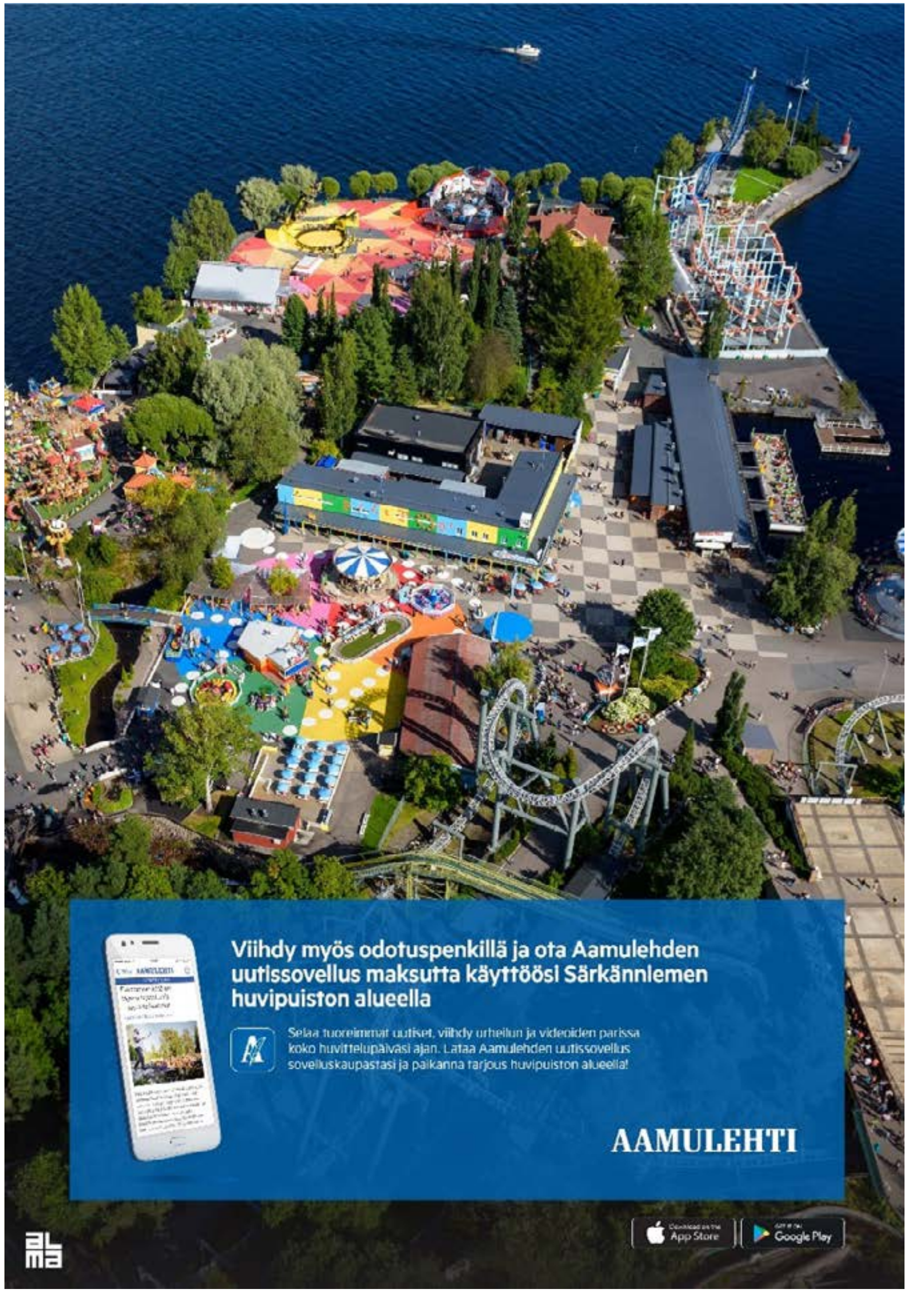
Lauri Nurmi, a political journalist who writes for Aamulehti and Lännen Media, received a journalism prize from Suomen Kuvalehti for his scoop concerning the Finns Party. In spring 2017, the Finnish Newspapers Association awarded Nurmi a prize for the best opinion piece of 2016 as part of the Story of the Year competition. Nurmi is currently a political journalist on the Aamulehti news desk.

Alma Regions' city papers Uusi Rovaniemi and Lounais-Lappi achieved excellent results in a competition organised by the Finnish Newspapers Association. Uusi Rovaniemi finished third in the best city paper category, while Greta Virranniemi's story won a silver medal in the best story competition. The first prize in the same competition went to an article on bullying at schools written by Tiina Nousiainen, the Editor-in-Chief of Lounais-Lappi. Nokian Uutiset finished third in its category in the best local paper competition.

Cornerstones of operations

- Strong cooperation in the newspaper family across all functions: content production, advertising sales, support functions, product development and maintenance.
- Partnerships and publisher cooperation, such as the multi-publisher content production company Lännen Media, the joint delivery company Jakeluyhtiö Suomi and the national newspaper-owned sales and marketing company Kärkimedia.
- The high competence of passionate and motivated employees and the continuous development of competencies.

READ MORE
Read more about the Alma Regions business segment's financial performance in the Report by the Board of Directors and Financial Statements.



CORPORATE RESPONSIBILITY

Responsible Alma Media

Alma Media takes a broad view of responsibility. It encompasses not only Alma Media's responsibility for the social, economic and ecological impacts of its operations, but also the responsibility media companies bear for the impact on society of the media content they publish.

In 2016, Alma Media defined its purpose as accelerating the sustainable growth of individuals, companies and society. This means that responsibility is an integral part of Alma Media's business and serves as a guideline for the development of all operations. A commercial media company must also bear social and ecological responsibility for its operations.

In addition to the purpose statement, Alma Media's operations as a responsible media company are guided by the megatrends influencing society, including the risks and opportunities they involve as well as Alma Media's values and responsibility programme.

The responsibility programme represents the Group's effort to find ways to exercise influence at the regional and national levels to address the challenges that have become significant global issues related to sustainable development. The drafting of the responsibility programme was also guided by the UN Sustainable Development Goals published in 2015 and the Finnish action plan based on them. The selected focus areas of Alma Media's responsibility programme are the aspects of sustainable development that Alma Media can best contribute to through its operations. They are: health and well-being (UN Sustainable Development Goal 3), quality education (Goal 4), decent work and economic growth (Goal 8), and peace and justice (Goal 16, related to the media's role as a social institution).

These four goals are closely linked to the four themes defined as the key aspects of Alma Media's corporate responsibility: Social responsibility, Responsible products and services, Responsible business and Responsible employer. As a company, Alma Media is a significant source of economic activity and vitality both directly, by employing more than 2,200 full-time employees, and indirectly, by purchasing products and services. As a media company, Alma Media is an important cornerstone of a pluralistic, democratic and equal society. It promotes citizens' opportunities to participate in social dialogue by providing high-quality, relevant and unbiased information on current topics. Through its digital services, Alma Media supports the sustainable growth of other companies' operations and provides individuals with tools for increasing their personal knowledge and competencies as well as solutions related to housing and careers.

Corporate responsibility in Alma Media has been divided into four themes: Social responsibility, Responsible products and services, Responsible business and Responsibility as an employer.

The themes have been presented in the materiality chart on the following page which illustrates how the different aspects of Alma Media's corporate responsibility are related to the themes.

"Alma Media's purpose is to accelerate the sustainable growth of companies, individuals, and society. Responsibility is an unseparable part of everything we do."

Kai Telanne, CEO, Alma Media

Alma Media's four themes are also linked with the UN's Sustainable Development Goals, especially these:

Materiality

Alma Media conducted a materiality analysis in 2016 to determine which areas of corporate responsibility are most material to the Group. In addition to the Group's own employees, the participants in the materiality assessment included other Alma Media stakeholders. Their views were surveyed by means of a questionnaire. The survey was completed by more than six thousand representatives of employees, private and corporate customers, investors and other stakeholders. As a result of the analysis, Alma Media defined its new corporate responsibility priorities. The work then continued in 2017 when Alma Media set objectives for each aspect of corporate responsibility.

- Social responsibility
- Responsible products and services
- Responsible business
- Responsibility as an employer

	Material: financially significant in the short/ medium term	Strategic: significantly affects the capacity to implement the strategy in the medium/long term	Operational: significant for other reasons, but not material or strategic
Aspects that are unique to the media sector	Responsible journalism; Responsible marketing		
Aspects that have particular consequences for the media sector	Information security and data protection	Social influence	
Aspects that are common to all industries	Transparency and ethics in business; Developing competence and well-being	Equal and diverse work community; Responsibility throughout the supply chain	Environmental impacts of operations

Management of corporate responsibility

Responsibility is an integral part of Alma Media's day-to-day business and it influences all decisions.

The Group's Board of Directors:

- Participates as needed in the development of corporate responsibility strategy as part of its strategic planning.
- Starting from the 2017 financial year, regularly monitors the progress of Alma Media's responsibility programme when Alma Media publishes its non-financial report.

The Group Executive Team:

- Decides on strategic policies related to corporate responsibility and monitors the implementation of the corporate responsibility programme.
- In 2017, the Group Executive Team approved the objectives set for different aspects of corporate responsibility and the guidelines for Alma Media's future social responsibility programme, among other things.

Alma Media's Senior Vice President of Communications and Brand:

- Leads the practical implementation of Alma Media's responsibility programme, assisted by Alma Media's Corporate Responsibility Manager and the Corporate Communications function.

Units' management teams and managers in charge of functions:

- Monitor the achievement of corporate responsibility objectives at the level of Alma Media's units.
- Their responsibilities are presented in more detail in the Description of the management of corporate responsibility on pages 34–38.

The key guidelines and principles governing Alma Media's corporate responsibility are Alma Media's corporate responsibility guidelines, the UN Sustainable Development Goals and the UN Global Compact principles, Alma Media's Code of Conduct and the FIBS diversity network undertaking. Alma Media is also committed to the targets of Paris Pledge for Action.

Description of the management of corporate responsibility

In reporting the information, Alma Media adheres to the Global Reporting Initiative (GRI) guidelines where applicable, except in the area of responsible journalism. The Global Reporting Initiative has not yet updated the aspects specific to the media sector to keep them in line with the GRI reporting guidelines. Alma Media is therefore reporting on the responsible journalism aspect in accordance with the GRI G4 reporting framework, which preceded the GRI guidelines.

Social responsibility / Responsible journalism

GRI aspects	Significant funding and other support received from non-governmental sources: M1 Content creation: M2, M3 Content dissemination: M4 Political contributions: 415-1
Reporting boundaries	The reporting covers all of Alma Media Group's media outlets.
Management approach	The responsibility for the journalistic content of Alma Media's media lies with the Editors-in-Chief, assisted by editorial supervisors. Alma Media's various media and other business units are politically independent. The Group's executive management is responsible for this. Policies and guidelines: Alma Media's Code of Conduct, Guidelines for Journalists issued by the Council for Mass Media, the editorial offices' own style books and guidelines, legislation.
Objectives	In their role as a source of information, all Alma Media journalists and editorial offices act transparently and responsibly under all circumstances. Readers have a long-term commitment to Alma Media's media outlets and characterise them as high in quality and reliability in reader surveys.
Actions	Continuous development and evaluation of the internal practices of Alma Media's editorial offices and developing employee competence among editorial teams (feedback practices and various types of coaching and training). Active participation in various responsible journalism events and organisations to develop operating practices within Alma Media and in the media sector at large.
Feedback channels	Readers who are dissatisfied with a story published by Alma Media can send feedback to the editorial team or submit a request for correction.

Social responsibility / Social influence

GRI aspects	Media skills: M7
Reporting boundaries	M7: The reporting covers all of Alma Media Group's media outlets.
Management approach	Alma Media's social projects at the national level in Finland are coordinated by the Corporate Communications. In foreign units, social projects are coordinated by the business unit's management in accordance with Alma Media's purpose and Code of Conduct. Social responsibility projects at the regional level in Finland are coordinated by the business units in accordance with Alma Media's purpose and Code of Conduct. The Corporate Communications serves an assisting role in the projects, if necessary. Policies and guidelines: Alma Media's Code of Conduct, Alma Media's corporate responsibility programme, ommitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), legislation
Objectives	Developing citizens' media skills, with the primary target group being schoolchildren and young people. Making Alma Media's purpose concrete and visible among Alma Media's stakeholders.
Actions	Alma Media will carry out at least one social or media education project at the national level in Finland each year. In 2018, Alma Media will also launch a three-year school visit project. Social responsibility projects and Alma Media's key corporate responsibility themes are prominently and systematically communicated in various communication channels, customer events and stakeholder events.
Feedback channels	Alma Media's customers can contact Alma Media's Corporate Responsibility Manager regarding any questions concerning the Group's social projects.

Responsible products and services/ Information security and data protection

GRI aspects	Substantiated complaints regarding breaches of customer privacy and losses of customer data: 418-1
Reporting boundaries	The reporting covers all units.
Management approach	Alma Media Group's General Counsel is responsible for the regulatory compliance of Alma Media's services with respect to information security and data protection. The Chief Digital Officer and the Data Protection Officer, together with the Group's ICT organisation, are in charge of the technical development of services and the development of employee competence. Policies and guidelines: Alma Media's own data protection practices, EU data protection regulations, national legislation in Alma Media's operating countries and the self-regulation programmes Alma Media has made a commitment to.
Objectives	Services and systems that comply with regulations. Zero instances of reprimands by the authorities and zero serious information security breaches.
Actions	Ensuring the data protection and information security competence of the Group's employees through internal training. Technological development and procurement. Active participation in various organisations related to data protection and information security.
Feedback channels	Alma Media's customers can contact the persons in charge of data protection issues at Alma Media via the e-mail address published in the Group's privacy policy.

Responsible products and services / Responsible advertising

GRI aspects	Incidents of non-compliance concerning marketing communications: 417-3
Reporting boundaries	The reporting covers all units.
Management approach	Alma Media's media sales and marketing organisation is in charge of the development of responsible marketing communication practices. In digital marketing software procurement, the media sales function is assisted by Alma Media's Chief Digital Officer and the rest of the ICT organisation. Policies and guidelines: IAB guidelines, The marketing rules of the International Chamber of Commerce, Principles concerning good marketing practices, Europe-wide self-regulation of targeted online advertising (OBA self-regulation), Contractual terms and terms of sale concerning the advertising customers of Alma Media's media sales, relevant legislation.
Objectives	Alma Media operates responsibly and ethically in the rapidly digitising field of marketing communications. Alma Media engages in active dialogue to spread responsible marketing communication practices among industry operators.
Actions	Alma Media's media sales organisation pursues the long-term development of the management and monitoring of digital advertisements through various technology purchases and by investing resources in developing the competence of its employees and partners, particularly in the field of digital advertising and marketing. Active participation in various responsible advertising and marketing events and organisations to develop operating practices within Alma Media and in the marketing communications sector at large.
Feedback channels	Customers who are dissatisfied with an advertisement published by Alma Media can submit a complaint to Alma Media's media sales organisation or contact the Editor-in-Chief responsible for the media outlet that published the advertisement.

Responsible business / Transparency and ethics in business

GRI aspects	Direct economic value generated and distributed: 201-1 Financial assistance received from government: 201-4 Corruption and anti-competitive behaviour: 205-3, 206-1 Non-compliance with laws and regulations: 419-1
Reporting boundaries	The reporting covers all units.
Management approach	The Group's senior management are responsible for the ethicality and transparency of Alma Media's business operations. Policies and guidelines: Alma Media's Code of Conduct, Alma Media's tax policy (drafted in 2017), commitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), legislation. Alma Media applies the IFRS accounting standards approved for use in the EU.
Objectives	Alma Media has a zero tolerance policy with respect to corruption, bribery and other unethical business practices. The goal is to have zero reprimands issued against the Group by the authorities.
Actions	Alma Media is developing its tax footprint reporting. All new Alma Media employees complete an online course on the Group's Code of Conduct when joining the company.
Feedback channels	Alma Media has a fully secure whistleblowing channel provided by an external partner to allow employees to file anonymous reports on suspected unethical or illegal activities.

Responsible business / Responsibility throughout the supply chain

GRI aspects	Supply chain: 102-9
Reporting boundaries	102-9: A detailed description of the supply chain has been possible to compile from Finland only
Management approach	The development of a responsible procurement policy and Group-level procurement at Alma Media is the responsibility of the Group's Chief Procurement Officer. The development of the procurement policy of Alma Media's printing and distribution company Alma Manu is the responsibility of the Quality Manager and Logistics Manager. Alma Media's Chief Digital Officer and Chief Information Officer are in charge of developing the responsibility of ICT procurement at the Group level. Policies and guidelines: Alma Media's Code of Conduct, Alma Media's procurement policy (drafted in 2017), commitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), legislation.
Objectives	Subcontractors familiarise themselves with Alma Media's corporate responsibility principles and Code of Conduct and agree to comply with them, where applicable, in addition to complying with the law. All of Alma Media's key subcontractors will have their own long-term climate targets by 2025.
Actions	Alma Media encourages all of its key subcontractors to set long-term climate targets for themselves by engaging in annual dialogue on climate-related actions with them. Alma Media's corporate responsibility principles are described in an appendix to subcontracting agreements. All new Alma Media employees complete an online course on the Group's Code of Conduct when joining the company.
Feedback channels	Alma Media has a fully secure whistleblowing channel provided by an external partner to allow employees to file anonymous reports on suspected unethical or illegal activities.

Responsible business / Environmental impacts of operations

GRI aspects	Materials: 301-1 Energy: 302-1, 302-2, 302-4, 302-5 Emissions: 305-1, 305-2, 305-3, 305-5, 305-7 Non-compliance with environmental laws and regulations: 307-1 Negative environmental impacts in the supply chain and actions taken: 308-2
Reporting boundaries	301-1, 302-5: The reporting only covers Alma Media's printing operations, which is the Group's only material-intensive function. 302-1, 302-4, 305-2, 305-5 (Scope 2 emissions): For certain small properties for which electricity consumption data is not available, consumption has been estimated based on the average room height of the office premises and an average annual electricity consumption figure. The same calculation method is also applied to properties whose floor area is not known. 305-1, 305-5 (Scope 1 emissions): The reporting covers the leasing cars of Alma Media's operations in Finland and the leasing cars of LMC (Czech Republic), which together represent approximately 90% of Alma Media's leased vehicles. 308-2: Collecting the data has only been possible in Alma Media's Finnish units.
Management approach	The management of each of Alma Media's business units is responsible for developing more environmentally friendly products and services and, for their part, contributing to Alma Media's achievement of its long-term environmental targets. Policies and guidelines: Alma Media's Code of Conduct, commitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), legislation.
Objectives	The CO_2 emissions caused by Alma Media's own operations (inc. Scope 1 and Scope 2 emissions) will be reduced by 21% by 2025 (benchmark: 2016). Alma Media will improve the energy efficiency of its properties in Finland by five per cent by 2020. Alma Media will shift to zero-emission electricity in its Finnish operations by 2020. Alma Media's printing unit will improve its material efficiency by two per cent annually until 2025.
Actions	Alma Media will improve the energy efficiency of the properties it owns and controls in Finland by active facility management and energy efficiency projects. Alma Media's printing unit will reduce the amount of waste paper by developing its processes and conducting material testing on a regular basis. Alma Media will discontinue the use of non-renewable electrical power in Finland by 2020.
Feedback channels	Alma Media's customers who have questions or concerns regarding the environmental impacts of printing and delivery operations can contact Alma Manu's Quality Manager (printing operations) or Logistics Manager (transport) via the customer service e-mail published on the Alma Manu website. The contact person for enquiries related to the environmental impacts of properties controlled or owned by Alma Media is Alma Media's Facility Manager.

Responsibility as an employer / Developing employee competence and well-being

GRI aspects	Employment: 401-1, 102-8 Occupational health and safety: 403-2, 403-3 Competence development: 404-2, 404-3
Reporting boundaries	404-3: Collecting the data has only been possible in Finland.
Management approach	Alma Media's HR function defines and manages the processes and functions related to the development of employee competence and management, compensation, benefits and HR reporting. Policies and guidelines: Alma Media's Code of Conduct, Alma Media's equality and non-discrimination principles and equality and diversity plans at the unit level, Alma Media's training policy, Alma Media's remuneration policy, The diversity policy of Alma Media's Board of Directors, legislation.
Objectives	Continuous development of employee competence as a response to the challenges brought by digitalisation. Longterm development of management and leadership. Reducing occupational accidents among Alma Media's delivery employees.
Actions	Alma Media engages in the long-term development of management and leadership by various means, including training, improving managers' evaluation and feedback practices and enhancing the management tools available to them. Alma Media continuously develops its employee training with the aim of making training more agile and needs-driven. Setting annual targets for the employees' competence development in one-to-one performance reviews.
Feedback channels	Primary channels: one-to-one discussions between managers and subordinates, team meetings, employee surveys. In the event of a conflict, the employee can first contact HR, an occupational safety and health representative or delegate. Following these, other parties may be involved in the process as necessary, depending on the case (such as the occupational health care provider and trade unions).

Responsibility as an employer / Equal and diverse work community

GRI aspects	Diversity of governance bodies and employees: 405-1 Non-discrimination: 406-1
Reporting boundaries	The reporting covers all units.
Management approach	Ensuring that HR policies are non-discriminatory is the responsibility of the units' managers in charge of recruitment as well as Alma Media's HR management. Policies and guidelines: Alma Media's equality and non-discrimination principles and equality and diversity plans at the unit level, Alma Media's Code of Conduct, commitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), the FIBS diversity network undertaking, legislation.
Objectives	All Alma Media employees are treated equally and fairly. The employees of Alma Media are recruited based on their abilities and aptitude, irrespective of their gender, age, religious beliefs, nationality, sexual orientation or disabilities. Continuous development of employer branding campaigns, correct forecasting and fulfillment of skills needs.
Actions	Alma Media units draft unit-level equality, diversity and non-discrimination plans at two-year intervals. The achievement of the goals outlined in the plans is monitored. The construction of the employer brand will be boosted by modeling Alma Media's employer value proposition. Recruiting talents: trainee programmes, co-operation with universities, more efficient use of social media channels.
Feedback channels	Primary channels: one-to-one discussions between managers and subordi-nates, team meetings, employee surveys. In the event of a conflict, the employee can first contact HR, an occupational safety and health representative or delegate. Following these, other parties may be involved in the process as necessary, depending on the case (such as the occupational health care provider and trade unions).

Responsible journalism

Social responsibility

Alma Media's editorial offices are committed to full compliance with the law and industry self-regulation.

Responsible media companies in Finland operate within the limits set by the Guidelines for Journalists as well as the legislation that governs freedom of speech, freedom of expression and the operations of the media. The Guidelines for Journalists are drafted by the Council for Mass Media, which is the media sector's self-regulatory organisation. In many respects, the guidelines impose stricter standards on media outlets than what the law requires. The goal of regulation is to establish consistent practices for responsible journalism. Among other things, the Guidelines for Journalists cover responsible citation practices, interviewees' rights, publishing corrections to inaccurate information and the need to distinguish between advertisements and journalistic content.

To ensure the transparency and ethicality of their operations, responsible Finnish media companies have also granted the Council for Mass Media the authority to monitor their operations. Led by its chairman, the Council for Mass Media meets 10–11 times per year to handle complaints reported regarding the actions of Finnish media outlets. If the Council finds that a media outlet has violated good journalistic practice, it issues a reprimand. A severe reprimand is issued for gross violations. The Council's decisions are important, as they often serve as precedents in the media sector. In doing so, they shape editorial practices in the field of content production, which is changing rapidly due to the digital transformation.

Alma Media's editorial offices monitor the Council's decisions closely and perceive them as one way to develop the responsibility of operations. Other inputs used by Editors-in-Chiefs and other senior members of editorial teams in the development of journalistic practices include reader feedback on previous stories and the results of reader surveys. They also monitor the public discussion surrounding media and the way it operates. The content meetings of editorial teams, which Alma Media's editorial offices hold as part of planning their day-to-day work, always include a review of feedback. In many editorial offices, the internal feedback practices also include managers regularly sending written feedback to their subordinates regarding the day-to-day work of the editorial office and arranging workshops for their subordinates. Alma Media's editorial offices also have their own style books that provide a comprehensive description of policies related to the media brand and responsible journalism. The editorial offices also have separate guidelines related to, for example, fact checking and the use of social media.

Responsible media fights for high-quality journalism

In addition to the responsibility efforts related to day-to-day journalism, Alma Media's media outlets are always looking for ways to develop responsible journalism through joint projects. As one of their first shared steps in the fight against fake news, Alma Media's editorial teams set two goals in 2017 aimed at supporting the development of responsible journalistic practices at Alma Media's editorial offices.

The first goal was that Alma Media's editorial offices' combined share of the condemnatory decisions issued by the Council for Mass Media should not exceed 20 per cent of the total condemnatory decisions issued in any given year. This target can be adjusted if the combined total weekly reach of Alma Media's media outlets changes significantly from the current level of approximately 74 per cent (Finns aged 15–74).

The second goal set by Alma Media's major media outlets involves setting their own targets for the quality and reliability of content by the year 2019 and monitoring their progress by means of regular reader surveys. One of the key development projects in the area of responsible journalism in Alma Media's editorial offices in 2018 will be to implement regular reader surveys at those of the Group's major media outlets that are not yet using them. In conjunction with this, the lessons learned from the surveys used to assess readers' impressions that were implemented by Iltalehti and Alma Media's regional media in 2017 will be reviewed to determine how the measurements and their use can be developed further.

Focus areas for the development of corporate responsibility in 2018

In addition to the project related to surveys aimed at assessing readers' impressions, Alma Media's media outlets have decided to launch a joint action programme in 2018 to find ways to minimise errors, which inevitably happen in journalistic work on occasion, and harmonise error correction practices between different editorial offices. The action programme will coincide with an extensive internal training project aimed at providing journalists with tools for producing even more high-quality content for various channels.

In order to strengthen the trust of readers and other stakeholders in media as an institution, Alma Media's editorial offices aim to become more active in presenting their editorial processes to audiences

To create a strong editorial culture, the management of the editorial team must actively supervise and guide team members in their work, give feedback as part of day-to-day work and review existing practices based on emergent development needs. In 2017:

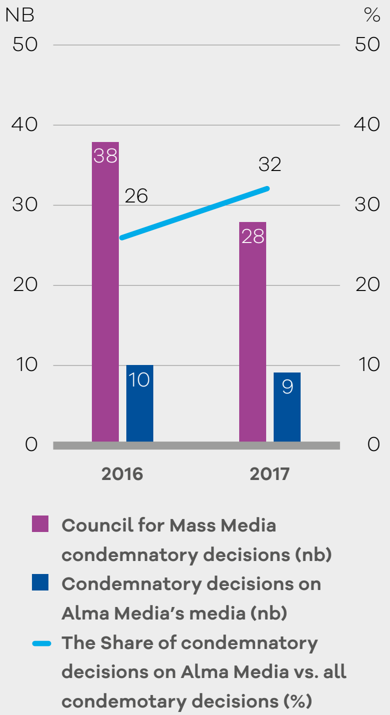
- Lapin Kansa, Satakunnan Kansa, Aamulehti and Iltalehti began conducting regular reader surveys to monitor reader perceptions regarding their reliability and credibility.
- Aamulehti updated its internal guidelines regarding journalists' ties and connections.
- Iltalehti launched a project to establish a reliable commenting platform. The existing content commenting systems of many media outlets are based on social media networks that have been unable to take effective action against the abuse of their platforms. Iltalehti also started a quality project focused on the accuracy of headlines.
- Alma Media's financial media held a large joint seminar in October to refine editorial practices by discussing example stories. External experts were also on hand at the seminar to share their views.
- Alma Media's major media outlets established a fixed-term fact checking team at the end of the year. The team's purpose was to check the truthfulness of claims made by candidates in the Finnish presidential election. In the future, the method will be used in other occasions.

"The Editor-in-Chief and his or her subordinate news editors are responsible for creating a strong editorial culture and ensuring that all members of the editorial team understand their professional responsibilities and act accordingly."

Arno Ahosniemi,
Senior Editor-in-Chief, Alma Talent

outside the industry as well. In a three-year project starting in 2018, volunteers from the Alma Media organisation will visit schools to talk about the practices followed at Alma Media's editorial offices and highlight the differences between news and fake news (see page 43 for more information). Alma Media's editorial offices are also experimenting with different ways of sharing information on their journalistic process. One example of this is the way that Alma Media's fact checking team, established in late 2017, complements the stories it publishes with a detailed explanation of the journalistic process by which the fact team's stories are created. Further initiatives of this nature will be tested in 2018, and Aamulehti has already decided that the editorial team will begin to shed light on the journalistic process behind significant stories published in the Aamulehti online service. The newspaper will establish this new practice in 2018.

Council for mass media condemnatory decisions in Finland 2016–2017



Alma Media's media outlets did not achieve their goal related to condemnatory decisions issued by the Council for Mass Media in the first year of having the target in place. Their combined share of all condemnatory decisions issued by the Council for Mass Media in 2017 was 32 per cent. In total, the Council issued 28 condemnatory decisions in 2017, with nine of these decisions concerning Alma Media's media outlets.

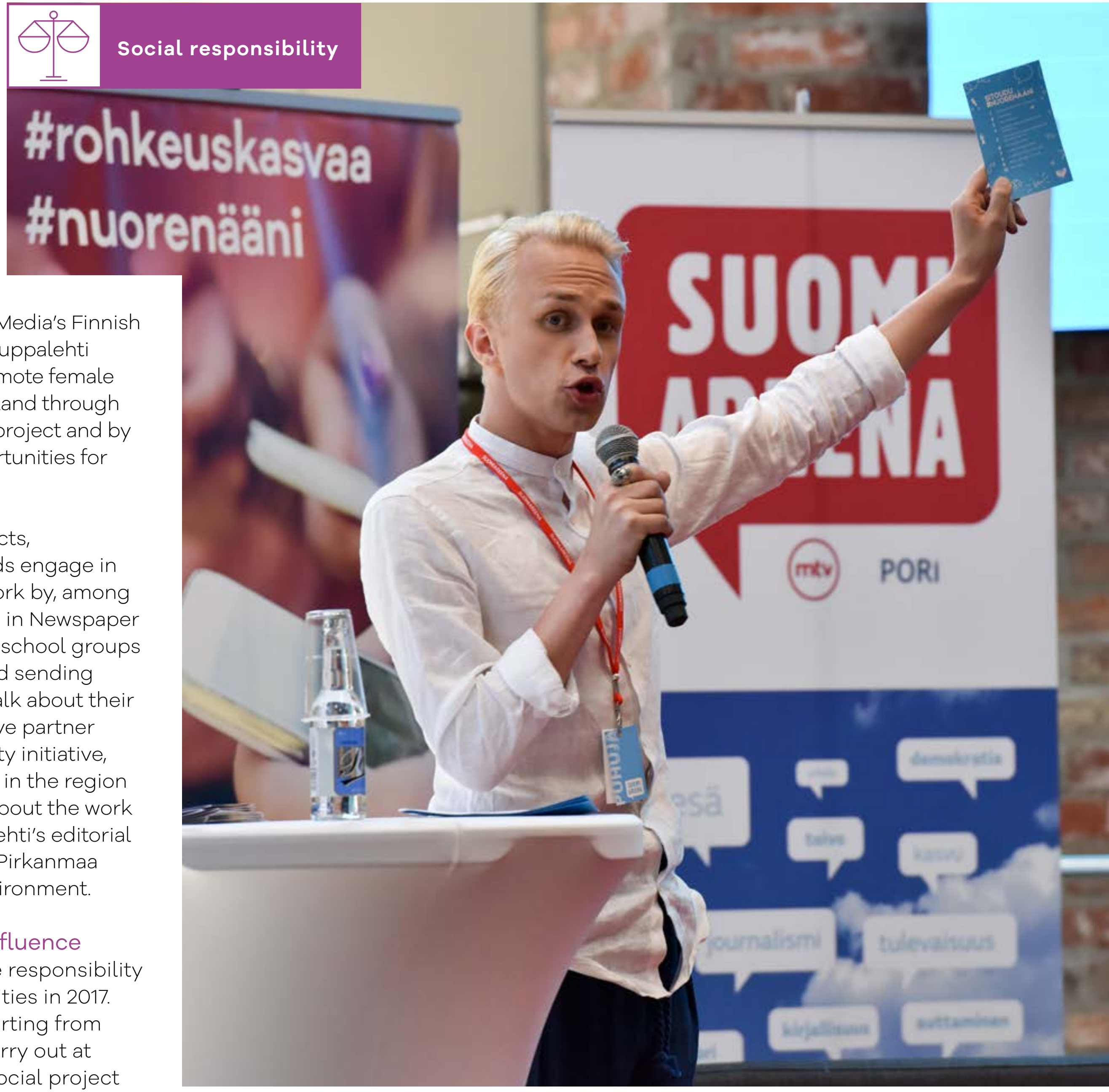
The majority of the condemnatory decisions against Alma Media's media outlets involved surreptitious advertising. The number of condemnatory decisions issued by the Council for Mass Media regarding surreptitious advertising has increased across the entire industry in recent years due to the constant development of the rapidly growing field of content marketing. Condemnatory decisions have been received because the editorial offices' operating methods related to content marketing have not been fully established and the publishing technology available to the editorial offices has not always enabled sufficiently careful labelling of advertisements.

In addition, Alma Media's media outlets received several condemnatory decisions from the Council in 2017 regarding the incorrect communication of information due to reasons such as not being sufficiently critical of sources or failing to carry out adequate fact checking.

Why is responsible journalism important for society?	Why is responsible journalism important for Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
The traditional media must be able to provide a strong opposing force to content confusion and disinformation. Fake news have been shown to increase social frustration and the sense of exclusion among people who follow them, as well as influence people's voting behaviour in elections.	The task of Alma Media's media outlets is to build sustainable social development as well as to defend freedom of speech and democracy. As a commercial media company, Alma Media's business model is based on the trust that readers, advertisers and other stakeholders have in its contents. If this trust were to crumble, so would the Group's business.	Pluralistic, unbiased and high-quality content and responsible, transparent journalistic processes. Maintaining the trust of Alma Media's stakeholders.	Introducing regular surveys to assess reader impressions of Alma Media's regional media and Iltalehti.	Extending reader surveys to cover all of Alma Media's major media outlets and setting related responsibility targets; initiatives aimed at making journalistic practices more transparent.

Social influence

Social responsibility



A responsible modern company must create added value for society and be an active member of its community.

Alma Media puts social responsibility into practice each year by organising local, regional and national campaigns, projects and events that promote regional vitality, economic activity and community spirit.

Alma Media's regional media brands, for example, support local junior sports and culture. They also participate in the activities of regional entrepreneur networks. They organise discussion events that bring businesses, citizens and various societal operators together and promote awareness and influence related to issues of regional and social significance. The Alma Media units that produce digital services in Eastern Central Europe have ongoing social projects aimed at preventing economic and social marginalisation. Kauppalehti promotes entrepreneurship, business growth, employment and increased appreciation for businesses. It addresses the preconditions and success factors behind growth-oriented entrepreneurship in many ways; for example, by organising the annual Kasvajat tour ("Growth Company tour") and Menestyjät project ("Achiever project"). Alma Media's Finnish financial media brands, Kauppalehti and Talouselämä, also promote female business leadership in Finland through the annual Päättäjänaiset project and by creating networking opportunities for female business leaders.

In addition to social projects, Alma Media's media brands engage in ongoing media literacy work by, among other things, participating in Newspaper Week campaigns, inviting school groups to visit editorial offices and sending journalists to schools to talk about their work. Aamulehti is an active partner in the national Me & MyCity initiative, which gives sixth-graders in the region the opportunity to learn about the work that takes place at Aamulehti's editorial office when they visit the Pirkanmaa Me & MyCity learning environment.

Targets set for social influence

Alma Media set corporate responsibility targets for its social activities in 2017. The first target is that, starting from 2018, Alma Media must carry out at least one national-level social project or media education project in Finland each year.

The national-level social projects and media education projects are managed by Alma Media's Corporate Communications unit. The second target is directly related to the Corporate Communications function. It states that Corporate Communications will use at least 300 man-hours annually on the planning and coordination of social projects and media literacy projects. The third target, which is related to Alma Media's media education efforts, is that Alma Media employees will go on at least 150 school visits in Finland in 2018–2020.

The shared targets serve as a foundation for cooperation between Alma Media's units aimed at increasing the impact of social projects and media literacy projects. The goal is that Alma Media's units will use their resources in a more targeted manner in accordance with the themes of the corporate responsibility programme and share best practices between themselves.

Focus areas in the development of corporate responsibility in 2018

In 2018, Alma Media aims to improve the impact and visibility of its social projects and media literacy projects. Achieving this goal calls for even closer cooperation between Alma Media's units, increasing internal and external communication and engaging Alma Media's key social partners in responsibility-related cooperation.

The piloting of new operating methods began in February 2018 with a three-year school visit project launched in Finland. The aim of the project is to encourage as many Alma Media employees as possible to go on school visits to discuss the role of responsible media in society and educate young people on the difference between real news and fake news. The employees of Alma Media's editorial offices going on school visits is nothing new, but this project marks the first time that common Alma-level materials have been prepared for them to use on their visits.

The school visit project is implemented in close cooperation with Alma Media's long-term partner, the Finnish Children and Youth Foundation (FCYF). FCYF's expertise and school contacts to upper comprehensive schools and Valma classes geared towards preparatory vocational education will benefit the project. FCYF also provides orientation training to Alma Media employees before they go on visits to Valma classes and assists them in preparing the materials for the visits.

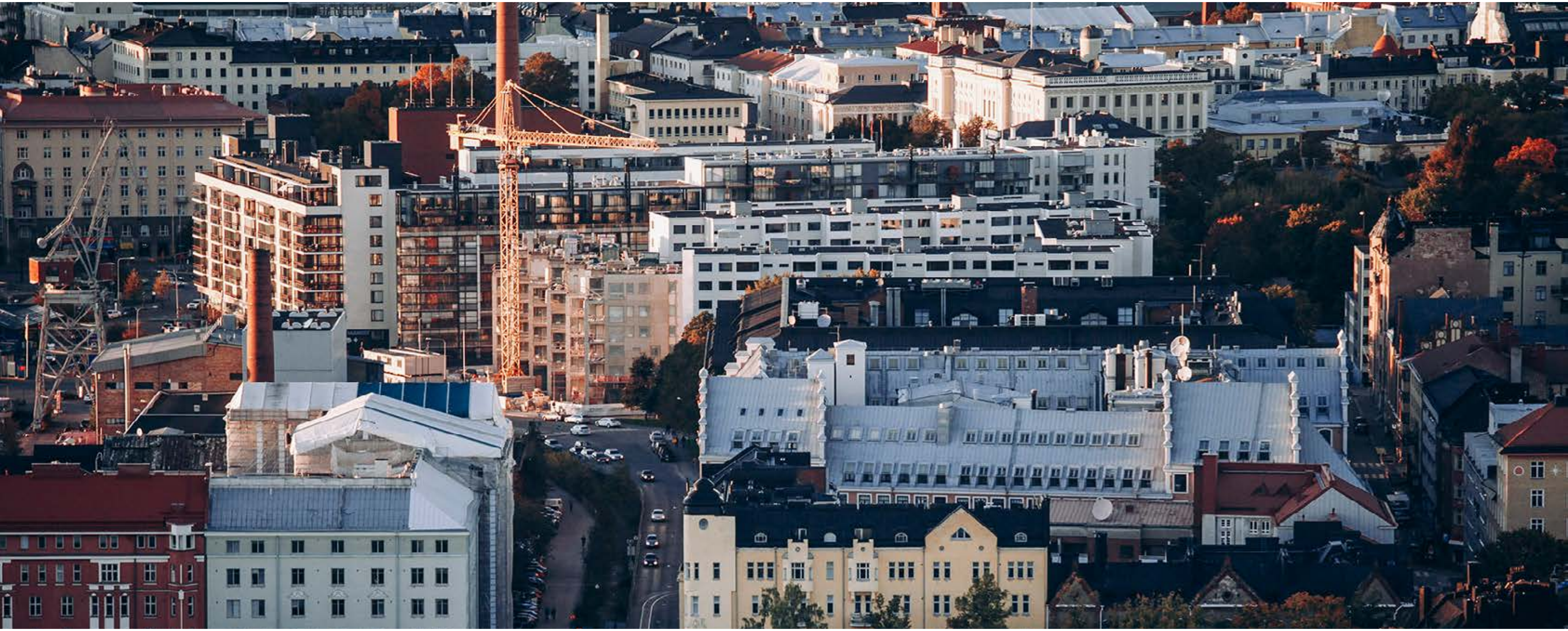
In 2018, Alma Media will also cooperate with the Cancer Foundation. The cooperation project being implemented in the year that marks the Foundation's 70th anniversary aims to promote research and development related to cancer prevention and treatment.

Alma Media's regional media and Iltalehti will also participate in the project by publishing content related to the subject in 2018.

Social influence – Highlights in 2017

- Media education: Aamulehti, Satakunnan Kansa, Iltalehti and Lapin Kansa provided more than 150,000 newspapers free of charge to schools for use in teaching during the year.
- Supporting NGOs: Direct donations to NGO activities in Finland totalled approximately EUR 54,000 in Finland and about EUR 35,000 in the Czech Republic. The LMC recruitment service in the Czech Republic supported NGOs by providing them access to recruitment services for a nominal fee of one euro. The computational value of this initiative was approximately EUR 4.1 million in 2017, with more than 4,000 permanent jobs filled.
- Preventing marginalisation: Alma Media's recruitment services in Finland, Hungary, Lithuania, Croatia, Latvia and the Czech Republic provided job seeking advice free of charge to selected target groups (such as young people and the unemployed).
- Stakeholder engagement: Alma Media and the Finnish Children and Youth Foundation conducted a joint campaign on hate speech, fake media and antagonism, which culminated in a discussion held at the SuomiAreena event in Pori in July 2017. Lapin Kansa continued the Digimpi Lappi ("A More Digital Lapland"), launched in 2016, with regional partners.

Why is corporate social responsibility important for society?	Why is corporate social responsibility important for Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
Companies have access to intellectual capital and financial resources that they can use to create value for society and their stakeholders. Achieving socially significant changes is not possible without corporate support.	As a media agency, Alma Media's core task is to participate in building society, solving problems and creating a foundation for sustainable economic growth and individual freedom. Social responsibility also strengthens Alma Media's brand and creates increased commitment among key stakeholders, such as employees and the consumers of Alma Media's products and services.	Accelerate the sustainable growth of individuals, companies and society in Alma Media's operating countries. Strengthen Alma Media's brand image as an active member of society among key stakeholders.	Partnerships (e.g. FCYF, Pink Ribbon cooperation with the Cancer Foundation, various regional and local partnerships), media education efforts by editorial offices (school visits, Newspaper Week campaign activities), supporting stakeholders (e.g. Kauppalehti's Menestyjät project and Kasvajat tour, LMC's support for NGO recruitment in the Czech Republic).	Cooperation with the Cancer Foundation, starting Alma Media's school visit project, enhancing internal and external communication related to social projects and media education projects.



Information security and data protection

As the collection and utilisation of data becomes an increasingly pivotal aspect of companies' business operations, issues related to privacy protection and the responsible processing of information take on a more and more important role.

Alma Media also collects data from various sources with the aim of delivering better targeted digital content and services to consumers and reliable first-party and second-party data to advertisers, for example. To ensure security, the company continuously invests in the development of systems, services and employee competence and, in 2017, the company set targets related to the responsible development of information security and data protection.

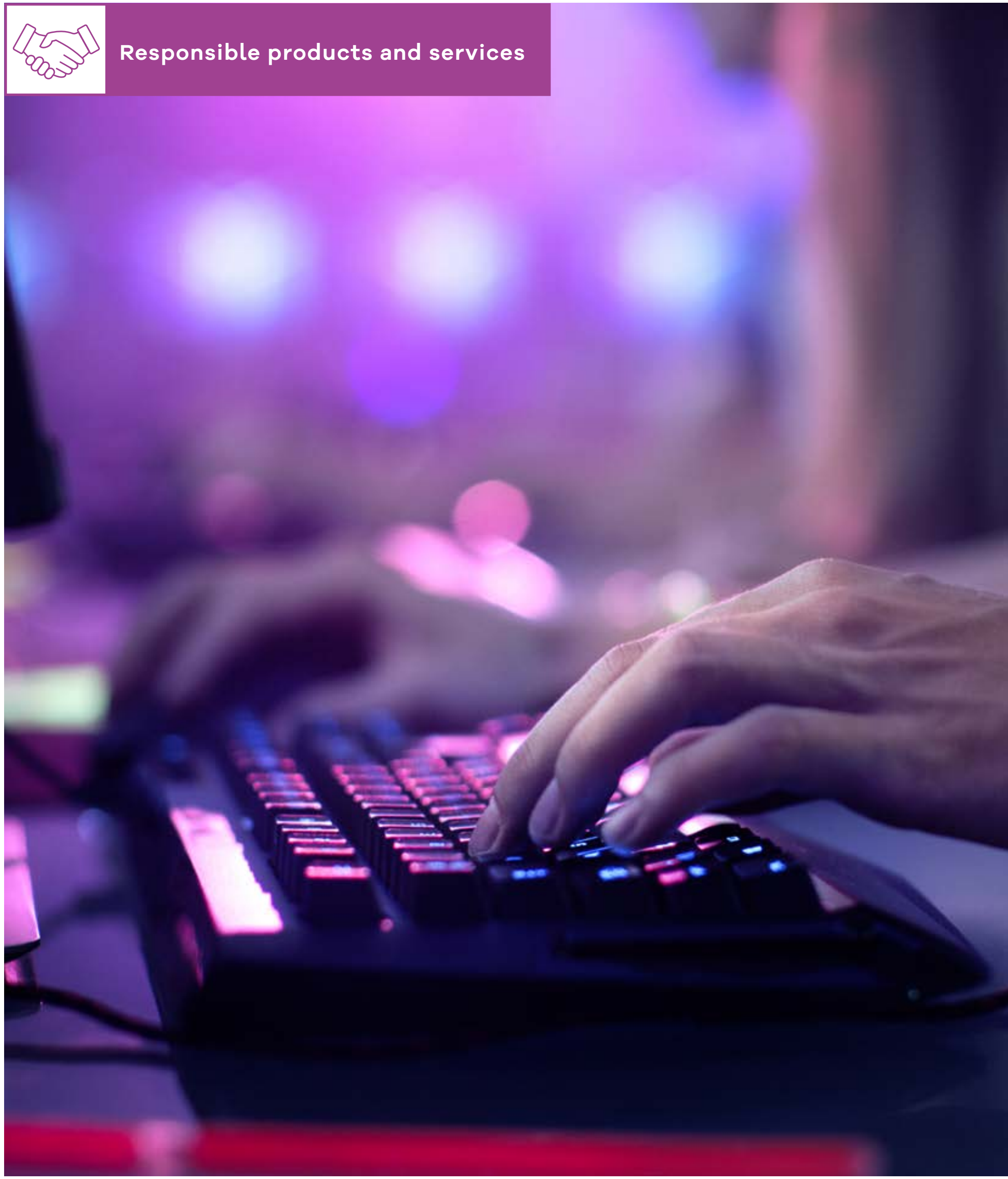
The first target is that Alma Media should have no serious information security breaches during any reporting period (one year) and should receive no reprimands from the authorities regarding breaches of information security or data protection. In 2017, the company achieved this target.

According to the second responsibility target related to information security and data protection, Alma Media is committed to organising data protection training for all employees in Finland twice a year, starting from 2018, and organising corresponding training for new employees four times per year. The goal of the training is to continuously improve the data protection competencies of employees.

The first training events aimed at all employees were organised in 2017. They covered the data processing and data management obligations that Alma Media will be subject to following the entry into force of the EU GDPR (General Data Protection Regulation) in 2018.

In addition to training employees, Alma Media prepared for the GDPR by, among other things, updating its contract terms for advertisers, updating the data file descriptions of digital services and appointing a Data Protection Officer.

An extensive data protection review was conducted on all of Alma Media's services in the summer. Based on the review, Alma Media will conduct more detailed data protection impact assessments for



the digital services that are subject to assesments according to the new EU Regulation.

The GDPR, which will enter into force in 2018, also requires Alma Media to take the technical measures necessary to prepare for the new responsibilities. During the reporting period, the Group implemented new technical solutions for the management of data protection and launched a user access management project. Preparations also began for a project to develop the detection of information security threats and responding to them. The project will be implemented in 2018.

Focus areas for the development of corporate responsibility in 2018

In 2018, Alma Media will continue to prepare for the responsibilities brought about by the EU GDPR by developing internal processes and technical systems, training employees, updating the data file descriptions of the Group's services and updating contract terms. In addition to enhancing information security, Alma Media will implement new data protection management tools. Employee training will be expanded in the first half of the year to include Alma Media's foreign units, while in Finland, in-depth workshops will be organised for selected employee groups in whose work data processing and management play a significant role.

These measures will ensure the regulatory compliance of customer data processing in Alma Media's services when the GDPR enters into force. They also help the Group take precautions against evolving information security threats and make it easier to prepare for potential new regulations. One example of such potential developments is the EU's ongoing effort to supplement the Directive on Privacy and Electronic Communications with a new ePrivacy Regulation that will govern electronic marketing and advertising. The Regulation will cover topics such as the processing of behavioural data and location data collected by cookies and similar technologies. The final content of the new regulation is likely to be determined within 2018.

"To maintain trust and the responsibility of operations, it is necessary to continuously develop operations as judicial responsibilities increase, information security threats become more diverse and criminal activity becomes more professional."

Santtu Elsinen, Chief Digital Officer, Alma Media

Alma Media complies with all current regulations pertaining to data protection and information security and aims to provide a safe and secure experience for users.

In collecting and using behavioural data, Alma Media is committed to complying with the IAB Europe EU Framework for Online Behavioural Advertising.

Alma Media actively monitors changes in data protection regulations and works together with other industry operators to develop new operating models. Alma Media's management monitors data protection and information security risks as part of the Group's ongoing risk management.

Alma Media's Data Protection Officer is in charge of compliance with data protection regulations and employee training, as well as the continuous development of general data protection awareness.

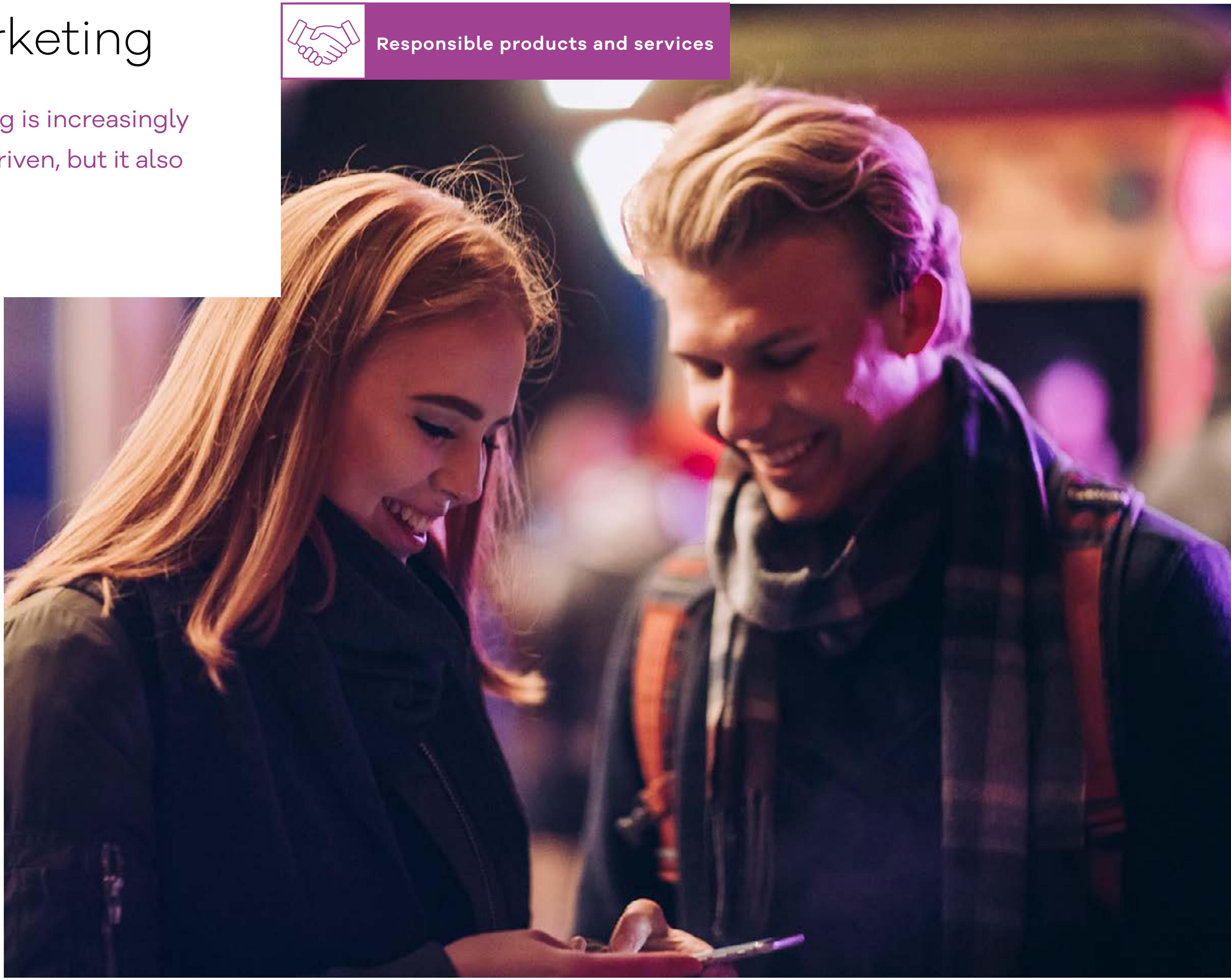
Alma Media's Head of Information Security is responsible for the development of information security and supervising its implementation, as well as promoting awareness of information security.

Why is corporate responsibility regarding information security and data protection important for society?	Why is responsibility regarding information security and data protection important for Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
People are handling a growing proportion of their daily routines using various online services, and they must be able to trust the functionality and security of such services.	Alma Media's digital business model is based on the trust that readers, advertisers and other stakeholders have in its online services. If this trust were to crumble, so would the Group's business.	Alma Media provides a reliable and secure digital environment and develops its digital services responsibly to deliver added value to consumers and corporate customers.	Preparing for the EU GDPR: Alma Media appointed a Data Protection Officer, began data protection reviews of its digital services and prepared for GDPR implementation by updating technical systems and training employees, as well as by updating the contract terms of advertisers and the data file descriptions of the Group's services.	Measures taken to prepare for the EU GDPR: new data protection tools introduced, project to detect and respond to information security threats, project to enhance the management of employees' user access. Employee training and the updating of data register files for the Group's services will also continue.

Responsible marketing

Responsible products and services

In digital environment advertising is increasingly targeted, faster and more data-driven, but it also creates more potential for abuse.



In order to respond to the challenges presented by the digitalisation of marketing, Alma Media has systematically enhanced the digital competencies of its media sales and marketing organisation in recent years and developed its advertising systems. The aim of these investments is to ensure that Alma Media will maintain its position as a competent and high-quality digital marketing partner and a competitive media advertising network, as well as provide advertisers and consumer customers with a safe and productive advertising environment.

Alma Media's most significant marketing development investments in 2017 were allocated to advertising and data management technology. The Group's Finnish units deployed a new joint advertising distribution system that, among other things, provides more effective tools for identifying malicious advertising. At the same time, a new project was started to replace the customer data management platform. The new platform will offer better and more reliable targeting for advertising while ensuring that Alma Media will process the customer data collected via the advertisements displayed on its websites in compliance with the EU General Data Protection Regulation. The GDPR will enter into effect in EU member states in May 2018.

During the year under review, Alma Media also prepared for the implementation of the GDPR by organising related training events for employees and advertisers as well as by starting to revise the contract terms applied in advertising sales. Alma Media's new contract terms require all advertising buyers and their representatives, such as media agencies, to commit to using data in compliance with the GDPR.

Alma Media's media sales function established responsible marketing targets for itself at the end of the year. The first target is that Alma Media's online and mobile services should not feature any (zero) advertisements that violate the International Chamber of Commerce's Code of Advertising and Marketing Communication Practice. This target was achieved in 2017, and Alma Media was not the subject of any reprimands by the authorities that monitor the legality and responsibility of advertising, either.

The second target is that, by 2020, Alma Media's media sales organisation in Finland will be ranked among the leaders of its industry (index average) in the annual national survey of the customer experience of media sales organisations. The monitoring of this target will begin in 2018.

Focus areas for the development of corporate responsibility in 2018

Responsible marketing at Alma Media includes the publisher's responsibility as a sales organisation and as a provider of advertising environments, as well as the responsibility related to the Group's own marketing activities.

As a major national media company, Alma Media can play an important role in promoting responsible marketing practices in the Finnish marketing communications industry. To this end, Alma Media's media sales organisation regularly arranges events for media agencies and advertisers to highlight responsible marketing themes and increase know-how related to new digital advertising environments. Alma Media is also actively involved in industry advocacy organisations and works to increase the expertise of marketing communications agencies by participating in the Agency of the Year competition as an organiser and media partner.

One of the key themes of responsible marketing that Alma Media aims to highlight in these forums in 2018 is the digital advertising purchasing path. Alma Media's goal is to have advertisers gain a better understanding of the transaction costs arising between the selling and buying platforms used for their marketing investments. Particularly in programmatic buying, the pricing of advertising may be difficult to understand because the advertising campaign's price and invoicing chain consists of different payments to the parties controlling the various technology platforms required for the programmatic buying of advertising.

Alma Media will also allocate substantial media sales resources in the first half of the year to preparations for the entry into force of the EU General Data Protection Regulation. A new data management platform will be deployed in the first half of the year. Alma Media's media sales will also continue its project to prepare partnership agreements with media agencies relating to the responsible use of data. During the spring, supplementary training on the GDPR will be organised for Alma Media's media sales representatives to review the new requirements related to data processing and marketing. In 2018, Alma Media will also participate in a Finnmedia-coordinated project aimed at ensuring GDPR compliance among companies operating in the field of marketing communications in Finland.

In addition to GDPR-related activities, Alma Media will also keep a close eye on changes in the operating environment of digital advertising with the aim of anticipating the spread to Finland of new forms of malicious advertising, for example.

Thanks to investments made in advertising systems development, Alma Media can now monitor the advertising on its websites in real time.

To prevent problems that are occasionally associated with programmatic buying, Alma Media audits its advertising sales partners and sales channels. Alma Media also sells the majority of its advertising inventory in closed auctions that can be entered only by buyers approved by Alma Media.

Alma Media has implemented restrictions and policies regarding what types of advertising are allowed on its websites in order to ensure a safe and pleasant advertising environment for advertisers and consumers alike.

"Our principle is that Alma Media only works with responsible advertisers."

Tiina Järvilehto, Senior Vice President, Alma Media Solutions

Why is responsible marketing important for society?	Why is responsible marketing important for Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
Advertising can influence people's attitudes and consumer behaviour as well as increase economic activity in society. Digital advertising can also be used to collect diverse data on consumers. This makes the responsibility of marketing an important consideration.	The business model of Alma Media's media brands is based on the trust that readers, advertisers and other stakeholders have in their content and services. If this trust were to crumble, so would the advertising business.	Alma Media wants to set the stage for responsible marketing and provide a reliable and safe advertising environment for consumers and advertisers.	Deployment of advertising distribution system. GDPR preparations: updating contract terms for advertising sales, partnership agreements with media agencies related to the responsible use of data.	GDPR preparations: deployment of data management platform, partnership agreements with media agencies related to the responsible use of data, Finnmedia-coordinated GDPR project in collaboration with other major players in the media industry.

Transparency and ethics in business

In accordance with its purpose, Alma Media aims to accelerate the sustainable growth of individuals, companies and societies in the countries in which it operates – a goal that is made possible by Alma Media's role as an international media and service company.

The cornerstones of sustainable business at Alma Media are the Group's Code of Conduct and corporate responsibility programme. They state that the Group respects human rights and rejects bribery, corruption and discrimination – and expects the same from its business partners. Continuing on this policy, Alma Media set a goal in 2017 of having zero tolerance for violations related to corruption, bribery and other unethical business practices. The achievement of this goal is measured by monitoring whether the Group is informed of any incidents of unethical business practices by the authorities or via the anonymous whistleblowing channel made available to employees. In 2017 no such incidents came forward, so the goal was achieved.

Another important aspect of Alma Media's sustainable business is striving for transparency and trustworthiness in business. The foundation for a responsible media company is a reputation as a credible, reliable and impartial source of information in the eyes of its audience as well as the authorities and citizens in general:

- To ensure journalistic integrity, Alma Media's media brands are politically independent and they do not receive press subsidies from the state.
- Alma Media does not support political parties or individuals in any way. Alma Media advocates for the interests of commercial media companies mainly by participating in the activities of a few key advocacy organisations. The most important of these are the Confederation of Finnish Industries, the Central Chamber of Commerce, the Finnish Newspapers Association and Finnmedia.
- Alma Media may apply discounts to election campaign advertising, but such discounts are offered to all can-

didates and parties under the same terms.
- Some of Alma Media's media brands also apply discounts to advertising sales when the buyer is a non-profit organisation, and the rest of the media brands will adopt this practice during 2018.

In order to further increase the transparency of its business, Alma Media began to systematically develop its tax footprint reporting in 2017. In conjunction with developing its tax footprint reporting Alma Media also updated its tax policy. The principle underpinning the tax policy is that Alma Media operates openly and transparently with respect to taxation and pays taxes in the country where the result is generated. In its operations, Alma Media complies with the valid legislation, regulations and international transfer pricing guidelines and, where necessary, seeks clarification from the tax authorities or tax experts.

The corporate income tax rate in Alma Media's operating countries ranges from 15 in Latvia and Lithuania to 22 in Sweden.

The table on the right shows a breakdown of the income taxes paid by Alma Media in 2017 in its operating countries. In 2017, Alma Media paid taxes 77.9 million Euros of which 64.9 million Euros were collected taxes.

Focus areas for the development of corporate responsibility in 2018

To ensure the employees' familiarity with Alma Media's Code of Conduct, the Group prepared the roll-out of digital induction training materials related to the Code of Conduct in late 2017. All newly recruited employees will be required to complete the module as part of their induction training. The Group aims to roll out the induction training materials in all of its units in 2018.

Additionally, Alma Media also further develops its tax footprint reporting by specifying the reportable information in greater detail.

COLLECTED AND PAYED TAXES

MEUR	Finland	Czech Republic	Other	Total
Corporate income tax	3.1	2.4	1.8	7.2
The effective tax rate	20.2%	19.3%	20. 6%	19.5%
Employer contributions	1.1	2.4	1.7	5.2
Other paid taxes	0.6	0.0	0.0	0.6
Paid taxes total	4.8	4.8	3.5	13.0
Net VAT	27.3	6.2	3.8	37.3
Employer taxes	24.9	1.3	1.4	27.5
Other collected taxes	0.0	0.0	0.1	0.1
Collected taxes total	52.2	7.5	5.3	64.9
Collected and paid taxes total	**57.0**	**12.3**	**8.8**	**77.9**

CREATING VALUE FOR STAKEHOLDERS

CUSTOMERS
Revenues
MEUR 367

ALMA MEDIA

SUPPLIERS
Purchases from subcontractors MEUR 155

PERSONNEL
Personnel expenses MEUR 149

SHAREHOLDERS
Dividends MEUR 20

PUBLIC SECTOR
Corporate income tax and other paid taxes MEUR 8

FINANCIERS
Net financing costs MEUR 1

Alma Media's media brands and services are among the largest players in their respective industries in many countries. Their operations create and maintain economic activity through the payment of taxes and wages as well as the procurement of products and services from local businesses. In 2017, Alma Media's direct purchases of goods and services alone amounted to MEUR 155.

In addition to the purchases from suppliers and service providers, Alma Media's largest expenses in 2017 consisted of wages and other remunerations MEUR 149, dividends paid to shareholders as well as taxes and investments. The majority of the income comprised of sales revenue from corporate and individual customers.

The chart does not include contributions and donations received from foundations or other private or public entities, as they represent a small proportion of Alma Media's income streams. Alma Media's most significant source of financial support in 2017 was Tekes, the Finnish Funding Agency for Technology and Innovation. Alma Media received EUR 384,000 from Tekes as the final instalment of a grant issued in the previous year to a development project that investigated the potential for building a new media platform for use by local media. In addition, as in the previous year, Alma Media's Lapin Kansa received a grant of EUR 40,000 from the Finnish Ministry of Education and Culture to cover the costs of Sami-language news production.

Why is transparent and ethical business important for society?	Why is transparent and ethical business important for Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
In Finland alone, billions of euros in tax revenue and payments are lost annually because of the grey economy. In addition to the economic impacts, corruption and unethical business practices may also have negative social, human and ecological impacts.	Compliance with the law and responsible business practices creates the foundation for sustainable business and sustainable growth.	Alma Media aims to accelerate the sustainable growth of individuals, companies and societies in the countries in which it operates.	Alma Media updated its tax policy and began reporting its tax footprint more comprehensively than previously. The Group prepared the roll-out of electronic induction training materials related to the Code of Conduct.	The development of tax footprint reporting will continue. The digital induction training materials related to Alma Media's Code of Conduct will be incorporated into the induction training of new employees.

Responsibility throughout the supply chain

It is typical of the media industry that subcontractors range from global corporations to solopreneurs. This presents challenges to Alma Media's procurement policy.

In 2017, Alma Media had active supplier relationships with about 4,000 suppliers and service providers in Finland alone. Of these, 31 were major suppliers defined by Alma Media as key subcontracting partners. The other extreme in Alma Media's subcontractor palette is represented by small content production companies and freelance photographers, videographers and journalists that provide various content to the Group's media. They numbered approximately 1,100 in 2017.

With the size of subcontractors varying from global corporations that are among the largest players in their respective industries to microbusinesses with a sole proprietor, managing supplier relationships requires Alma Media to understand the diversity of the supply chain and field of procurement. To this end, Alma Media's Finnish units have adopted a two-tier procurement model. Purchases are made both at the local level and on a centralised basis to ensure that procurement is smooth, economical and sustainable. For example, the procurement of content services by local and regional editorial teams is not centralised, because purchasing high-quality and locally relevant content requires local insight and contacts from both the orderer and the content producer. With many other types of purchases, on the other hand, it makes sense to manage them on a centralised basis.

To manage the risks related to subcontracting relationships from the perspective of sustainability, Alma Media's country units make most of their purchases domestically or from nearby regions where businesses are subject to comprehensive supervision and regulation. In addition to legislation, Alma Media's subcontracting is guided by the Group's Code of Conduct, which requires that the Group's employees and subcontractors act ethically, responsibly and with respect for the law. The Code of Conduct explicitly prohibits corruption, bribery and discrimination. Subcontractors in Finland are also reminded of these obligations in the subcontracting agreement, which was supplemented in 2017 with a summary of the goals and focus areas of Alma Media's responsibility programme.

Responsible business

In 2017, all of the paper pulp used at Alma Media's printing facility was certified in accordance with international forest management certification systems. The certificates guarantee that the raw materials used to produce the paper pulp were sourced from forests that are managed in a socially, economically and ecologically sustainable manner. More than 90 per cent of the paper pulp was purchased from either Finnish or Swedish suppliers whose wood sourcing chain is documented.

"We maintain continuous contact with our paper suppliers and our relationships with them are uncomplicated and effective."

Matti Käki, Director, Printing and Distribution, Alma Media's printing press Alma Manu

The principles of responsible procurement prcactices at Alma Media

SUPPLIER SELECTION

Alma Media primarily uses product and service suppliers whose own corporate responsibility goals are not in conflict with the Group's goals.

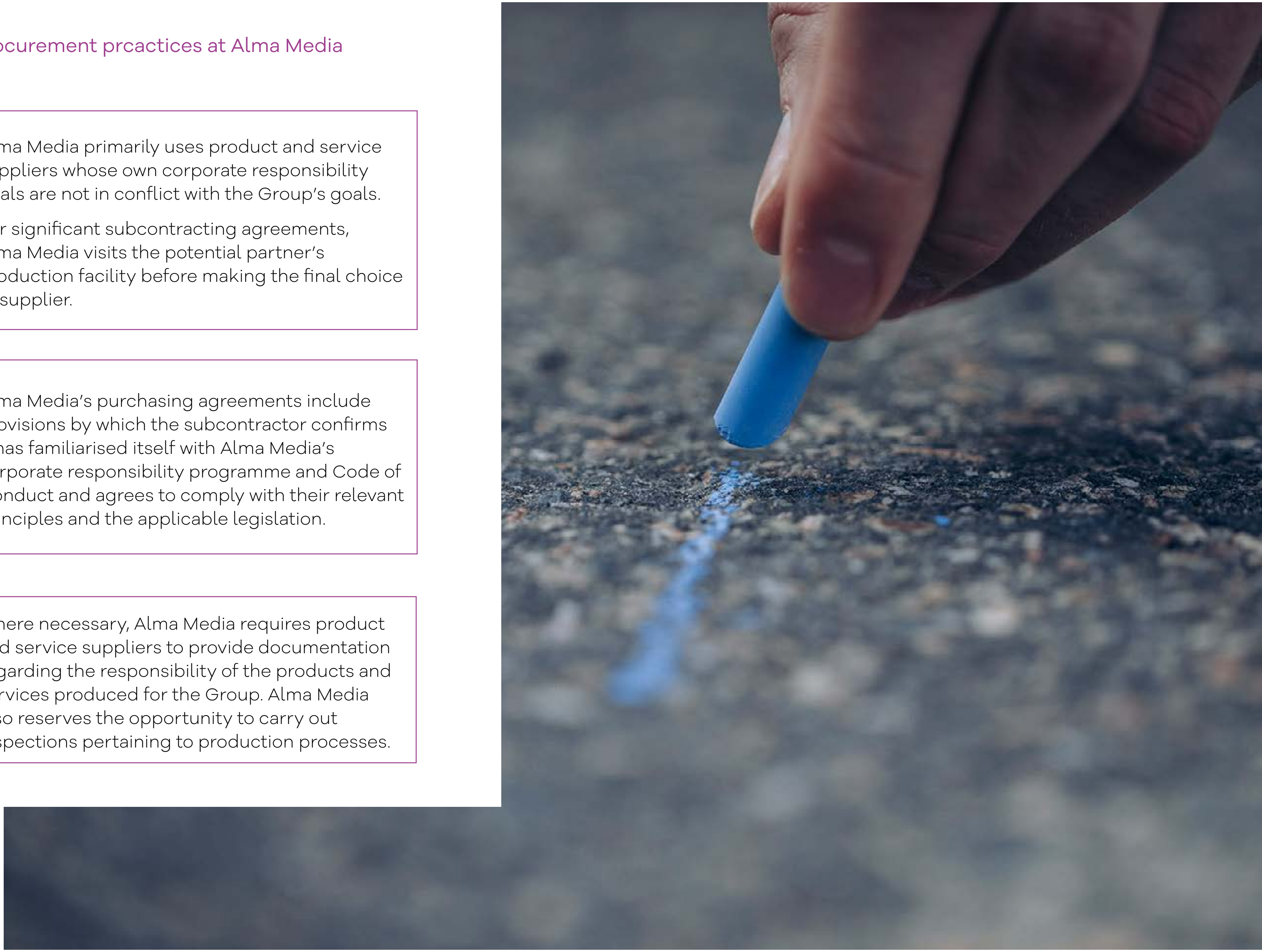
For significant subcontracting agreements, Alma Media visits the potential partner's production facility before making the final choice of supplier.

AGREEMENT

Alma Media's purchasing agreements include provisions by which the subcontractor confirms it has familiarised itself with Alma Media's corporate responsibility programme and Code of Conduct and agrees to comply with their relevant principles and the applicable legislation.

SUPERVISION

Where necessary, Alma Media requires product and service suppliers to provide documentation regarding the responsibility of the products and services produced for the Group. Alma Media also reserves the opportunity to carry out inspections pertaining to production processes.



Focus areas for the development of corporate responsibility in 2018

Alma Media aims to engage its subcontractors in active dialogue on responsibility. Starting from 2018, this dialogue will be even more systematically fostered with suppliers and service providers defined as the Group's key suppliers. Alma Media will start a project to encourage all key subcontractors to establish their own long-term climate targets by 2025.

The key subcontractors represent those three of Alma Media's procurement categories that generate the highest CO_2 emissions: ICT, printing press materials and transport. The project is related to Alma Media's decision to establish long-term science-based targets in accordance with an internationally approved methodology and in line with the emissions targets outlined in the Paris Climate Agreement.

At the same time, Alma Media will aim to improve and develop the monitoring and calculation of the CO_2 emissions associated with its purchases. The main challenge in this area is estimating the environmental impacts of ICT purchases. As digital media consumption increases, there is a growing need to determine the environmental impacts of Alma Media's ICT purchases. However, calculating and allocating these impacts is difficult for several reasons, such as the extensive use of ICT services via global cloud service providers.

Why are responsible supplier relationships important to society?	Why are responsible supplier relationships important to Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
Companies can promote human rights and increasing environmental awareness in their operating countries by extending their standards of corporate responsibility to their subcontracting chain.	In line with its purpose, Alma Media aims to accelerate the sustainable development of individual people, society and businesses – including its subcontracting chain. Negligence of corporate responsibility by subcontractors would be both a business risk and a brand risk for Alma Media.	Alma Media's business partners operate responsibly and ethically. Alma Media engages in active communications on responsibility with its subcontractors.	Alma Media decided that the main principles and targets of its responsibility programme will be appended to all new subcontracting agreements in Finland.	Alma Media will initiate regular dialogue on climate targets in Finland with its key subcontractors with the aim of having all key subcontractors establish their own long-term climate targets by 2025.

Environmental impacts of operations

Alma Media applies the materiality principle in the development of its environmental responsibility. With this in mind, the Group focuses on minimising the environmental impacts of its printing and distribution operations, properties and procurement.

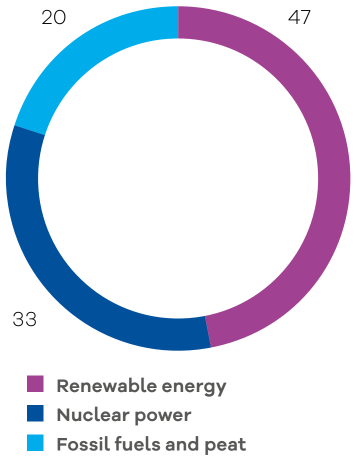
The focus areas were selected in 2017 based on a comprehensive emissions analysis conducted that same year. The analysis indicated that printing and distribution operations, procurement and the electricity, district heating and district cooling consumption of properties account for approximately two-thirds of the carbon dioxide emissions created by Alma Media's operations.

In 2017, Alma Media set four long-term environmental targets with the aim of reducing the environmental impact of Alma Media's properties, commuter transport and procurement as well as printing and distribution operations. For properties and commuting, Alma Media set a target of reducing the CO_2 emissions of Alma Media's leased cars and the CO_2 emissions caused by the electricity, district heating and district cooling of its properties. The reduction target for the properties and commuting is 21 per cent by 2025, using 2016 as the baseline.

In Finland, a further goal is to improve the energy efficiency of properties by five per cent in 2016–2020 and to discontinue the use of non-renewable electric power by 2020. For several years

Production profile of the electricity used at Alma Media

%



Source: Finnish Energy

Responsible business

Environmental responsibility – Highlights in 2017

- As part of the National Energy Efficiency Action Plan, Alma Media signed an energy efficiency agreement concerning its properties for the period 2017–2025. The goal of the agreement is to achieve energy savings of 7.5 per cent at Alma Media's properties in Finland by 2025.
- Alma Media started an extensive project aimed at improving the energy efficiency of its old printing facility, where the company is now renting out premises for use by other businesses.

now, Alma Media's printing press has engaged in systematic and successful efforts to minimise the environmental impacts of printing operations. The new environmental target for the Group's printing operations is that the material waste associated with printing operations will be reduced by two per cent per year in 2016–2025.

Focus areas for the development of corporate responsibility in 2018

The impacts of climate change on business operations are an integral aspect of environmental responsibility among today's companies.

Recognising this, Alma Media has assessed the effects of climate change on its business. However, based on Alma Media's assessment, regulatory risks outweigh the direct business risks of climate change in the medium term. It is possible that international environmental pressure on the business sector will increase, and that companies will be subject to new regulatory requirements to reduce their emissions.

Alma Media takes a proactive approach towards this scenario. In 2017, the Group became one of the first Finnish companies to establish long-term, science-based climate targets in line with the methodology outlined by SBTi, the international Science-Based Target initiative. SBTi will assess Alma Media's targets in 2018. Following the approval of the targets, Alma Media has committed to reducing its CO_2 emissions in accordance with the international emissions reduction targets specified in the 2015 Paris Climate Agreement. As part of its commitment, Alma Media will also start a long-term project in 2018 to encourage all its key subcontractors in Finland to establish their own long-term climate targets.

Environmental responsibility in Alma Media's printing press links seamlessly with developing production processes and quality and having an effective procurement policy.

Subcontractor relationships are based on Alma Manu's procurement guidelines, which include quality standards for the key materials used by the printing press.

"Quality and material efficiency go hand in hand. If the rate of material waste is high, quality will not be optimal either."

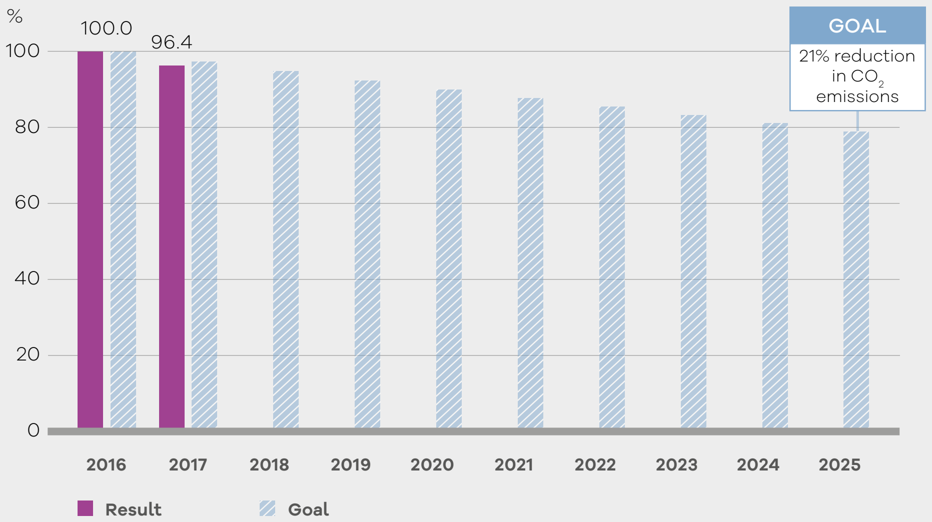
Jussi Pekkarinen, Quality Manager, Alma Media's printing press Alma Manu

The printing press develops its production processes by conducting training to complement employee competencies and carrying out materials testing, among other things.

Completed in 2013, the printing press also has modern equipment and appropriate facilities where production processes are designed to be efficient and environmentally friendly.

Why is reducing emissions important to society?	Why is reducing emissions important to Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
The acceleration of climate change will lead to increased extreme weather phenomena and climate-induced migration. It will create political instability in the most highly affected areas.	In line with its purpose, Alma Media aims to accelerate the sustainable growth of individual people, society and businesses. Negligence of environmental responsibility would be both a business risk and a brand risk.	Alma Media will reduce its emissions in accordance with the emissions reduction targets outlined in the Paris Climate Agreement.	Alma Media agreed to set long-term environmental targets that are in line with the targets outlined in the Paris Climate Agreement.	The energy efficiency project at Alma Media's old printing facility will be completed. The project is estimated to reduce the total electricity consumption of Alma Media's Finnish properties by 3.7 per cent and district heating consumption by 16.9 per cent.

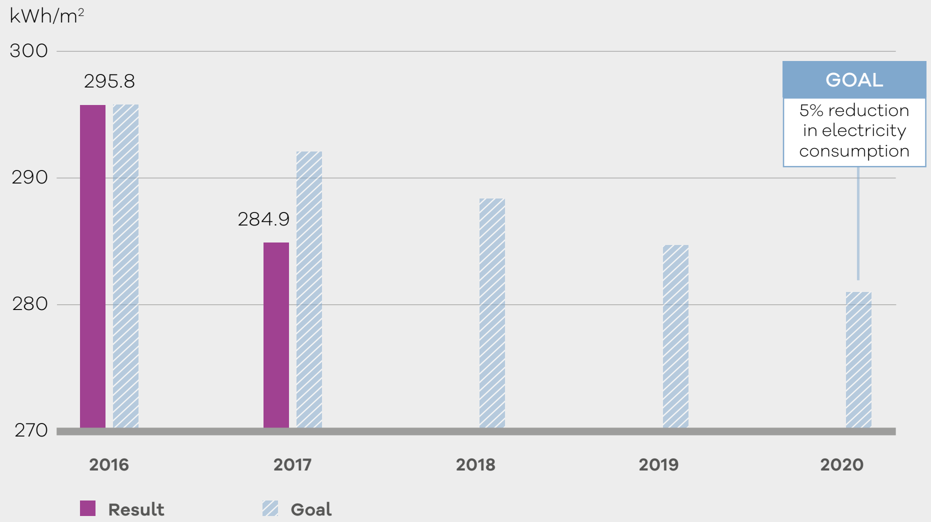
CO_2 emissions caused by Alma Media's own activities*



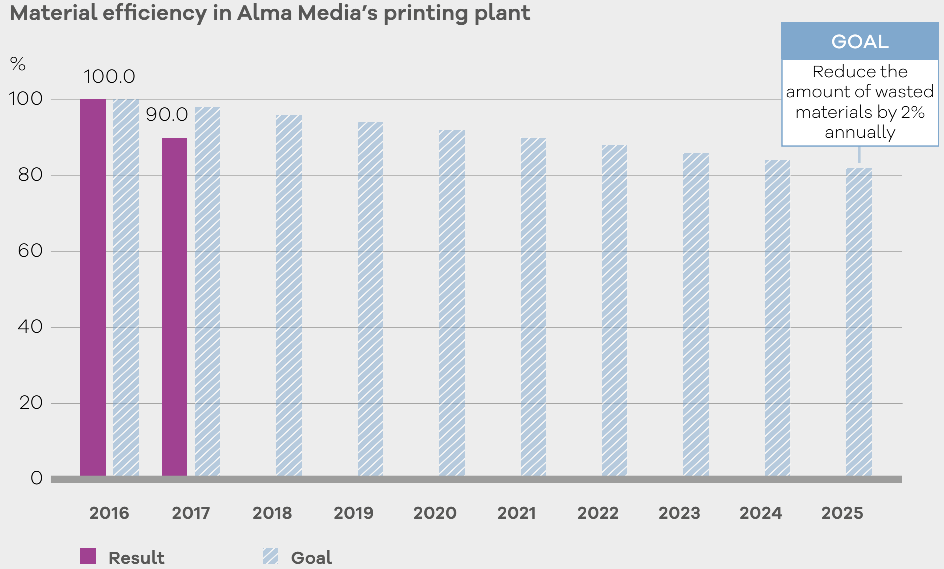
* Includes Scope 1 and Scope 2 emissions, i.e. CO_2 emissions caused by electricity, heating, and cooling of all Alma Media's facilities, and CO_2 emissions caused by leased cars in Finland and in the Czech online recruiting business LMC.

The CO_2 emissions caused by Alma Media's electricity, district heating and district cooling consumption and the emissions caused by the fuel consumption of company cars fell by 3.6 per cent to 5,299 carbon dioxide equivalent tonnes in 2017 (2016: 5,496 CO_2e). CO_2 emissions also decreased at Alma Media's printing press, where the amount of waste paper created in the production process was reduced further through the development of working methods and employee competence as well as the systematic testing of production materials (Table 3).

Energy Efficiency in Alma Media's facilities in Finland



Material efficiency in Alma Media's printing plant



Equal and diverse work community

As an employer, Alma Media is committed to treating its employees equally and fairly.

To ensure the equal treatment of employees, Alma Media's units in Finland draft non-discrimination, equality and diversity plans at two-year intervals. In preparing these plans, they utilise information such as employee wage analyses and the results of Alma Media's employee survey. The content of the plans varies by unit, but their common features include investigating employee concerns highlighted in audits, such as the reasons for differences in wages and the use of fixed-term employment contracts, as well as assessing the gender breakdown of different roles.

The completed plans constitute the practical guidelines for the diversity and equality efforts that Alma Media has committed to by signing the FIBS Diversity Undertaking in 2015. The FIBS undertaking obligates Alma Media to provide equal opportunities for employees, identify and utilise individual competencies and manage its employees in a fair manner.

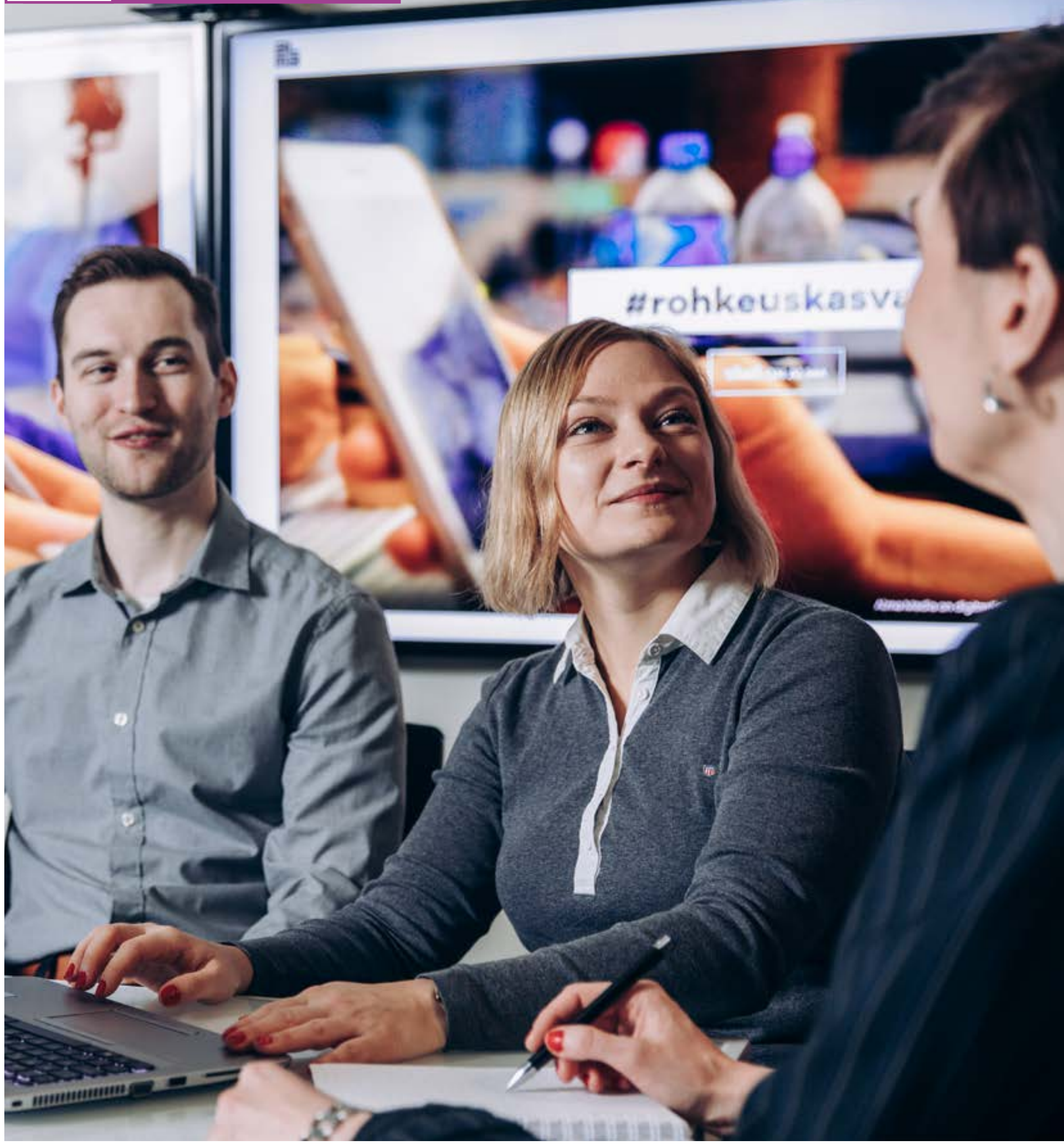
Alma Media monitors the realisation of a diverse employee policy against the targets set for responsibility for employees in 2017. Three of the targets measure Alma Media's progress in both of the aspects of responsibility for employees deemed material by the Group: the development of an equal and diverse work community and improving the competence and well-being of employees. According to the targets:

- Alma Media's QWL (Quality of Work Life) index must be at least 70 per cent each year. The index is based on the employee survey, which measures factors related to the quality of work life in various companies.

This target was achieved in 2017. Alma Media's QWL index was 76 per cent.

- Alma Media should receive an average score of at least 7 from its employees in the annual employer image survey.

Responsibility as an employer



Alma Media exceeded this target in 2017. The average score awarded by Alma Media employees was 7.98 on a scale of 1–10.

- Alma Media should be able to retain its new employees. The target is that at least 10% of new full-time employees on permanent contracts stay with the company for at least two years after being hired.

In 2017 the goal was not achieved. The departure turnover amongst full-time employees (permanent contracts) who had begun working for Alma Media no more than two years ago was 12.9 per cent.

Of the other two targets related to responsibility for employees, one is more clearly related to the development of an equal and diverse work community. According to that target, Alma Media must not have any incidents of employee discrimination or other inappropriate treatment. The achievement of this target is assessed by monitoring whether the Group is informed during the reporting year of any violations related to the inappropriate treatment of employees, either by the authorities or via the whistleblowing channel available to the Group's employees. In 2017, there were no incidents.

Focus areas for the development corporate responsibility in 2018

To build the media of the future, Alma Media needs its employees to be as diverse as possible. The rapid digital transformation of the media sector means that managing and processing data is becoming an increasingly significant aspect of Alma Media's day-to-day business. At the same time, information security and data protection issues have taken on more importance, and the focus of advertising and news content has shifted from print to online and mobile. Consequently, today's journalists and media sales employees need to have extensive digital and social media skills.

To maintain its capacity for continued strong business performance, Alma Media must be able to attract talented professionals in industries characterised by intense competition for employees. As in the previous year, one of the key focus areas of Alma Media's HR activities in 2018 will be to develop leadership and management systematically and with a long-term approach. Another important focus area is to clarify Alma Media's employer image and communicate the employer image more effectively to the key audience of talented professionals. In 2017, the Group placed special focus on the recruitment of digital developers, which is an area where Alma Media's units have faced occasional challenges. The measures taken in this area included the use of recruitment videos and social media channels, and a trainee programme aimed at digital developers also produced good results.

Similar approaches will be utilised again in 2018. Alma Media must also be able to provide a modern and competitive work environment and pleasant work community while ensuring that all employees, irrespective of their life situation, have convenient access to the work community. To achieve this, Alma Media must, for example, provide flexible work arrangements for employees, such as working remotely or part-time, and acquire special assistive equipment for employees with reduced work ability.

"Building a diverse and equal work community starts from the top. The management must lead by example."

Virpi Juvonen, Vice President, Human Resources, Alma Media

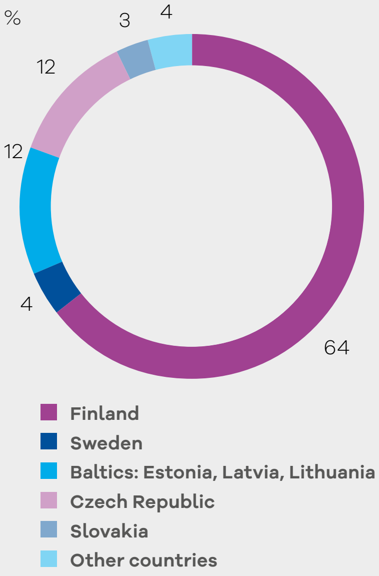
Alma Media's Board of Directors: In 2017, two (33%) of the members of Alma Media's Board of Directors were women. They were both between the ages of 40 and 50. Of the other Board members, one was aged between 40 and 50 and the remaining three were aged over 50.

The number of Board members decreased to six after Niklas Herlin passed away in October. The Nomination Committee of Alma Media's Shareholders has proposed in January 2018 that the number of the Board members will be increased to eight.

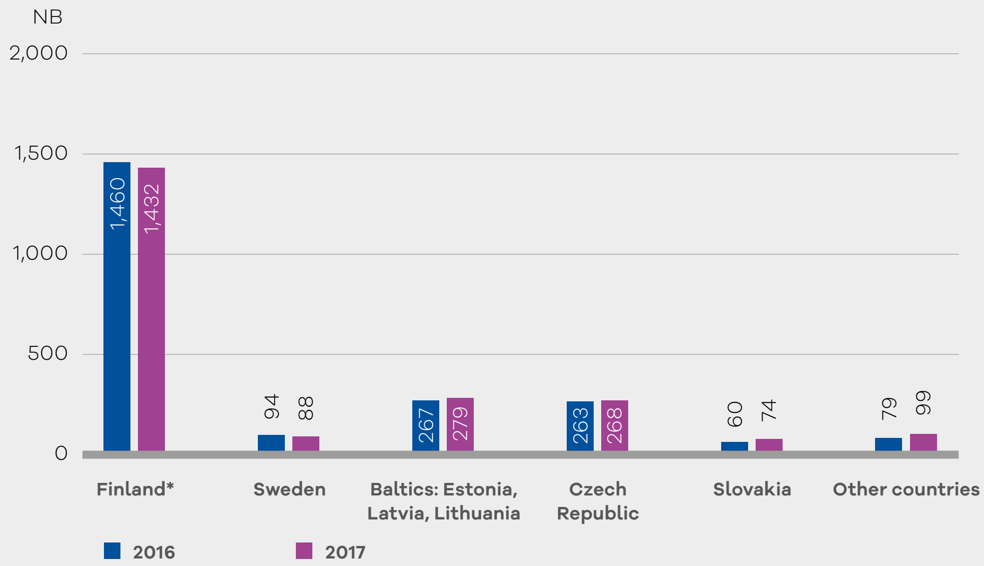
Alma Media's Group Executive Team: Four of the members of the Group Executive Team were between the ages of 40 and 50, and seven were aged over 50. The number of women on the Group Executive Team increased to three in 2017 (2016: 1) and their percentage of the total rose to 27 per cent. The total size of the Group Executive Team increased from 10 to 11.

Other managerial positions: The proportion of women in managerial positions was 46 per cent in Finland (12/2016: 45%) and 35 per cent in the Group as a whole.

The proportion of employees in different regions (12/2017)



The number of employees in different regions in 2016–2017



*The number does not include deliverers. At the end of 2017, their number was 837 (2016: 845).

Acquisitions made in Europe in the 2000s have given Alma Media an international employee profile. By the end of 2017, 36 per cent of the Group's employees were located outside Finland, in nine other countries of operation. In Finland, the most international unit is Alma Media's distribution unit. At the end of 2017, some 26 per cent of the delivery staff were from a country other than Finland. They represented 34 different nationalities in total.

A total of 445 new permanent employees were hired by Alma Media's various units in 2017. Of this total, 183 were delivery staff hired for Alma Media's delivery operations and the other 262 were permanent employees hired by other units. New recruitment was particularly active in Alma Media's digital services.

In the big Alma Media's units, employee turnover was highest in Slovakia and Lithuania. In the big units in Finland, employee turnover was highest in Alma News & Life and Alma Markets (10.8% in both) and lowest in Alma Regions (2017: 3.0%, excluding deliverers). In Alma Media's editorial offices in particular, the employment relationships are often very long and turnover is low. Alma Media's Finnish units terminated a total of 12 employment relationships for financial or production-related reasons during the year, of which nine were full-time and three were part-time.

Why is promoting employee equality and diversity important for society?	Why is promoting employee equality and diversity important for Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
Society's resources can be more productively allocated when everyone who is able to work has access to the job market. Employment prevents exclusion and marginalisation.	Employee diversity improves Alma Media's competitiveness and capacity for renewal in a media sector that is undergoing a major transformation.	Equal and fair treatment of employees. Systematic and long-term development of the employer image and organisation.	Alma Media adopted the new QWL employee survey system, which will become a key tool in the development of the Group's HR policy. Digital developer trainee programme, enhancing recruitment communications.	Increasing cooperation with educational institutions and making better use of social media. The development of the employer image will be enhanced by modelling Alma Media's employer promise, hiring a HR employee focused on the development of recruitment and investing resources in employer image campaigns.

Responsibility as an employer

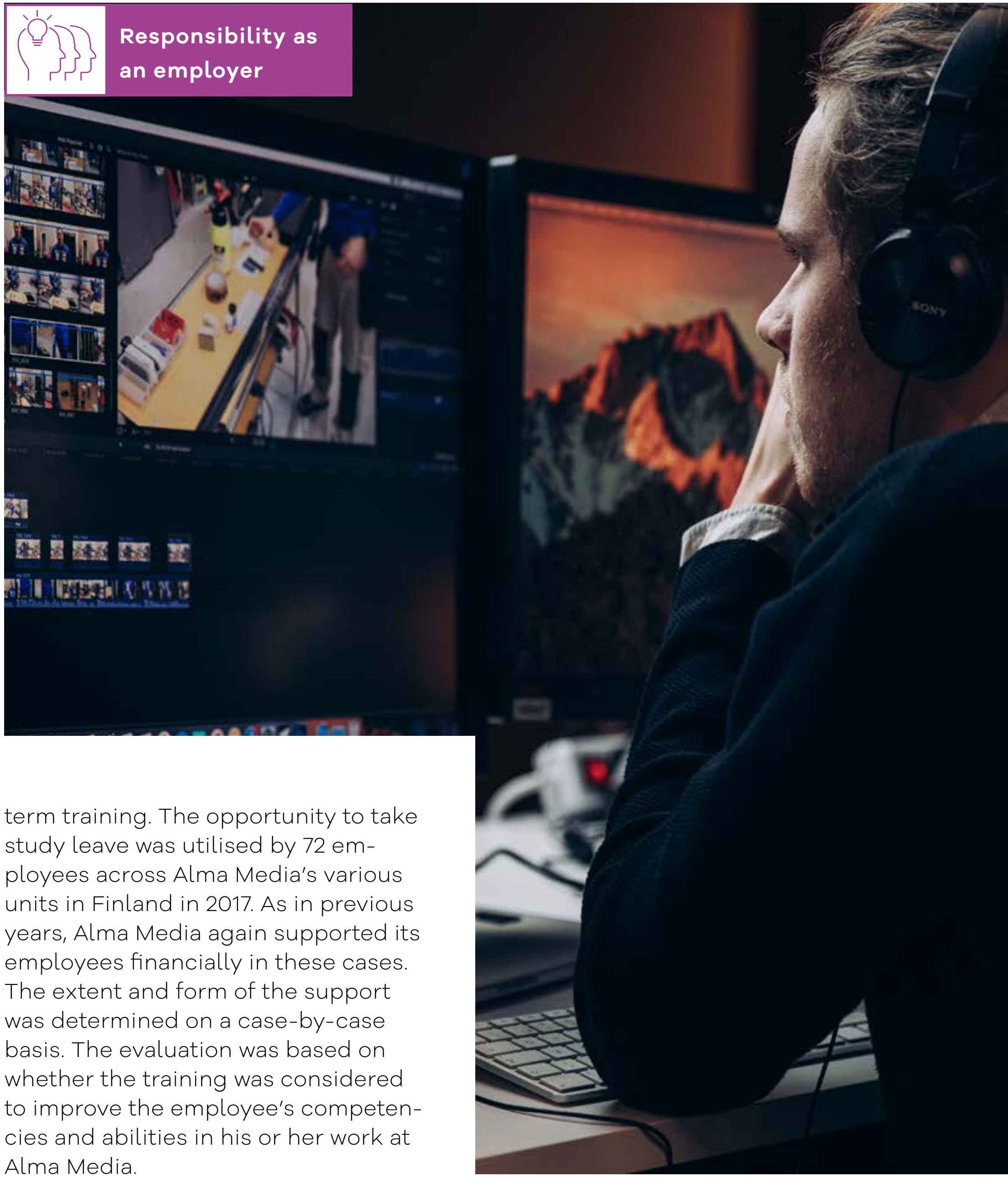
Developing competence and well-being

The digital transformation of the media sector means that the core competencies of employees can quickly become outdated when new tools are introduced and requirements change.

For several years now, Alma Media's response to this challenge has been to emphasise learning on the job and the continuous development of competence. Learning on the job creates the opportunity to quickly respond to new competence needs arising from technological progress, for example. Larger training programmes implemented in cooperation with external training providers may not achieve the same result, as the planning of training takes time. For the same reason, Alma Media developed a new agile training model in the mid-2010s to complement the Group's existing methods of developing the employees' core competencies. The model has subsequently become an established practice in all of Alma Media's Finnish units. The advantages of the model are that it is fast, needs-based and cost-efficient. The training is customised to meet the units' specific competence needs. The units' supervisors and the participating employees themselves decide on the training content to ensure that it corresponds closely to the identified needs.

In addition to the rapid response training targeted at specific needs, Alma Media also carried out an extensive training project called FutureMe in autumn 2017. Open to all Alma Media employees in Finland, the project was implemented in cooperation with an external training provider. The aim of the training was to improve the participating employees' understanding of their own strengths and competence development needs in the context of working life that is undergoing a rapid digital transformation. Starting from 2018, the lessons learned from the FutureMe project will be applied in the career guidance and training of other Alma Media employees as well.

In addition to competence development alongside their normal duties, Alma Media's employees also supplement their skills and expertise regularly in various short seminars and training events organised by external parties. In addition, some Alma Media employees voluntarily pursue longer-term training. The opportunity to take study leave was utilised by 72 employees across Alma Media's various units in Finland in 2017. As in previous years, Alma Media again supported its employees financially in these cases. The extent and form of the support was determined on a case-by-case basis. The evaluation was based on whether the training was considered to improve the employee's competencies and abilities in his or her work at Alma Media.



Developing occupational health and reducing accidents

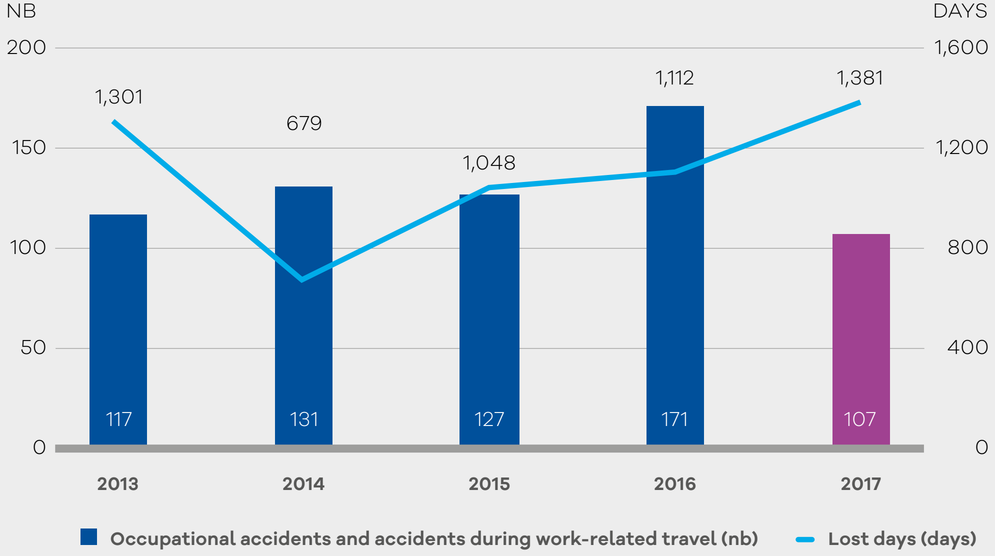
The majority of Alma Media's occupational accidents and commuting accidents occur in newspaper delivery operations. While serious occupational accidents are very rare, accidents such as slipping and stumbling are commonplace among delivery staff.

Occupational safety has been highlighted as a key focus area in Alma Media's distribution operations. In 2017, the Group set a target for the distribution unit to reduce occupational accidents by half in five years, using 2017 as the benchmark.

This target can only be achieved through systematic efforts to improve occupational safety among delivery staff and prevent occupational accidents. One aspect of these efforts involves ensuring that delivery staff have appropriate, ergonomic and safe equipment. All of Alma Media's permanent delivery staff now have uniforms that feature reflective materials. Delivery staff are also offered optional traction cleats for their shoes and bicycle helmets are provided for delivery staff who use a bicycle to do their rounds. They also have access to tools that make delivery work faster and more ergonomic.

Another aspect of the reduction of occupational accidents is developing the induction training for delivery staff.

Occupational accidents, accidents during work-related travel and resulting lost days in Finland



In 2017, Alma Media's various Finnish units recorded a total of 20,378 days of sick leave. Delivery staff accounted for 57 per cent of this total (11,598 days).

The number of occupational accidents and commuting accidents was also significantly higher for delivery staff than other Alma Media employees in 2017. Of the 142 (2016: 171) occupational accidents and commuting accidents recorded by Alma Media in 2017, 104 occurred in delivery operations.

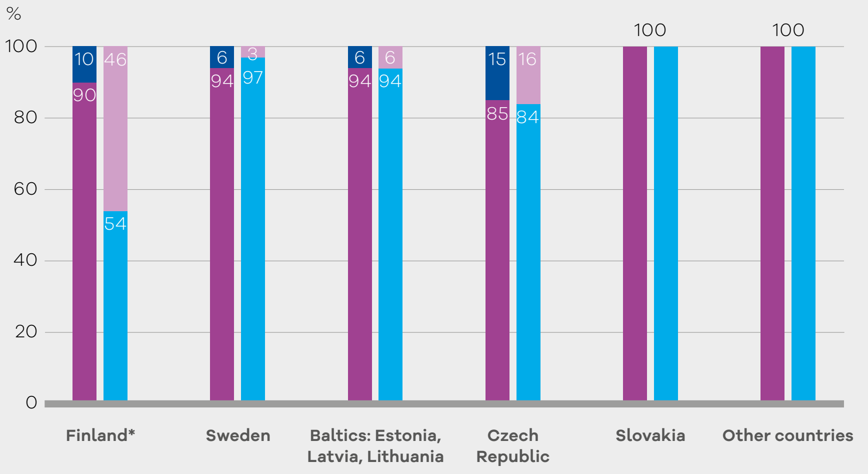
The emphasis of the current induction training model used by Alma Media's distribution company is on digital self-study. Before starting work, the delivery staff must complete an induction training course that includes occupational safety as one key theme. All of Alma Media's delivery staff also have a PDA device that they can use to report occupational safety risks and near misses to their supervisors during their rounds. All new delivery staff also go on rounds with a more experienced colleague as part of their induction training.

In addition to the measures already implemented to improve occupational safety, Alma Media's delivery staff will receive safety training in 2018 to support the achievement of the targeted reduction in occupational accidents. Accident prevention efforts will be enhanced by analysing near misses and accidents involving delivery staff in even more detail than before. The distribution company's occupational safety and health organisation will also be engaged in the process of drafting and implementing the action plan.

Responsibility for employees – Highlights in 2017

- Alma Media's score in the QWL employee survey improved by 10 points in one year to reach 76, which corresponds to the level achieved by the best companies in Finland.
- Alma Media's attractiveness as an employer improved substantially in a national employer image survey among both professionals and students.

Employees by contract type in different regions (12/2017)



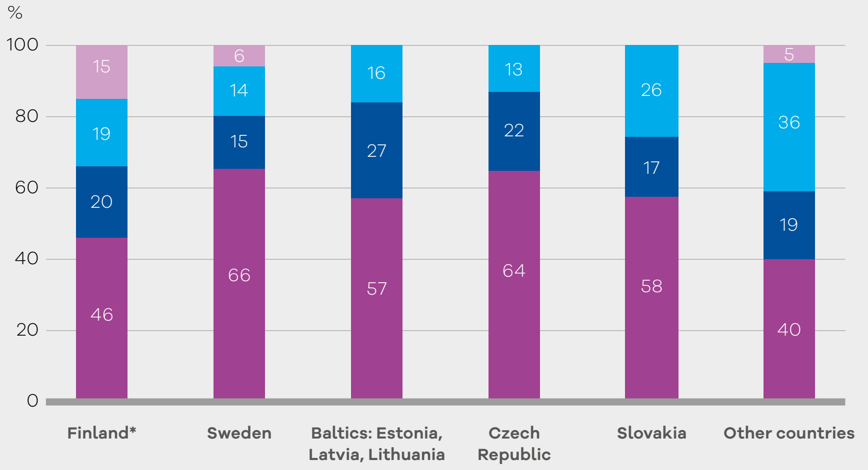
* Large proportion of deliverers among employees explains the high share of part-timers in Finland.

In 2017, in all Alma Media's operating countries at least 85 per cent of the Group's employees had a permanent contract. Majority of the Group's employees were also employed full-time, the only exception being Finland, where a large propotion of the personnel is part-time deliverers.

Alma Media's distribution unit started a project in 2017 to create long-term commitment among delivery staff along with increased appreciation for delivery work. The project was launched in autumn 2017, and it looks to change the way delivery work is perceived and enhance recruitment practices, among other things. The aim of the project is to ensure the availability of employees and improve Alma Manu Oy's employer image.

In addition to the large number of part-time employees, Alma Media's employee profile in Finland is different from the other operating countries in that Alma Media's editorial offices regularly use freelancers in content production. These relationships are often long-term collaborations. For example, the foreign correspondent roles of many of Alma Media's editorial offices are based on these types of arrangements. Alma Media's editorial offices manage their relationships with these networks of freelancers independently, placing orders for stories, video clips or photos to supplement the editorial office's own content production as needed.

Duration of employment (12/2017)



* Total percentage may not be equal to 100 due to the figures being rounded separately.

The sustained economic growth in many Central and Eastern European countries presents recruitment-related challenges to firms, including Alma Media's businesses. There is an intense competition for skilled professionals and high mobility of employees in the job market. The Czech-based recruitment company LMC, for example, has made efforts to increase the commitment of its professionals by providing plentiful training opportunities both in the Czech Republic and abroad and by giving employees and teams a lot of freedom to lead themselves.

In Finland, the continued transformation of the media sector and advertising markets has created cost reduction pressures on media companies. Many of them, including Alma Media, have implemented employee reductions as a result. When negotiations on employee reductions must be held, Alma Media always evaluates various support measures during the negotiation process to mitigate the problems caused to employees by the situation. These support measures may include, for example, financial support for retraining. Part of the negotiation process also involves determining whether the employee can be assigned a new role within the organisation. In order to support the re-employment of employees who are dismissed as a result of the statutory employee negotiation procedure, Alma Media also offers voluntary re-employment training to departing employees. The training is implemented by an external provider and usually includes both group and personal coaching related to topics such as searching and applying for jobs.

Focus areas for the development of corporate responsibility in 2018

According to the employer responsibility targets set in 2017, Alma Media must achieve good scores each year in the employer image survey as well as the QWL employee survey. Alma Media's distribution company also has a separate target of reducing its occupational accidents by half.

To achieve these targets, Alma Media must develop the career guidance and career coaching of employees with a long-term view. These development efforts will have slightly different focus areas in different units, but the common goal is to make the development of employee competence more business-driven and needs-based, taking into account the competence challenges created by the digital transformation of the industry. Particularly in job roles characterised by strong demand for competent professionals and high employee turnover, Alma Media must also improve its ability to engage the commitment of skilled employees by offering meaningful career opportunities and challenges.

To this end, one of the focus areas in the development of employee competence at Alma Media's Finnish units in 2018 will be to incorporate the lessons learned from the FutureMe project into the career guidance and career coaching of all employees. The one-to-one performance reviews between supervisors and subordinates will be updated to emphasise competence development to an even greater extent. Going forward, the supervisors and subordinates must define annual targets for the subordinate's competence development in the one-to-one reviews. These targets must support Alma Media's transformation into an increasingly digital media and service company.

Alma Media estimates that approximately 90 per cent of the employees in its Finnish units had a one-to-one performance review with their supervisor in 2017. This figure is unchanged from the previous year. The estimate is based on the comparison figure obtained from an employee survey in 2016 and information obtained from other sources during the year under review.

Why is developing employee competence and well-being important for society?	Why is developing employee competence and well-being important for Alma Media?	Target	Progress made in 2017	Actions to be taken in 2018
From the perspective of ensuring a high level of economic activity in society, it is essential that the working population is professionally competent and has a high level of well-being.	Competent, motivated and healthy employees support Alma Media's business development and digital transformation.	All Alma Media employees have the opportunity to pursue growth through their work. Finding effective methods for transforming competencies.	The FutureMe project, updating supervisors' support materials and developing managerial assessment.	Setting annual targets for the employees' competence development in one-to-one performance reviews, incorporating the lessons learned from the FutureMe project into the career guidance of all employees, enhancing the sharing of employee competence by means of a new internal coaching concept, investing resources in the development of managerial skills.

Calculation and data collection principles for CR reporting

Alma Media publishes corporate responsibility reports once a year. As with the annual report and financial statements, this corporate responsibility report covers the period from 1 January to 31 December 2017. The previous report was published in March 2017.

The corporate responsibility data was collected from the Group's internal statistical systems, subcontractors and partners. The calculation principles are compliant with the GRI Guidelines where appropriate with regards to the information available. The only exception is responsible journalism reporting. The GRI G4 Guidelines that preceded GRI Guidelines have been used there because reporting guidelines in the media sector have not yet been updated to keep them in line with the GRI reporting guidelines.

Financial reporting complies with the International Financial Reporting Standards (IFRS) and the figures pertaining to economic responsibility are taken from the financial statements. Reporting related to corporate governance complies with the legislation governing listed companies and the Finnish Corporate Governance Code for listed companies. The numbers concerning environmental responsibility have primarily been collected from suppliers and the invoicing function. Location-based CO_2 emissions calculations are based on emission factors provided by Statistics Finland, Finnish Energy and the IEA.

Market-based emissions calculations are based on supplier-specific emission factors and the EU member states' residual mix emission factors. Information pertaining to social responsibility is collected from HR information systems, the insurance company and, with regards to journalism, the Council for Mass Media.

In Description of the management of corporate responsibility on pages 34-38, deviations related to the reported aspects have been told. In the report, it has been stated when the reported figures are not comparable to those published last year due to more accurate reporting methods, for example.

Reporting is developed continuously to make it even more accurate and comprehensive in the future. The 2017 report has not been verified.

Contact information

In the table below, the contact information of the people responsible for developing corporate responsibility in Alma Media is shown.

Name	Title	Unit
Responsible journalism		
Arno Ahosniemi	Senior Editor-in-Chief	Alma Talent
Kari Kivelä	Publisher, Senior Editor-in-Chief	Iltalehti
Antti Kokkonen	Editor-in-Chief	Lapin Kansa
Tomi Lähdeniemi	Senior Editor-in-Chief	Satakunnan Kansa
Jussi Tuulensuu	Editor-in-Chief	Aamulehti
Jarkko Ambrusin	Editor-in-Chief	Regions editorial staff
Responsible marketing		
Tiina Järvilehto	SVP, Media Sales and Marketing	Alma Media Solutions
Elina Kukkonen	Senior Vice President, Communications and Brand	Alma Media
Social responsibility		
Virpi Juvonen	Senior Vice President, Human Resources	Alma Media
Environmental responsibility		
Jussi Pekkarinen	Quality Control Manager	Alma Manu
Jarno Lintunen	Facilities Manager	Alma Media
Responsibility throughout the supply chain		
Risto Jauhiainen	Director of Procurement	Alma Media
Transparency and ethics in business, risk management		
Mikko Korttila	General Counsel, Legal Affairs, M&A and Corporate Development	Alma Media
Juha Nuutinen	Chief Financial Officer	Alma Media
Information security and data protection		
Santtu Elsinen	Chief Digital Officer	Alma Media
Matti Venho	Data Protection Officer	Alma Media
Social influence		
Elina Kukkonen	Senior Vice President, Communications and Brand	Alma Media
Kirsi Hantula	Corporate Responsible Manager	Alma Media

Environmental and personnel figures in 2017

Alma Media's environmental and personnel data from 2017 is collected in the table below.

Alma Media and environment	Unit	2016	2017	2018	2019	2020	Comments
Fuel and energy consumption							
Petrol	GJ	2,202	5,286				The consumption data of 2016 and 2017 are not comparable. Reporting has been improved by adding the petrol consumption of the leased cars in LMC (Czech Republic) into the calculation.
Diesel	GJ	2,672	3,152				
Electricity	GJ	47,034	46,476				
District heating and cooling	GJ	31,003	22,919				
Emissions							
Direct emissions							
Fuels	tCO_2-ekv	359	579				The consumption data of 2016 and 2017 are not comparable. Reporting has been improved by adding the emissions of the leased cars in LMC (Czech Republic) into the calculation.
Indirect emissions							
District heating, cooling an electricity consumption	tCO_2	5,137	4,720				The consumption data of 2016 is different from the data reported in the 2016 annual report because reporting has been improved after that. The numbers reported now include district heating and cooling.
Other indirect emissions							
Air travel	tCO_2-ekv	241	248				

Alma Media's printing business and environment	Unit	2016	2017	2018	2019	2020	Comments
Materials used in printing							
Material							
Paper	tonnes	26,305	27,551				
Paper, certified	tonnes	26,305	25,374				
Paper, share of recycled paper	per cent	35	32				
CO_2 intensity of the paper used	kg CO_2/ paper tonne	167	153				
Inks	tonnes	551	636				
Coldset Offset as printing technology	tonnes	551	636				
Printing plates	tonnes	135	146				

Alma Media's printing business and environment	Unit	2016	2017	2018	2019	2020	Comments
Water consumption of printing							
Municipal water	m^3	3,465	3,387				
VOC emissons of printing							
VOC emissions	kg	4,442	2,328				
Waste caused by printing							
Waste incineration							
Hazardous waste	tonnes	n/a	65				The reporting of 2016 has been corrected. In 2016 all waste to be incinerated was falsely reported as hazardous waste. In 2017, for example, less than half of the incinerated waste was hazardous.
All waste to be incinerated		150	156				
Recycling							
Non-hazardous waste	tonnes	3,063	2,917				

Alma Media and Personnel

The amount of personnel in different countries	2016	2017	2018	2019	2020
Finland	1,460	1,432			
Sweden	94	88			
Baltics: Estonia, Latvia, Lithuania	267	279			
Czech Republic	263	268			
Slovakia	60	74			
Other countries	79	99			
Total	2,223	2,240			

The share of different sexes in the personnel (12/2017), %	Women	Men
Finland	47	53
Sweden	56	44
Baltics: Estonia, Latvia, Lithuania	73	27
Czech Republic	42	58
Slovakia	51	49
Other countries	53	47

The share of different age groups in the personnel (12/2017), %	Under 30 yrs.	30-50 yrs.	Over 50 yrs.
Finland	22	51	28
Sweden	13	69	18
Baltics: Estonia, Latvia, Lithuania	24	73	3
Czech Republic	26	71	3
Slovakia	27	72	1
Other countries	27	69	4

The shrare of women in managerial positions in different countries (12/2017), %	Women as managers	Men as managers
Finland	46	54
Sweden	38	62
Baltics: Estonia, Latvia, Lithuania	0	100
Czech Republic	23	77
Slovakia	55	45
Other countries	50	50

GRI index

GRI indicator		Location	Comments
Organizational profile			
Disclosure 102-1	Name of the organization	p. 3	
Disclosure 102-2	Activities, brands, products, and services	p. 20–21	
Disclosure 102-3	Location of headquarters	www.almamedia.fi/en/contacts	
Disclosure 102-4	Location of operations	Report by the Board of Directors and Financial Statements p. 98–100, 133–134	
Disclosure 102-5	Ownership and legal form	Report by the Board of Directors and Financial Statements p. 85, 98, 133–134, 139	
Disclosure 102-6	Markets served	Report by the Board of Directors and Financial Statements p. 98–100	
Disclosure 102-7	Scale of the organization	Report by the Board of Directors and Financial Statements p. 107	
Disclosure 102-8	Information on employees and other workers	p. 64	
Disclosure 102-9	Supply chain	p. 53–54	
Disclosure 102-10	Significant changes to the organization and its supply chain	Report by the Board of Directors and Financial Statements p. 80, 134, Corporate Responsibility Report p. 53	
Disclosure 102-11	Precautionary Principle or approach	Report by the Board of Directors and Financial Statements p. 98–101	
Disclosure 102-12	External initiatives	p. 34–38	
Disclosure 102-13	Membership of associations	p. 33	
Strategy			
Disclosure 102-14	Statement from senior decision-maker	p. 4–5	
Disclosure 102-15	Key impacts, risks, and opportunities	Report by the Board of Directors and Financial Statements p. 130–131, Corporate Governance Statement p. 179–181, Non–financial report p. 192–193	
Ethics and integrity			
Disclosure 102-16	Values, principles, standards, and norms of behavior	p. 9, 34–38	
Disclosure 102-17	Mechanisms for advice and concerns about ethics	p. 50	
Governance structure			
Disclosure 102-18	Governance structure	Corporate Governance Statement p. 166	
Disclosure 102-19	Delegating authority	Corporate Governance Statement p. 166	
Disclosure 102-20	Executive-level responsibility for economic, environmental, and social topics	p. 33, 66	
Disclosure 102-21	Consulting stakeholders on economic, environmental, and social topics	p. 18–19	
Disclosure 102-22	Composition of the highest governance body and its committees	Corporate Governance Statement p. 167–168	
Disclosure 102-23	Chair of the highest governance body	Corporate Governance Statement p. 167	
Disclosure 102-24	Nominating and selecting the highest governance body	Corporate Governance Statement p. 167, 172	
Disclosure 102-25	Conflicts of interest	p. 67, Corporate Governance Statement p. 167–170	
Disclosure 102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Statement p. 170	
Disclosure 102-27	Collective knowledge of highest governance body	Corporate Governance Statement p. 170	

GRI indicator		Location	Comments
Disclosure 102-28	Evaluating the highest governance body's performance	Corporate Governance Statement p. 171	
Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance Statement p. 178	
Disclosure 102-30	Effectiveness of risk management processes	Corporate Governance Statement p. 178–181	
Disclosure 102-31	Review of economic, environmental, and social topics	Corporate Governance Statement p. 179	
Disclosure 102-32	Highest governance body's role in sustainability reporting	p. 33	
Disclosure 102-33	Communicating critical concerns	Corporate Governance Statement p. 178–181	
Disclosure 102-34	Nature and total number of critical concerns	Corporate Governance Statement p. 178–181	
Disclosure 102-35	Remuneration policies	Corporate Governance Statement p. 183–186	
Disclosure 102-36	Process for determining remuneration	Corporate Governance Statement p. 183–186	
Disclosure 102-40	List of stakeholder groups	p. 18	
Disclosure 102-41	Collective bargaining agreements		Information about the number of employees covered by collective bargaining agreements is available from our operations in Finland and Sweden. Starting from the beginning of 2018 all of Alma Media's employees in Sweden are covered by local bargaining agreements. In Finland the share of personnel covered is 88%. Alma Media complies with local labor laws in all of its other operating countries also.
Stakeholder engagement			
Disclosure 102-42	Identifying and selecting stakeholders	p. 18–19	
Disclosure 102-43	Approach to stakeholder engagement	p. 18–19	
Disclosure 102-44	Key topics and concerns raised	p. 18–19	
Reporting practice			
Disclosure 102-45	Entities included in the consolidated financial statements	Report by the Board of Directors and Financial Statements p. 133–134	
Disclosure 102-46	Defining report content and topic Boundaries	p. 34–38	
Disclosure 102-47	List of material topics	p. 32, 34–38, 66	
Disclosure 102-48	Restatements of information	p. 34–38	
Disclosure 102-49	Changes in reporting	p. 34–38	
Disclosure 102-50	Reporting period	p. 66	
Disclosure 102-51	Date of most recent report	p. 66	
Disclosure 102-52	Reporting cycle	p. 66	
Disclosure 102-53	Contact point for questions regarding the report	p. 66	
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	p. 66	
Disclosure 102-55	GRI content index	p. 69–72	
Disclosure 102-56	External assurance	p. 66	
Management approach			
Disclosure 103-1	Explanation of the material topic and its Boundary	p. 34–38	
Disclosure 103-2	The management approach and its components	p. 34–38	

GRI indicator		Location	Comments
Disclosure 103-3	Evaluation of the management approach	p. 34–38	Targets set for Alma Media's corporate responsibility focus areas are presented in the corporate responsibility report on the pages 39–65.
ECONOMIC STANDARDS			
Economic performance			
Disclosure 201-1	Direct economic value generated and distributed	p. 51–52	
Disclosure 201-4	Financial assistance received from government	p. 52	
Anti-corruption			
Disclosure 205-3	Confirmed incidents of corruption and actions taken	p. 50	
Anti-competitive behavior			
Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 50	
ENVIRONMENTAL STANDARDS			
Materials			
Disclosure 301-1	Materials used by weight or volume	p. 67	
Energy			
Disclosure 302-1	Energy consumption within the organization	p. 67	
Disclosure 302-2	Energy consumption outside of the organization	p. 67	
Disclosure 302-4	Reduction of energy consumption	p. 56, 58, 67	
Disclosure 302-5	Reductions in energy requirements of products and services	p. 58	
Emissions			
Disclosure 305-1	Direct (Scope 1) GHG emissions	p. 67	
Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	p. 67	
Disclosure 305-3	Other indirect (Scope 3) GHG emissions	p. 67	
Disclosure 305-5	Reduction of GHG emissions	p. 58	
Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	p. 68	
Effluents and waste			
Disclosure 306-2	Waste by type and disposal method	p. 68	
Supplier environmental assessment			
Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken	p. 53, 55	
SOCIAL STANDARDS			
Employment			
Disclosure 401-1	New employee hires and employee turnover	p. 61	
Occupational health and safety			
Disclosure 403-2	Workers representation in formal joint management–worker health and safety committees	p. 63	
Disclosure 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 63	

GRI indicator		Location	Comments
Training and education			
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	p. 62–63, 65	
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	p. 65	
Diversity and equal opportunity			
Disclosure 405-1	Diversity of governance bodies and employees	p. 60	
Non-discrimination			
Disclosure 406-1	Incidents of discrimination and corrective actions taken	p. 60	
Local communities			
Alma Media's own indicator	Alma Media carries out at least one national-level social project or media education project in Finland each year.	p. 43	
Public policy			
Disclosure 415-1	Political contributions	p. 50	
Marketing and labelling			
Disclosure 417-3	Requirements for product and service information and labeling	p. 48	
Alma Media's own indicator	The appreciation of Alma Media's media sales organisation among the leaders of its industry	p. 48	
Customer privacy			
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 45	
Socioeconomic compliance			
Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	p. 50, 60	
GRI G4 indicator			
Standards for media sector			
G4-M1	Significant funding and other support received from non-governmental sources	p. 52	
G4-M2	Monitoring ethics in journalism	p. 39–41	
G4-M3	Developing ethical practices for journalism	p. 39–41	
G4-M7	Actions taken to empower audiences through media literacy skills development	p. 43	

Global Compact content index

Principle	Location
Human rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Code of Conduct
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Code of Conduct, p. 51, 60
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	p. 69
Principle 4: Businesses should support the elimination of all forms of forced and compulsory labour.	Code of Conduct, p. 51, 60
Principle 5: Businesses should support the effective abolition of child labour.	Code of Conduct, p. 51, 60
Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation.	Code of Conduct, p. 51, 60
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	p. 56–58
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	p. 55–58
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	Code of Conduct, p. 55
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Code of Conduct, p. 50

Report by the Board of Directors and Financial Statements 2017

ALMA MEDIA CORPORATION

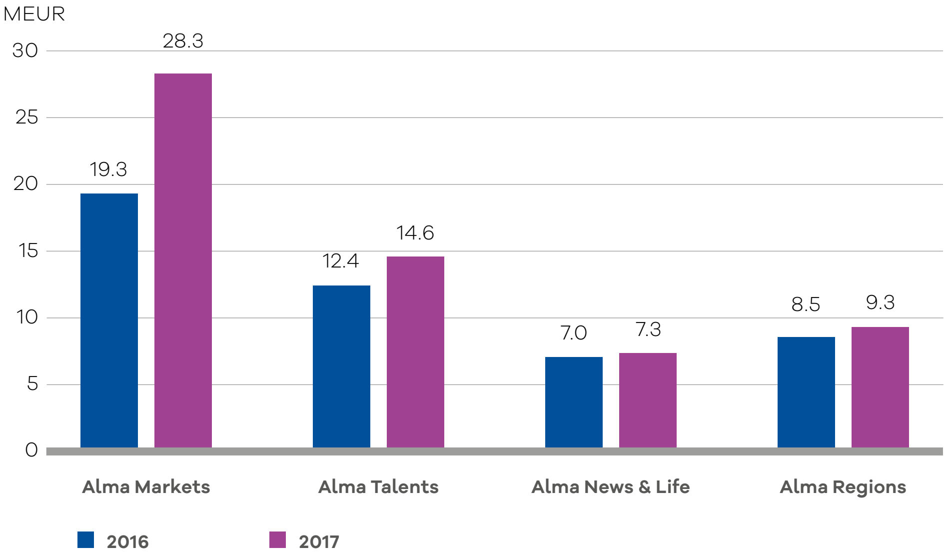
CONTENTS

Report by the Board of Directors

FINANCIAL PERFORMANCE FULL YEAR 2017:

- Revenue MEUR 367.3 (353.2), up 4.0%.
- Adjusted operating profit MEUR 51.1 (35.2), or 13.9% (10.0%) of revenue, up 45.2%.
- Operating profit MEUR 46.6 (26.8), or 12.7% (7.6%) of revenue, up 74.0%.
- Earnings per share were EUR 0.39 (0.20).
- The Board's dividend proposal is EUR 0.24 (0.16) per share.
- At the end of the period, the gearing ratio was 25.4% (41.4%) and the equity ratio was 50.9% (45.7%).

Business segments' adjusted operating profit, January–December (excludes non-allocated functions)



KEY FIGURES

MEUR	2017 Q1–Q4	2016 Q1–Q4	Change %
Revenue	367.3	353.2	4.0
Content revenue	125.8	128.3	-1.9
Content revenue, print	109.3	113.5	-3.7
Content, digital	16.5	14.8	11.4
Advertising revenue*	185.8	171.6	8.3
Advertising revenue, print	62.8	68.5	-8.5
Sales of advertising, digital	120.5	101.3	19.0
Service revenue*	55.7	53.3	4.4
Adjusted total expenses	320.8	318.9	0.6
Adjusted EBITDA	67.4	53.3	26.5
EBITDA	66.9	47.9	39.6
Adjusted operating profit	51.1	35.2	45.2
% of revenue	13.9	10.0	
Operating profit/loss	46.6	26.8	74.0
% of revenue	12.7	7.6	
Profit for the period	36.7	19.9	85.0
Earnings per share, EUR (undiluted and basic)	0.39	0.20	90.8
Digital business revenue	156.6	133.5	17.3
Digital business, % of revenue	42.6	37.8	

*Comparison data has been adjusted between advertising revenue and service revenue.

Dividend proposal to the Annual General Meeting

On 31 December 2017, the Group's parent company had distributable funds totalling EUR 134,532,841 (124,646,114). Alma Media's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share (2016: EUR 0.16 per share) be paid for the financial year 2017. Based on the number of outstanding shares on the closing date 31 December 2017, the dividend payment totals EUR 19,733,564 (13,181,309).

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.

Operating environment in 2018

The Finnish economy is expected to experience strong growth in 2018. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth of 3–4%. The structural transformation of the media will continue in 2018; online content sales will grow, while the demand for print media will decline.

Outlook for 2018

In 2018, Alma Media expects its full-year revenue to remain at the previous year's level and its adjusted operating profit to increase from the 2017 level. The full-year revenue for 2017 was MEUR 367.3, and the adjusted operating profit was MEUR 51.1.

Kai Telanne, President and CEO

In 2017, Alma Media's operative performance was good, and we achieved all three of our long-term financial goals. Full-year revenue grew by 4 per cent to MEUR 367 and adjusted operating profit increased by 45 per cent to MEUR 51. Earnings per share increased by 90 per cent to EUR 0.39 despite restructuring costs and impairment. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share be paid.

In the Alma Markets segment, the basic business was supported by the continued strong economic development in Eastern Central Europe and the Finnish economy returning to growth. The business segment also implemented highly active sales efforts and expanded its product portfolio. Costs were increased by investments in sales and marketing as well as the development of online services, such as the renewed Etuovi online service.

The Alma Talent segment's revenue in 2017 was on a par with the previous year, but the business unit's profitability improved substantially. The fusion synergies expected from the merger of Alma Talent and Talent were fully achieved in 2017. Alma Talent aims to rapidly increase digital content sales and, to support this, we redesigned the Arvopaperi and Talouselämä online services last year. The business segment is also seeking synergies between the unit's different business operations, such as the book and training business.

In the Alma News & Life segment, digital advertising saw strong growth and was at a record level at the end of the year. Growth was particularly strong in programmatic buying and content marketing. The development can be attributable to major advertisers shifting from print media to national digital media. Digital business now constitutes more than half of the segment's revenue. Content revenue declined due to a decrease in Iltalehti's print circulation.

In Alma Regions, measures to ensure the profitability of publishing operations continued. The structural transformation of advertising was clearly demonstrated in the decline of regional newspaper advertising. Content revenue was increased by investments in the development of online services and sales of digital subscriptions, for example. Service revenue was increased by growth in the external revenue of printing operations.

The Finnish economy experienced a strong growth spurt in 2017, but this was not reflected in the long-awaited revival of the advertising market. According to TNS Kantar, investments in media advertising fell in 2017 by 2.8 per cent to MEUR 0.9. This level of advertising investment is not sufficient to ensure Finland's competitiveness in the long term. International platform operators account for around half of the Finnish digital advertising market. A positive aspect of this development is that, unlike in many other countries, the growth of these operators has not accelerated towards the end of the year in the Finnish advertising market.

Our rapidly growing international business operations accounted for most of our profitable growth in 2017. The Czech Republic, Slovakia and Croatia were among the fastest growing countries in 2017. Our operations outside of Finland accounted for 23 per cent of our revenue and 39 per cent of our operating profit.

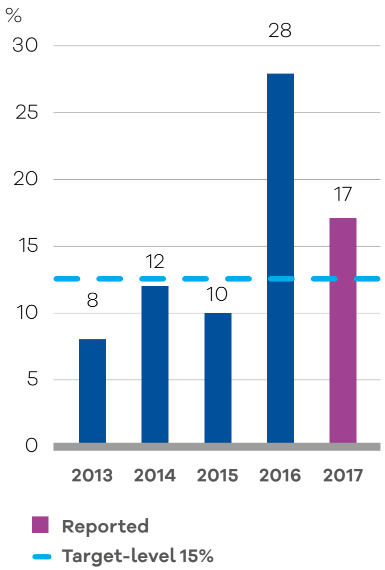
Strategy and related activities during the financial period

The main directions of Alma Media's strategic development include developing and expanding existing business operations as well as growth in new business areas and markets through both organic growth and acquisitions. The cornerstones of the development of the Group's business operations during the financial period were multi-channel content, marketing and advertising solutions, digital services and improving resources and competencies.

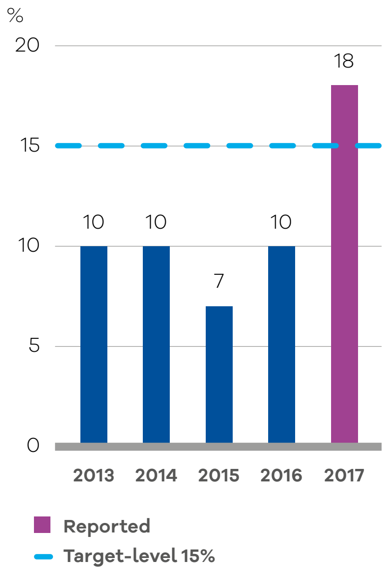
In accordance with its strategy, Alma Markets develops its operations by expanding and deepening its service offering around the current entities focused on housing, cars and recruitment. In digital service development, a transaction completed in March 2017 saw the share capital of the renovation and construction marketplace Urakkamaailma.fi become fully owned by Alma Mediapartners, a subsidiary of Alma Media. At Urakkamaailma.fi, consumers and housing companies can find verified contractors with reviews by users for renovation and construction projects. As a continuation to its previous company acquisitions in the competitive bidding and comparison market, Alma Mediapartners acquired a minority share (25%) in Muuttomaailma Oy in July 2017. Muuttomaailma.fi carries out competitive bidding between moving service providers and offers users of the Etuovi.com and Vuokraovi.com services a convenient way to arrange their move.

ALMA MEDIA'S LONG-TERM FINANCIAL TARGETS AND THEIR ACHIEVEMENT

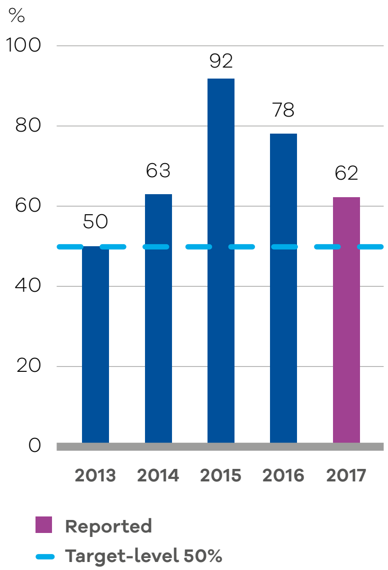
Digital business growth



Return on investment



Dividend payout ratio



The strategy of Alma Media's Czech subsidiary LMC is to offer the best possible tools for the users of its recruitment services, whether they are jobseekers or employers. In addition to its basic recruitment business, LMC has expanded its product portfolio to include mobile services that take advantage of social media, such as a service focusing on recommendations from colleagues and conveniently sharing of job advertisements on social media. In 2017, LMC launched a similar employer rating service, Atmoskop. In this service, employees can share their reviews on employers and companies' corporate cultures. LMC has also successfully developed online training services to complement its recruitment services. Aimed at employee skills development, the Seduo training portal and learning platform works in cooperation with instructors, several universities and training companies to provide more than 100 online courses in different fields.

Private leasing, car sharing and other alternatives to car ownership are an emerging automotive megatrend. In spring 2017, the Alma Markets online service Autotalli.com launched a new mobility service that presents information on the various ways to gain access to a car and the costs associated with them. The aim of the new service is to make it convenient for consumers to find the right solution for gaining access to a car. The service brings together the offerings of various service providers on a single platform.

Alma Talent's business focuses on the professionals and decision-makers of different fields, offering them information, tools and training. To further broaden its target groups, Alma Talent acquired full ownership of Mediuutiset from Bonnier Business Press, which is part of the Bonnier Group, in June 2017. Prior to the acquisition, Alma Talent held a 50% stake in Mediuutiset. Mediuutiset is an independent health care news media company for physicians, medical professionals and decision-makers in public health care and companies.

In accordance with its multimedia strategy, Alma Talent aims to offer content for easy use via different channels using a reading experience of the customer's choice. January saw the launch of the first development project under Alma Talent's new strategy, the online service of Arvopaperi. Broader than its predecessor and partly behind a paywall, the new digital service represents an even better response to the needs of readers who follow the markets closely. The largest financial magazine in the Nordic countries, Talouselämä and its online service, also underwent a redesign in October.

Chatbots, customer service software robots based on artificial intelligence, are rapidly becoming more commonplace internationally. Kauppalehti launched the KL Assistant service in 2017. KL Assistant is a chatbot on the Facebook Messenger platform that sends customised Kauppalehti news on selected topics at user-specified times.

Alma News & Life has invested in video production and the development of multimedia solutions in order to increase the size of its digital media audience. May 2017 saw the launch of Sensuroimaton Päivärinta (Päivärinta Uncensored), a new web TV talk show. At its peak, the audience of journalist Susanne Päivärinta's weekly live IL-TV talk show has exceeded 400,000 video starts, boosting the growth of Iltalehti's video advertising. In August 2017, Iltalehti also signed an agreement to produce news broadcasts for Bauer Media's biggest radio stations, Radio Nova and Iskelmä, from October. Radio Nova is Finland's most popular commercial radio station with 1.3 million weekly listeners. Iskelmä has over 700,000 listeners a week. (National Radio Survey, KRT). Iltalehti has produced news for Radio Nostalgia since the beginning of the year and for Business FM since the spring.

The Alma Regions segment continued to ensure the profitability of publishing operations in 2017. The Pohjolan Sanomat title that was previously published as Lapin Kansa's other edition was given up at the start of year. In addition, all digital media services were moved under the Lapin Kansa brand. The statutory personnel negotiations held in connection with the restructuring measures led to a reduction of 12 employees. In August 2017, a bill of sales was signed with Kaleva's subsidiary Kaleva365 Oy for the sale of the local newspapers published by Alma Regions in Pohjois-Pohjanmaa, the Raahen Seutu and Raahelainen papers published in Raahe and the Pyhäjokiseutu paper published in Oulainen. The cooperation negotiations conducted to secure the profitability of Alma Regions' publishing business and streamline its operations were also concluded in November 2017. As a result of the negotiations, the number of employees was reduced by 35 person-years. Most of the reductions were implemented through severance packages or retirement solutions. The negotiations concerned all employee groups in the publishing business, excluding the newspaper business of Alma Lappi and the employees of Lännen Media.

During the news coverage of the municipal elections in April 2017, Alma Regions' media used a news robot algorithm that produces text automatically based on data. Alma Media is participating in Immersive Automation, a project led by the University of Helsinki and Tekes, the Finnish Funding Agency for Technology and Innovation. The project's news robot produced news based on data provided by the Finnish Ministry of Justice on the election results of all Finnish municipalities and their voting districts. Aamulehti also uses a bot that scans City of Tampere agendas for keywords specified by the editorial team. Robot journalism is also utilised in financial statements analyses produced by Alma Talent and in financial news coverage to automatically update different types of dynamic elements, such as share prices and visualisations.

During the summer, Alma Media piloted a geolocation-based service at the Särkänniemi amusement park in Tampere to provide free access to the Aamulehti news application for customers visiting the park. In the future, geolocation can also be used in the delivery of other content services, such as news and tips on nearby events and attractions as well as various product and service offers that are of interest to customers. The geolocation service is part of Alma Regions' Reviiri project.

In order to offer increasingly better advertising solutions for advertisers, Alma Media initiated several measures in 2017 to improve the visibility, functioning and effectiveness of advertisements. The most important of these is the viewability project. Viewability values are used to measure how long advertisements are displayed and how well they are noticed on the screen. These have a major impact on the effectiveness of advertising. According to a survey, Alma Media's inventory of programmatic buying has obtained above average values compared to the market. Alma Media regularly monitors and develops the effectiveness of advertising together with its customers.

Content marketing is currently one of the fastest growing areas in marketing and one of Alma Media Solutions' focus areas in addition to mobile advertising and programmatic buying. Alma Media has considerably diversified its content marketing services to its advertising customers. Marketing integrated into Alma's media, such as content entities originating from the customer, individual articles supplied by advertisers and native solutions that direct the audience to the customer's own media are now complemented by videos and supported by social media channels.

At the end of the year, Alma Media established a joint eCom team between the business units to develop digital subscription sales as well as increase and share knowledge related to e-commerce. With the support of the eCom team, the the digital customer path is actively managed in order to increase reader loyalty and subscription propensity. The eCom team also enables Alma-level campaigns and measures to be implemented more easily.

As part of the development of digital services, Alma News & Life launched a new online store for its Matkapörssi service in November 2017. The reservation system of the online travel agency makes it easy to buy package tours, flights and hotel accommodation from any device. Additional services, such as transport services, seat reservations and travel insurance, can also be bought as part of the booking process.

Market situation in the main markets

According to Kantar TNS, the total advertising volume in Finland decreased by 2.8% (increased by 0.2%) in 2017, while advertising in online media increased by 7.3% (13.6%). Advertising in city papers and newspapers declined by 9.7% (4.8%) and advertising in magazines in Finland decreased by 5.9% (9.7%). In terms of volume, the total market for afternoon papers in Finland declined by 12.3% (15.4%) in 2017.

According to Sveriges Mediebyråer, the total advertising volume in Sweden increased by 3.7% (5.1%) in 2017. Advertising in online media grew by 10.2% in Sweden. Advertising in trade magazines in Sweden decreased by 9.6% (11.5%).

Alma Media's main markets in Eastern Central Europe are the Czech Republic and Slovakia. According to the European Commission's forecast, the Czech GDP will grow by 3% in 2018. The Czech National Bank estimates that the GDP will grow by 3.4% in 2018. In Slovakia, GDP growth in 2018 will be 3.8% according to the European Commission. The National Bank of Slovakia estimates GDP growth in 2018 to be 4.3%.

Changes in Group structure in 2017

Alma Mediapartners, a subsidiary of Alma Media, acquired the remaining share capital to become the full owner of Remonttibulevardi Oy in February 2017. Remonttibulevardi Oy was previously consolidated into the Group's financial statements. Alma Media Group owns 65 per cent of the Alma Mediapartners group.

Alma Talent Oy, a part of Alma Media, acquired full ownership of Oy Mediuutiset Ab in June 2017. Prior to the acquisition, Alma Talent held a 50% stake in Mediuutiset. The seller was Bonnier Business Press Ab, which is part of the Bonnier Group.

In August 2017, Alma Career Oy's subsidiary LMC sold the VysokeSkoly.cz online service, which offers information and services focused on tertiary education, to EDURoute. In the arrangement, Alma Media recognised a sales gain of MEUR 0.6.

In October 2017, the local papers published by Alma Regions in Pohjois-Pohjanmaa were sold to Kaleva's subsidiary Kaleva365 Oy. The transaction has no impact on the result of Alma Media Group.

Group revenue and result full year 2017

Revenue increased by 4.0% to MEUR 367.3 (353.2) in 2017.

Content revenue declined by 1.9% to MEUR 125.8 (128.3). Content revenue declined due to the decline of print subscriptions and single-copy sales. The increase in content revenue from digital distribution channels was not sufficient to cover the decline in print media content revenue.

Revenue from advertising sales increased by 8.3% to MEUR 185.8 (171.6). Advertising sales for print media decreased by 8.5% from the comparison period, to MEUR 62.8 (68.5). Digital advertising sales increased by 19% to MEUR 120.5 (101.3).

Service revenue totalled MEUR 55.7 (53.3). Service revenue was increased by growth in the external sales of printing and distribution services.

Total adjusted expenses increased by MEUR 1.9, or 0.6%, to MEUR 320.8 (318.9). Depreciation and impairment included in the total expenses amounted to MEUR 20.3 (21.1).

Adjusted operating profit was MEUR 51.1 (35.2), or 13.9% (10.0%) of revenue. Operating profit was MEUR 46.6 (26.8), or 12.7% (7.6%) of revenue. The operating profit includes net adjusted items of MEUR -4.5 (-8.4).

The result for 2017 was MEUR 36.7 (19.9), and the adjusted result was MEUR 41.2 (28.2).

Alma Markets

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, MojPosao.net, Monster.hu, Monsterpolska.pl 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, Websales and Webrent. Also reported in this segment are Nettikoti, which specialises 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.

For 2017 the Alma Markets segment's revenue increased in both domestic and international operations and amounted to MEUR 83.2 (69.4). Revenue from the recruitment business increased by 22.6% during the review period and accounted for 78.1% (76.4%) of the segment's revenue for 2017. The effect of exchange rate changes was MEUR 0.8 on revenue growth and MEUR 0.2 on operating profit growth in the Czech Republic.

The segment's adjusted total expenses for 2017 amounted to MEUR 55.0 (50.2). The increase in expenses was attributable to investments in the development of online services and marketing. The change in expenses includes MEUR 2.0 associated with discontinued IFRS 3 fair value depreciation allocated to the LMC business.

The Alma Markets segment's adjusted operating profit was MEUR 28.3 (19.3) for 2017. The adjusted operating profit was 34.1% (27.8%) of revenue. The segment's operating profit was MEUR 28.9 (19.3). The financial year's adjusted items, MEUR 0.5, were related to a sales gain. The adjusted item in the comparison year was related to proceeds on sale connected to an incremental acquisition.

Alma Talent

The Alma Talent business segment publishes 20 trade and financial publications, as well as books. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information services. Alma Talent has operations in Finland, Sweden and the Baltics. Alma Talent media include Kauppalehti, Talouselämä, Tekniikka & Talous, Markkinointi&-Mainonta, Arvopaperi, Tivi and Mediuutiset. In Sweden, Alma Talent's publications include Affärsvärlden, Ny Teknik and Dagens Media.

The Alma Talent segment's revenue amounted to MEUR 113.2 (114.0). Digital business accounted for 33.8% (31.3%) of the segment's revenue. The net effect of reorganisation and discontinued operations on the decrease in revenue was MEUR 1.2. The effect of the changed exchange rate of the Swedish crown on revenue change was MEUR -0.3.

The content revenue of the Alma Talent segment decreased by 2.7% to MEUR 48.2 (49.6). The decline in content revenue was attributable to lower print media content sales and a decrease in the Pro unit's book sales.

Advertising sales in 2017 amounted to MEUR 35.5 (32.7). Online advertising revenue increased by 8.2% year-on-year, mainly boosted by content marketing and mobile sales. The revenue of Mediuutiset, acquired in July 2017, contributed MEUR 1.1 to the increase in advertising sales.

Service revenue decreased by 6.8% to MEUR 29.5 (31.7), largely due to the effect of discontinued businesses.

The segment's adjusted total expenses were MEUR 98.7 (101.8) and total expenses MEUR 98.9 (105.9). The expenses were reduced by restructuring measures implemented last year, integration-related employee expense savings in Media Finland, Media Sweden and Information Services as well as discontinued businesses.

The Alma Talent segment's adjusted operating profit was MEUR 14.6 (12.4) and operating profit MEUR 15.2 (8.8). The adjusted operating profit was 12.9% (10.9%) of revenue. The adjusted items recognised during the financial period were related to a sales gain on acquisition achieved in stages and the restructuring of business operations. The adjusted expenses in the comparison period were related to operational restructuring.

Alma News & Life

The Alma News & Life segment includes the various digital and print news and lifestyle content of the national Iltalehti. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment.

The Alma News & Life segment's revenue increased by 6.0% to MEUR 48.8 (46.1) as a result of growth in digital advertising. Digital business accounted for 50.8% (42.5%) of the segment's revenue.

The segment's content revenue declined by 9.4% to MEUR 19.5 (21.6) in 2017, mainly due to the decrease in Iltalehti's circulation.

The segment's advertising sales increased by 15.6% to MEUR 25.8 (22.3). The segment's digital advertising revenue increased by 22.1% to MEUR 21.3 (17.5) on the strength of mobile advertising and programmatic buying.

Service revenue was MEUR 3.5 (2.2), with the increase being attributable to the revenue of the Rantapallo business acquired in spring 2016.

The segment's total expenses were MEUR 41.5 (39.1). The increase in expenses was attributable to the acquisition of Rantapallo as well as investments in systems to support the digital business and solutions for sales and marketing.

The segment's adjusted operating profit was MEUR 7.3 (7.0), or 15% (15.1%) of revenue.

No adjusted items were reported during the financial period. The comparison period's adjusted items, MEUR 0.9, were related to a sales gain on the Rantapallo acquisition achieved in stages.

Alma Regions

The print and online publishing business of Aamulehti, Satakunnan Kansa, Lapin Kansa and several local and town papers is reported in the Alma Regions segment. The printing and distribution unit Alma Manu is also included in this segment.

The Alma Regions segment's revenue amounted to MEUR 126.3 (127.7) in January–December. Digital business accounted for 8.3% (7.0%) of the segment's revenue. The segment's content revenue increased by 1.5% to MEUR 58.1 (57.2) in 2017 due to the growth in digital content revenue.

The segment's advertising sales declined by 9.3% to MEUR 47.5 (52.4). Advertising sales for print media decreased by 10.8% in spite of the boost provided by the municipal elections in the spring. The decline is attributable to reduced advertising spending in the retail sector. The segment's digital advertising sales increased by 10.4% to MEUR 3.9 (3.5).

The segment's service revenue increased by 14.1% to MEUR 20.7 (18.2) due to the external sales of printing and delivery services.

The segment's adjusted total expenses were MEUR 117.2 (119.6) and total expenses MEUR 119.6 (122.6).

The segment's adjusted operating profit was MEUR 9.3 (8.5) and operating profit MEUR 7.2 (5.5). The adjusted operating profit was 7.4% (6.6%) of revenue. Adjusted items in the review period, MEUR 2.2, were related to restructuring costs and a sales gain. Two statutory personnel negotiation rounds concerning the publishing business were concluded during the year. The adjusted items in the comparison period were related to corresponding restructuring costs.

Associated companies

Alma Media sold its share of ownership of Tampereen Tietoverkko (TTV) Oy to Elisa Corporation in June 2017. Alma Media owned 35.14% of the company.

Alma Talent Oy, which is part of Alma Media, acquired full ownership of Mediuutiset Oy in June 2017. Alma Talent previously held a 50% stake in Mediuutiset Oy.

In July 2017, Alma Mediapartners Oy acquired 25 per cent of the share capital of Muuttomaailma Oy, which offers competitive tender services for moving houses.

In September 2017, Alma Media's subsidiary Tau on-line acquired a 30% minority interest in Vrabotuvanje Online, the leading online recruitment service in Macedonia.

In September 2017, Alma Media's subsidiary Alma Media Kustannus Oy sold Holding Oy Vision. Alma Media owned 24.74% of the company.

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 profit and loss statement within the corresponding income or expense group.

ADJUSTED ITEMS

MEUR	2017 1–12	2016 1–12
Alma Markets		
Gains (losses) on the sale of assets	0.5	0.0
Alma Talent		
Impairment losses		-1.0
Restructuring	-0.1	-3.0
Gains (losses) on the sale of assets	0.7	0.4
Alma News & Life		
Gains (losses) on the sale of assets		0.9
Alma Regions		
Impairment losses	0.0	-2.0
Restructuring	-2.4	-0.8
Gains (losses) on the sale of assets	0.2	-0.2
Non-allocated		
Impairment losses	-4.0	0.0
Restructuring	-0.4	
Costs related to the Talentum acquisition		-2.8
Gains (losses) on the sale of assets	0.9	0.1
ADJUSTED ITEMS IN OPERATING PROFIT	-4.5	-8.4
ADJUSTED ITEMS IN PROFIT BEFORE TAX	-4.5	-8.4

Balance sheet and financial position

At the end of December 2017, the consolidated balance sheet stood at MEUR 333.8 (327.0). The Group's equity ratio at the end of December was 50.9% (45.7%) and equity per share was EUR 1.66 (1.44).

The consolidated cash flow from operations in January–December was MEUR 51.7 (42.3). Cash flow before financing activities was MEUR 34.5 (31.4).

On 31 December 2017, the Group's interest-bearing debt amounted to MEUR 61.0 (80.4). The total interest-bearing debt comprised MEUR 56.0 in finance leasing debt and MEUR 5.0 in loans from financial institutions. The Group's interest-bearing net debt on 31 December 2017 stood at MEUR 40.2 (57.1). The interest-bearing debt increased in the fourth quarter of the year due to investments.

Alma Media has two MEUR 15.0 committed financing limits at its disposal, which were entirely unused as at 31 December 2017. In addition, the company has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was entirely unused on 31 December 2017.

Alma Media did not have financial assets or liabilities created in conjunction with business combinations measured at fair value and recognised through profit or loss on 31 December 2017.

Capital expenditure

Alma Media Group's capital expenditure in 2017 totalled MEUR 22.2 (10.0). The capital expenditure mainly consisted of the acquisitions of Urakkamaailma.fi and Ab Mediuutiset Oy as well as the redemption of the office and production facility at Patamäenkatu 7. The capital expenditure also includes normal operating and maintenance investments.

Research and development costs

The Group's research and development costs in 2017 totalled MEUR 5.0 (MEUR 5.0). Of this total, MEUR 4.9 (MEUR 4.2) was recognised in the income statement and MEUR 0.1 (MEUR 0.8) was capitalised to the balance sheet in 2017. On 31 December 2017, capitalised research and development costs on the balance sheet totalled MEUR 2.2 (MEUR 3.3).

Employees

During 2017, Alma Media had on average 2,280 (2,289) employees, calculated as full-time employees (excluding delivery staff). The number of newspaper delivery staff was 870 (845) on average.

Governance

Alma Media Corporation's Annual General Meeting, held on 22 March 2017, elected Niklas Herlin, Matti Korkiatupa, Esa Lager, Petri Niemisvirta, Catharina Stackelberg-Hammarén, Mitti Storckovius and Harri Suutari as member of the company's Board of Directors. In its constitutive meeting held after the AGM, the Board of Directors elected Harri Suutari as its Chairman and Petri Niemisvirta as its Vice Chairman.

The Board of Directors also appointed the members to its permanent committees. Matti Korkiatupa and Catharina Stackelberg-Hammarén were elected as members of the Audit Committee and Esa Lager as Chairman of the Committee. Niklas Herlin, Harri Suutari and Mitti Storckovius were elected as members of the Nomination and Compensation Committee, and Petri Niemisvirta was elected Chairman of the Committee.

The Board of Directors has assessed that with the exception of Matti Korkiatupa, Esa Lager and Niklas Herlin, the members of the Board are independent of the company and its significant shareholders. The members mentioned above are assessed to be independent of the company but not independent of its significant shareholders. Matti Korkiatupa has been in an employment relationship with Ilkka-Yhtymä Oyj during the past three years as the company's Managing Director, Esa Lager as a member of the Board of Ilkka-Yhtymä Oyj and Niklas Herlin as the Chairman of the Board of Mariatorp Oy.

Publisher Niklas Herlin, Member of the Board of Alma Media Corporation since 2013, deceased unexpectedly in October. Niklas Herlin also served as Chairman of the Board of Directors of Mariatorp Oy from 2005. Mariatorp's and Niklas Herlin's personal holdings in Alma Media's shares amount to 19.4 per cent.

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.

The AGM authorised the Board of Directors to decide on donations amounting to no more than EUR 50,000 to universities in 2017–2018, with the more detailed conditions of the donations to be decided by the Board of Directors.

The duties of Alma Media Corporation's Shareholders' Nomination Committee include preparing proposals related to the election and remuneration of the members of the Board of Directors to be submitted to the Annual General Meeting. The Nomination Committee for the spring 2018 Annual General Meeting was appointed in October 2017. The following were appointed as members of Alma Media's Nomination Committee: Timo Aukia, Chairman of the Board of Directors, Ilkka Group; Peter Immonen, Member of the Board of Mariatorp Oy; Henrik Ehrnrooth, Chairman of the Board of Otava Oy; and Timo Sallinen, Head of Listed Securities, Varma Mutual Pension Insurance Company. At the constitutive meeting, Timo Aukia was elected Chairman of the Shareholders' Nomination Committee. In addition, the Chairman of the Board of Directors of Alma Media Corporation, Harri Suutari, acts as an expert member in the Nomination Committee.

Dividends

In accordance with the proposal of the Board of Directors, the AGM resolved on 22 March 2017 that a dividend of EUR 0.16 per share be paid for the financial year 2016. The dividend were to be paid to shareholders who were registered in Alma Media Corporation's shareholder register maintained by Euroclear Finland Ltd on the record date, 24 March 2017. The payment was made on 31 March 2017.

Other decisions by the Annual General Meeting

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 proposed 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 in 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 shareholders' current holdings. The price paid for the shares shall be based on the price of the company share in the regulated market, so that the minimum price of purchased shares is the lowest market price of the share quoted in the regulated market during the term of validity of the authorisation and the maximum price, correspondingly the highest market price quoted in 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. It is proposed that the authorisation be valid until the following AGM; however, until no later than 30 June 2018.

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 proposed 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 parts. The Board of Directors can use the authorisation to implement incentive programmes for the management or key employees of the company.

It is proposed that the authorisation be valid until the following AGM; however, until no later than 30 June 2018. This authorisation would override the corresponding share issue authorisation granted at the AGM of 17 March 2016.

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. The authorisation entitles the Board to issue a maximum of 16,500,000 shares. The proposed maximum number of shares corresponds to approximately 20 per cent of the total number of shares in the company. The share issue can be implemented by issuing new shares or transferring shares now in possession of the company. 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 parts.

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

It is proposed that the authorisation be valid until the following AGM; however, until no later than 30 June 2018.

The Alma Media share

In October–December, altogether 945,634 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 1.1% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the review period, 29 December 2017, was EUR 7.19. The lowest quotation during the review period was EUR 6.42 and the highest EUR 7.50. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 592.3.

Shareholdings

20 PRINCIPAL SHAREHOLDERS ON 31 DECEMBER 2017

	Pcs	% of total shares	Share of total votes (%)
1. Ilkka-Yhtymä Oyj	22,493,473	27.30	27.30
2. Mariatorp Oy	15,675,473	19.03	19.03
3. Otava Oy	8,326,821	10.11	10.11
4. Keskinäinen Työeläkevakuutusyhtiö Varma	5,327,994	6.47	6.47
5. Kunnallisneuvos C. V. Åkerlundin Säätiö	2,282,871	2.77	2.77
6. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2,177,095	2.64	2.64
7. Keskinäinen Työeläkevakuutusyhtiö Elo	1,852,800	2.25	2.25
8. Sr Nordea Nordic Small Cap	1,780,786	2.16	2.16
9. Veljesten Viestintä Oy	851,500	1.03	1.03
10. Keskisuomalainen Oyj	782,497	0.95	0.95
11. Häkkinen Matti	747,263	0.91	0.91
12. Suomen Kulttuurirahasto Sr	677,170	0.82	0.82
13. Sr Evli Suomi Select	614,702	0.75	0.75
14. OP-Suomi Pienyhtiöt	478,871	0.58	0.58
15. Koskinen Riitta Inkeri	440,848	0.54	0.54
16. Sr Danske Invest Suomi Yhteisöosake	439,604	0.53	0.53
17. Sr Taaleritehdas Mikro Markka	435,255	0.53	0.53
18. Sr Alfred Berg Suomi Focus	422,091	0.51	0.51
19. Sinkkonen Raija	333,431	0.40	0.40
20. Danilostock Oy	330,000	0.40	0.40
Total	**66,470,545**	**80.68**	**80.68**
Nominee-registered	3,356,369	4.07	4.07
Other	12,556,268	15.25	15.25
Total	**82,383,182**	**100**	**100**

OWNERSHIP STRUCTURE ON 31 DECEMBER 2017

	Number of owners (pcs)	% of total (%)	Number of shares (pcs)	% of shares (%)
Private companies	298	3.61	34,408,265	41.77
Financial and insurance institutions	20	0.24	20,465,323	24.84
Public entities	6	0.07	9,375,402	11.38
Households	7,797	94.34	10,511,465	12.76
Non-profit associations	112	1.36	4,029,526	4.89
Foreign owners	23	0.28	38,174	0.05
Nominee-registered shares	9	0.11	3,356,369	4.07
In general account		0.0	198,658	0.24
Total	**8,265**	**100.0**	**82,383,182**	**100.0**
Distribution of ownership				
1–100	2,274	27.5	120,818	0.1
101–1,000	4,283	51.8	1,861,108	2.3
1,001–10,000	1,501	18.2	4,378,023	5.3
10,001–100,000	173	2.1	4,281,048	5.2
100,001–500,000	19	0.2	4,863,814	5.9
500,000–	15	0.2	66,679,713	80.9
In general account			198,658	0.2
Total	**8,265**	**100.0**	**82,383,182**	**100.0**

Purchase and disposal of own shares

The company began purchasing its own shares on 22 February 2017. By 30 September 2017, the company had acquired 227,272 shares, representing approximately 0.3% of all Alma Media shares. The shares were acquired for the purpose of implementing the company's share-based incentive programme.

The company's own shares were acquired using the company's non-restricted shareholders' equity at the market price valid at the time of purchase of the shares through trading in a regulated market arranged by Nasdaq Helsinki Ltd, and the shares were purchased otherwise than in proportion to shareholders' current holdings. The shares were acquired and paid for according to the rules and instructions of Nasdaq Helsinki Ltd and Euroclear Finland Ltd.

Alma Media Corporation conveyed a total of 67,272 treasury shares without consideration and according to the plan terms to the key management participating in the Fixed Matching Share Plan LTI 2015 I of the company's Long-Term Incentive Programme launched in 2015.

The directed share issue was based on an authorisation given by the Annual General Meeting held on 22 March 2017. Following the disposal of shares, the company holds 160,000 treasury shares.

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 416,673 shares in the company on 31 December 2017, representing 0.5% of the total number of shares and votes.

THE INDIVIDUAL HOLDINGS OF ALMA MEDIA SHARES AND POTENTIAL SHARE REWARDS ON 31 DECEMBER 2017 WERE AS FOLLOWS*

	Shares	Fixed matching plan LTI 2015 II, III	Performance matching share plan LTI 2015 I, II, III	Performance matching share plan LTI 2015 I, II, III
Harri Suutari, Chairman	70,932			
Petri Niemisvirta, Deputy Chairman	19,767			
Matti Korkiatupa, member	5,871			
Esa Lager, member	13,825			
Mitti Storckovius, member	10,499			
Catharina Stackelberg-Hammarén, member	21,419			
Kai Telanne, President and CEO	119,408	70,000	100,000	100,000
Santtu Elsinen, Group Executive Team	17,600	15,000	15,000	15,000
Kari Juutilainen, Group Executive Team	12,538	0	10,000	10,000
Virpi Juvonen, Group Executive Team	8,909	10,000	14,000	14,000
Tiina Järvilehto, Group Executive Team	8,889	10,000	14,000	14,000
Kari Kivelä, Group Executive Team	21,076	23,000	33,000	33,000
Mikko Korttila, Group Executive Team	14,305	17,000	23,000	23,000
Elina Kukkonen, Group Executive Team		0	0	0
Juha-Petri Loimovuori, Group Executive Team	22,675	26,000	36,000	36,000
Raimo Mäkilä, Group Executive Team	34,773	26,000	36,000	36,000
Juha Nuutinen, Group Executive Team	14,187	17,000	23,000	23,000
Total	**416,673**	**214,000**	**304,000**	**304,000**

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

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, to retain participants and to offer them with 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 for the receipt of the share-based incentive by the terms of the plan 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 (2015 LTI I), 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.

Payment of the incentive is contingent on the participant holding on to the shares invested in the plan and remaining employed by the Group for the duration of the plans, until March 2017, 2018, 2019, 2020 and 2021. The incentives are paid partly in cash and partly in shares. The cash component is intended to cover taxes incurred by the participant from the incentive.

The fair value of the reward is expensed until the matching shares are paid. The fair value of the share component is determined on the date on which the target group has agreed to the conditions of the plan. The financing cost arising from the obligation to hold shares and dividends expected during the vesting period have been deducted from the value of the share. The fair value of the plan based on the total shareholder return of the share also takes the market-based earning criteria into consideration. The cash component of the incentive is remeasured on each reporting date during the vesting period based on the price of the share on the date in question.

SHARE-BASED INCENTIVE SCHEMES STARTED IN 2016 AND 2017

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) and, on 22 March 2017, the Board made a corresponding decision on a share-based incentive scheme to be launched in 2017 (LTI 2015 III). The main terms of the incentive schemes correspond to those of the share-based incentive scheme that was launched in 2015.

Other authorisations of the Board of Directors

The Board of Directors also has a share issue authorisation granted by the Annual General Meeting held on 22 March 2017. A maximum of 16,500,000 shares can be issued based on the authorisation. The maximum number of shares corresponds to approximately 20 per cent of the total number of shares in the company.

Market liquidity guarantee

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

Flagging notices

On 15 March 2017, Alma Media Corporation received a notice of a change in shareholding pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act as follows: Otava Oy announced that Otava's holding of the shares and votes in Alma Media Corporation has risen to over ten (10) per cent.

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. Alma Media's strategic objective is to meet this challenge 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.

The most important operational risks are disturbances in information technology and data transfer, as well as an interruption of the printing operations.

Corporate Governance Statement for 2017

In 2017, Alma Media Corporation applied the Finnish Corporate Governance Code 2015 for listed companies, issued by the Securities Market Association on 1 October 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 2017 will be issued concurrently with the CG Statement on 21 February 2018 and it will be published on the company's website at www.almamedia.fi/en/investors/governance/remuneration.

Statement on non-financial information for 2017

Alma Media will also publish its Statement on non-financial information for 2017 together with the publication of the Report by the Board of Directors on 21 February 2018. The statement will be published on the Alma Media Corporation website at www.almamedia.fi/en/investors/reports-and-presentations/financial-reports-and-annual-reviews

Key figures describing economic development

Key figures are calculated applying IFRS recognition and measurement principles.

INCOME STATEMENT

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Revenue	MEUR	367.3	4.0	353.2	21.2	291.5	-1.3	295.4	-1.6	300.2
Digital revenue	MEUR	156.6	17.3	133.5	27.9	104.3	10.4	94.5	11.8	84.5
% of revenue	%	42.6		37.8		35.8		32.0		28.1
Operating profit/loss	MEUR	46.6	74.0	26.8	51.5	17.7	-14.7	20.7	-23.3	27.0
% of revenue	%	12.7		7.6		6.1		7.0		9.0
Adjusted operating profit	MEUR	51.1	45.2	35.2	50.4	23.4	9.2	21.4	-11.6	24.2
% of revenue	%	13.9		10.0		8.0		7.2		8.0
Adjusted items*	MEUR	4.5	-46.4	8.4	46.9	5.7	716.1	0.7	-125.0	-2.8
Profit before tax	MEUR	45.9	81.2	25.4	51.3	16.8	-14.9	19.7	-12.1	22.4
Adjusted profit before tax	MEUR	50.4	49.5	33.7	50.2	22.5	11.3	20.2	-17.6	24.5
Profit for the period	MEUR	36.7	85.0	19.9	64.6	12.1	-23.2	15.7	-1.9	16.0
Share of profit of associated companies	MEUR	0.7	30.5	0.9	41.4	1.6	7.7	1.7	-142.5	-4.1
Net financial expenses	MEUR	1.3	-45.8	2.4	-6.4	2.5	-6.9	2.7	440.0	0.5
Net financial expenses %	%	0.3		0.7		0.9		0.9		0.2

* Adjusted items are described in more detail in the Report by the Board of Directors

BALANCE SHEET

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Balance sheet total	MEUR	333.8	2.1	327.0	-0.4	328.3	28.2	256.1	-5.4	270.7
Interest-bearing net debt	MEUR	40.2		57.1		76.2		71.1		97.6
Interest-bearing liabilities	MEUR	61.3	-23.8	80.4	-11.3	90.6	9.1	83.0	-24.4	109.9
Non-interest-bearing liabilities	MEUR	114.2	5.1	108.6	-0.7	109.4	57.5	69.4	-4.1	72.4

OTHER INFORMATION

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Average no. of employees, calculated as full-time employees, excl. delivery staff		2,280	-0.4	2,289	27.6	1,793	-1.9	1,828	-7.2	1,969
Delivery staff total (no. of employees)		870	3.0	845	-9.1	929	-5.7	985	-1.3	998
Capital expenditure	MEUR	22.2	121.1	10.0	-83.3	60.2	318.0	14.4	-77.1	62.8
Capital expenditure, % of revenue	%	6.0		2.8		20.6		4.9		20.9
Research and development costs	MEUR	5.0	0.3	5.0	-9.4	5.5		5.5	3.8	5.3
Research and development costs, % of revenue	%	1.4		1.4		1.9		1.9		1.8

KEY FIGURES

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Return on equity (ROE)	%	24.8	66.3	14.9	43.4	10.4	-36.6	16.4	-11.8	18.6
Return on investment (ROI)	%	17.5	73.5	10.1	46.7	6.9	-29.8	9.8	-2.0	10.0
Equity ratio	%	50.9		45.7		42.5		42.6		34.4
Gearing	%	25.4		41.4		59.4		68.5		110.5

PER SHARE DATA

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Earnings per share	EUR	0.39		0.20		0.13		0.19		0.20
Cash flow from operating activities per share	EUR	0.63		0.51		0.43		0.35		0.32
Shareholders' equity per share	EUR	1.66		1.44		1.35		1.17		1.14
Dividend per share	EUR	0.24*		0.16		0.12		0.12		0.10
Payout ratio	%	61.5		78.2		92.3		63.2		50.2
Effective dividend yield	%	3.3		3.2		4.0		4.4		3.3
P/E Ratio		18.4		24.6		23.1		14.6		15.0
Highest share price	EUR	7.50		5.45		3.25		3.16		5.0
Lowest share price	EUR	4.88		2.95		2.51		2.55		2.49
Share price on 31 December	EUR	7.19		5.03		3.0		2.75		2.99
Market capitalisation	MEUR	592.3		414.4		247.1		207.6		225.7
Turnover of shares, total	kpcs	5,795		14,088		9,668		5,977		8,130
Relative turnover of shares, total	%	7.0		17.1		12.7		7.9		10.8
Average no. of shares (1,000 shares), basic	kpcs	82,383		82,383		76,394		75,487		75,487
Average no. of shares (1,000 shares), diluted	kpcs	82,383		82,383		76,394		75,487		75,487
Adjusted no. of shares on 31 December	kpcs	82,383		82,383		82,383		75,487		75,487

* 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, EUR	Share of net profit belonging to parent company owners / Average number of shares adjusted for share issues	
Diluted adjusted earnings per share, EUR	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, EUR	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, EUR	Equity attributable to equity holders of the parent / Basic number of shares at the end of period adjusted for share issues	
Market capitalisation of share stock, EUR	Number of shares x closing price at end of period	

Alternative Performance Measures

Alma Media Corporation additionally uses and presents Alternative Performance Measures to better illustrate the operative development of its business and to 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 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 profit and loss 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 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Revenue	1.1, 1.2	**367.3**	**353.2**
Other operating income	1.2	3.3	2.2
Change in inventories of finished products		0.0	-0.2
Materials and services	1.3	74.3	74.0
Expenses arising from employee benefits	1.3, 1.4	148.8	149.6
Depreciation, amortisation and impairment	2.1, 2.2, 2.3	20.3	21.1
Other operating expenses	1.3	80.6	83.8
Operating profit	1.1	**46.6**	**26.8**
Finance income	3.1	0.6	0.4
Finance expenses	3.1	1.8	2.8
Share of profit of associated companies	4.4	0.7	0.9
Profit before tax		**45.9**	**25.4**
Income tax	5.1, 5.2	-9.2	-5.5
Profit for the period		**36.7**	**19.9**
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
Tax on items that are not later transferred to be recognised through profit or loss		0.0	0.0
Items that may later be transferred to be recognised through profit or loss			
Translation differences		0.5	-0.1
Other comprehensive income for the year, net of tax		0.3	0.0
Total comprehensive income for the year, net of tax		**37.0**	**19.9**
Profit for the period attributable to			
Owners of the parent company		32.2	16.9
Non-controlling interest		4.6	3.0

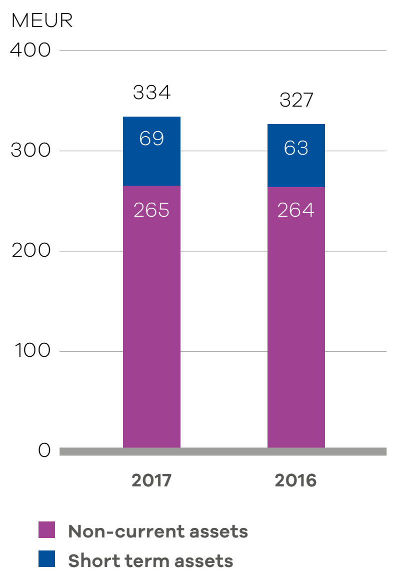
MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Total comprehensive income for the period attributable to			
Owners of the parent company		32.5	16.9
Non-controlling interest		4.6	3.0
Earnings per share calculated from the profit for the period attributable to the parent company shareholders (EUR)			
Earnings per share (basic)	3.9	0.39	0.20
Earnings per share (diluted)	3.9	0.39	0.20

Consolidated balance sheet

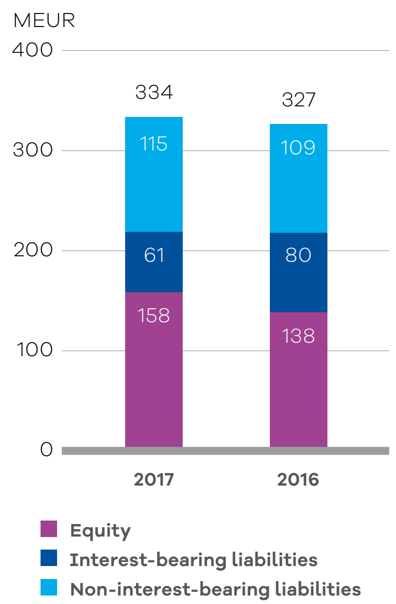
MEUR	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Goodwill	2.1	121.7	120.3
Other intangible assets	2.1	62.4	67.8
Tangible assets	2.2	59.8	64.8
Investment properties	2.3	10.2	0.0
Shares in associated companies	4.4	4.5	5.1
Pension receivables, defined benefit plans	3.6	0.0	0.2
Other non-current financial assets	3.2	4.0	4.4
Deferred tax assets	5.2	2.3	1.5
		265.1	**264.0**
Current assets			
Inventories	3.7	2.4	2.3
Tax receivables		0.6	0.2
Trade and other receivables	3.7	44.9	37.1
Other current financial assets	3.2	0.0	0.0
Cash and cash equivalents	3.2	20.7	23.3
		68.7	**62.9**
Assets, total		**333.8**	**327.0**
EQUITY AND LIABILITIES			
Share capital		45.3	45.3
Share premium reserve		7.7	7.7
Foreign currency translation reserve		-1.2	-1.7
Invested non-restricted equity fund		19.1	19.1
Retained earnings		65.8	48.3
Equity attributable to owners of the parent	3.9	**136.8**	**118.7**
Non-controlling interest		21.6	19.3
Total equity		**158.3**	**138.0**
Non-current liabilities			
Deferred tax liabilities	5.2	13.0	13.3
Pension liabilities	3.6	1.1	1.2
Provisions	1.3	0.4	0.3
Non-current financial liabilities	3.3	56.2	65.5
		70.7	**80.4**

MEUR	Note	31 Dec 2017	31 Dec 2016
Current liabilities			
Advances received		23.0	24.7
Income tax liability		5.1	1.7
Provisions	1.3	0.9	0.9
Current financial liabilities	3.3	5.7	15.9
Trade and other payables	3.7	70.1	65.4
		104.7	**108.6**
Liabilities, total		**175.5**	**189.0**
Equity and liabilities, total		**333.8**	**327.0**

Balance sheet, Assets



Balance sheet , Equity & liabilities

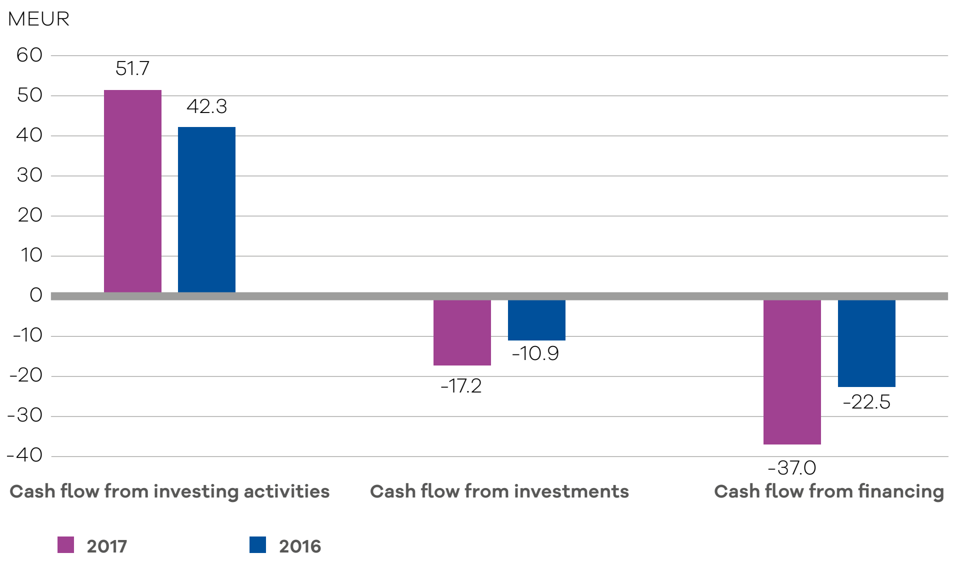


Consolidated cash flow statement

MEUR	Note	1 Jan–31 Dec 2017	31 Dec 2016
Operating activities			
Profit for the period		36.7	19.9
Adjustments		28.7	27.5
Change in working capital		-6.0	1.3
Dividend received		1.0	1.4
Interest received		0.1	0.2
Interest paid		-1.8	-2.5
Taxes paid		-7.1	-5.5
Net cash flow from operating activities		**51.7**	**42.3**
Investing activities			
Acquisitions of tangible assets		-1.6	-0.9
Acquisitions of intangible assets		-2.1	-3.1
Proceeds from sale of tangible and intangible assets		0.5	0.0
Other investments		-14.8	0.0
Proceeds from sale of available-for-sale financial assets		0.0	0.1
Change in loan receivables		0.0	0.0
Repayment of loan receivables		0.4	0.0
Business acquisitions less cash and cash equivalents at the time of acquisition		-2.0	-7.9
Proceeds from sale of businesses less cash and cash equivalents at the time of sale		1.1	0.0
Acquisition of associated companies	4.4	-0.3	0.0
Proceeds from sale of associated companies	4.4	1.5	0.9
Investing activities		**-17.2**	**-10.9**

MEUR	Note	1 Jan–31 Dec 2017	31 Dec 2016
Cash flow before financing activities		**34.5**	**31.4**
Financing activities			
Non-current loans taken		0.0	10.0
Repayment of non-current loans		-5.0	-3.3
Current loans taken		3.0	86.0
Repayment of current loans		-13.2	-98.3
Payments of finance lease liabilities		-5.0	-5.3
Acquisition of own shares		-1.2	0.0
Dividends paid and capital repayment	3.9	-15.5	-11.7
Financing activities		**-37.0**	**-22.5**
Change in cash and cash equivalent funds (increase + / decrease -)		**-2.4**	**8.8**
Cash and cash equivalents at beginning of period	3.2	23.3	14.4
Effect of change in foreign exchange rates		-0.1	0.0
Cash and cash equivalents at end of period	3.2	20.7	23.3

Cash flow from investing activities



FURTHER DETAILS FOR THE STATEMENT OF CASH FLOW

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Operating activities			
Adjustments:			
Depreciation, amortisation and impairment	2	20.3	21.1
Share of profit of associated companies	4.4	-0.7	-0.9
Capital gains (losses) on the sale of fixed assets and other investments		-2.3	-1.3
Financial income and expenses	3.1	1.3	2.4
Income tax	5.1	9.2	5.5
Change in provisions	1.3	0.1	0.4
Other adjustments		0.8	0.3
Adjustments, total		**28.7**	**27.5**
Change in working capital:			
Change in trade receivables		-8.8	-2.0
Change in inventories		-0.1	-0.2
Change in trade payables		2.9	3.4
Change in working capital, total		**-6.0**	**1.3**
Investing activities			
Investments financed through finance leases		-0.8	-1.0
Gross capital expenditure, payment-based*		-18.4	-4.0
Sold and purchased business operations, non-payment-based		-2.2	-5.0
Investments, total		**-21.5**	**-10.0**

* Excluding investments of acquired businesses.

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 on 1 Jan 2016	3.9	**45.3**	**7.7**	**-1.6**	**19.1**	**40.7**	**111.2**	**17.1**	**128.3**
Profit for the period						16.9	16.9	3.0	19.9
Other comprehensive income				-0.1		0.1	0.0		0.0
Transactions with equity holders									
Capital repayment by parent						-9.7	-9.7		-9.7
Dividends paid by subsidiaries								-1.8	-1.8
Share-based payment transactions						0.4	0.4		0.4
Change in ownership in subsidiaries								1.0	1.0
Total equity on 31 Dec 2016	3.9	**45.3**	**7.7**	**-1.7**	**19.1**	**48.3**	**118.7**	**19.3**	**138.0**
Equity on 1 Jan 2017		**45.3**	**7.7**	**-1.7**	**19.1**	**48.3**	**118.7**	**19.3**	**138.0**
Profit for the period						32.2	32.2	4.6	36.7
Other comprehensive income				0.5		-0.2	0.3	0.2	0.5
Transactions with equity holders									
Dividends paid by parent						-13.2	-13.2		-13.2
Dividends paid by subsidiaries								-2.3	-2.3
Acquisition of own shares						-1.2	-1.2		-1.2
Share-based payment transactions		0.0	0.0			0.5	0.5	0.0	0.5
Change in ownership in subsidiaries									
Acquisitions of shares by non-controlling interests that did not lead to changes in control						-0.5	-0.5	-0.1	-0.6
Total equity on 31 Dec 2017	3.9	**45.3**	**7.7**	**-1.2**	**19.1**	**65.8**	**136.8**	**21.6**	**158.3**

Accounting principles used in the consolidated financial statements

Basic information on the group

Alma Media is a media company focusing on digital services and publishing. In addition to news content, the Group's products provide useful information related to lifestyle, career and business development. Alma Media builds sustainable growth for its customers by utilising the opportunities of digitalisation, including information services, system and expert services and advertising solutions. The services of Alma Media have expanded from Finland to the Nordic countries, the Baltics and Central 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, PL 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 2018. 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 2017 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 2017

The Group has adopted the following new standards and interpretations from 1 January 2017 onwards:

IAS 7 Statement of Cash Flows amendment: Under the amended standard, entities must disclose changes in liabilities arising from financing activities. This covers changes from financing cash flows (such as taking out and repaying loans) as well as non-cash flow changes, such as acquisitions, disposals, accrued interest and unrealised changes in foreign exchange rates.

IAS 12 Income Taxes amendment Recognition of Deferred Tax Assets for Unrealised Losses:Amendments were made to IAS 12 in January 2016 to clarify the recognition of deferred taxes when an asset is measured at fair value and the fair value is lower than the taxable value of the asset in question. The amendment had no material effect on the consolidated financial statements.

Annual Improvements to IFRSs 2012–2014. 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.

New and amended standards and interpretations to be applied in future periods

IASB has published the following new or amended standards and interpretations that the Group has not yet applied. The Group will begin applying them starting from the effective date of each standard and interpretation or, if the date of entry into effect is not the first day of the financial year, the Group will apply the standard or interpretation starting from the beginning of the next financial year:

IFRS 9 Financial Instruments and amendments thereto (effective for financial periods beginning on or after 1 January 2018): The new standard replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39. With regard to hedging, three hedging calculation types will remain in effect. More risk positions than before can be included in hedge accounting, and the principles regarding hedge accounting have been made more consistent with risk management. The Group is assessing the potential effects of the standard.

IFRS 15 Revenue from Contracts with Customers (effective for financial periods beginning on or after 1 January 2018): The new standard establishes a five-stage framework for recognising revenue from contracts with customers and replaces existing revenue guidance, including IAS 18, IAS 11 and the related interpretations. Revenue can be recognised over time or at a specific time, with the central criterion being the transfer of control. The standard will also expand the notes presented with financial statements.

An assessment was carried out in the financial year 2017 to evaluate the effect of the standard on the recognition practices in place in the Group. The report reviewed the revenue recognition processes and accrual principles used in the different invoicing systems and accounting of the Group's businesses, comparing the present situation to the requirements of the new standard. At the same time, manual practices in the revenue accrual process were automated. Due to the change in accrual practices. In the company's view, the amendment to the standard will not have a material effect on the accounting principles of the consolidated financial statements in future financial periods.

IFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019): IFRS 16 was issued in January 2016. As a result of the new standard, nearly all leases will be recognised in the balance sheet, as operating leases and finance leases will no longer be differentiated between. Under the new standard, a right-of-use asset is recognised, along with a financial liability representing the obligation to make future lease payments. The only exceptions are short-term leases and leases of low-value assets. Lessor accounting will not be subject to significant changes. The Group is assessing the effects of the standard's implementation.

IFRS 4 Insurance Contracts amendment (effective for financial periods beginning on or after 1 January 2018): Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. The amendment is not expected to have an effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

IFRS 2 Share-based Payments (effective for financial periods beginning on or after 1 January 2018): Clarifications to the classification and measurement of share-based payment transactions. The amendment is not expected to have a material effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

Comparability of consolidated financial statements

The financial years 2017 and 2016 are comparable. The company has no discontinued operations to report in the financial periods 2017 and 2016.

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 euro at the rates prevailing at the transaction date. Monetary foreign currency items are translated into euro using the rates prevailing at the balance sheet date. Non-monetary foreign currency items are measured at their fair value and translated into euro 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 euro 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 euro 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.

Assets available for sale and discontinued operations

Assets available for sale, and the assets related to a discontinued operation that are classified as available for sale, are measured at the lower of their book value or their fair value less the costs arising from their sale. The Group does not have assets classified under assets available for sale in the financial statements for 2017 or 2016.

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.

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 variables in the change in fair value of contingent considerations are estimates 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 used for each type of asset are listed above under Property, Plant and Equipment and 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 Segment and operating profit

1.1 Information by segment

Alma Media's reportable segments are Alma Markets, Alma Talent, Alma News & Life and Alma Regions. 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 recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, MojPosao.net, Monster.hu, Monsterpolska.pl 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, Websales and Webrent. Also reported in this segment are Nettikoti, which specialises 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 20 trade and financial publications, as well as books. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information services. Alma Talent has operations in Finland, Sweden and the Baltics. Alma Talent media include Kauppalehti, Talouselämä, Tekniikka & Talous, Markkinointi&Mainonta, Arvopaperi, Tivi and Mediuutiset. In Sweden, Alma Talent's publications include Affärsvärlden, Ny Teknik and Dagens Media.

The Alma News & Life segment includes the various digital and print news and lifestyle content of the national Iltalehti. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment. The revenue of the E-kontakti business was transferred from Group advertising revenue to Group service revenue.

The print and online publishing business of Aamulehti, Satakunnan Kansa, Lapin Kansa and several local and town papers is reported in the Alma Regions segment. The printing and distribution unit Alma Manu is also included in this 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 seven 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 News & Life segment and the Alma Regions segment operate mainly 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 2017 and 2016:

REVENUE

MEUR	2017	Share of total, %	2016	Share of total, %
Segments, Finland	282.2	76.8	278.7	78.9
Segments, other countries	82.9	22.6	73.0	20.7
Segments total	365.1	99.4	351.7	99.6
Non-allocated and eliminations	2.2	0.6	1.5	0.4
Total	**367.3**	**100.0**	**353.2**	**100.0**

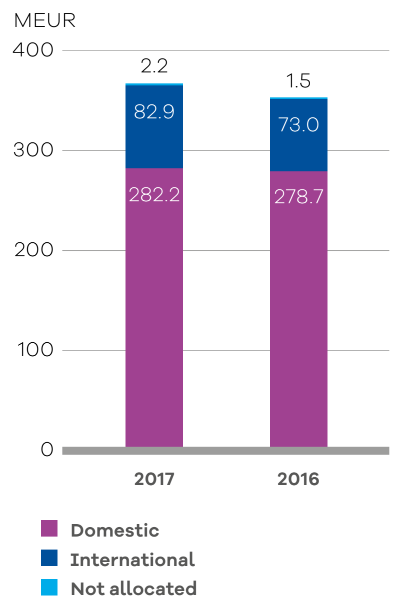
OPERATING PROFIT

MEUR	2017	Share of total, %	2016	Share of total, %
Segments, Finland	35.5	76.2	28.8	107.7
Segments, other countries	23.0	49.5	12.6	47.0
Segments total	58.5	125.7	41.4	154.7
Non-allocated	-12.0	-25.7	-14.6	-54.7
Total	**46.6**	**100.0**	**26.8**	**100.0**

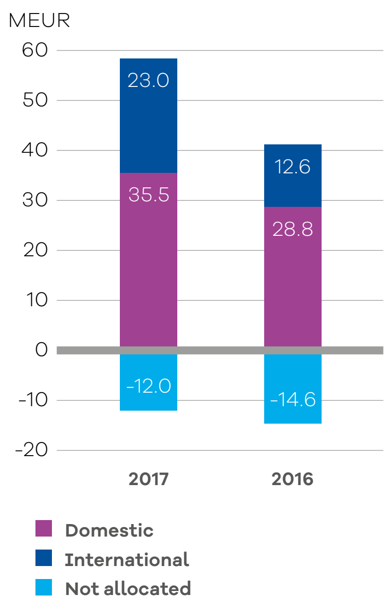
ASSETS

MEUR	2017	Share of total, %	2016	Share of total, %
Finland	233.5	70.0	231.0	70.7
Other countries	134.3	40.2	126.3	38.6
Eliminations	-34.1	-10.2	-30.3	-9.3
Total	**333.8**	**100.0**	**327.0**	**100.0**

Revenue



Operating profit

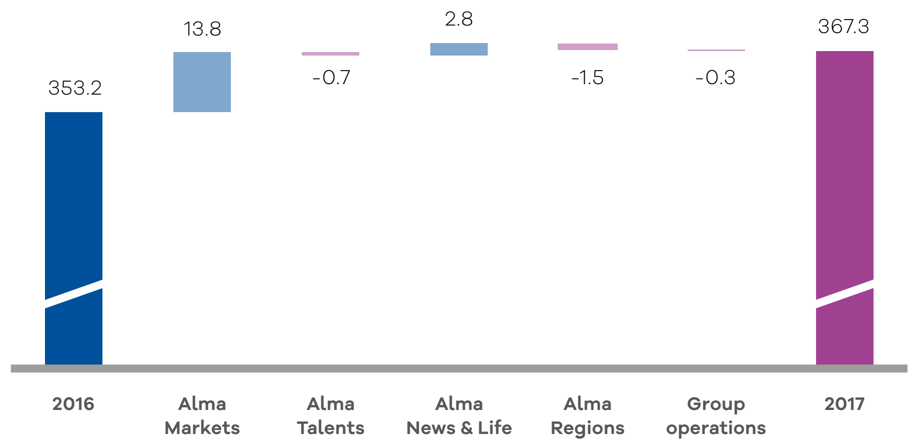


REVENUE

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2017							
Revenue							
External revenue	83.7	106.4	31.4	118.6	340.0	27.3	367.3
Inter-segment revenue	-0.4	6.8	17.4	7.7	31.5	-31.5	
Total	**83.2**	**113.2**	**48.8**	**126.3**	**371.6**	**-4.2**	**367.3**
Financial year 2016							
Revenue							
External revenue	69.7	109.0	32.2	120.1	331.1	22.1	353.2
Inter-segment revenue	-0.3	4.9	13.8	7.6	26.1	-26.1	
Total	**69.4**	**114.0**	**46.1**	**127.7**	**357.1**	**-3.9**	**353.2**

Change in revenue 2016–2017

MEUR



PROFIT FOR THE PERIOD

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2017							
EBITDA excluding adjusted items	31.3	18.8	7.9	13.0	70.9	-3.6	67.4
Depreciation, amortisation and impairment	-2.9	-4.2	-0.6	-3.6	-11.3	-5.0	-16.3
Operating profit excluding adjusted items	28.3	14.6	7.3	9.4	59.6	-8.5	51.1
Adjusted items	0.5	0.6		-2.2	-1.1	-3.4	-4.5
Operating profit/loss	28.9	15.2	7.3	7.2	58.5	-12.0	46.6
Share of profit of associated companies	0.5	0.1		0.0	0.6	0.1	0.7
Net financial expenses	-0.2	0.1	0.0	-0.1	-0.2	-1.1	-1.3
Profit before tax and appropriations	**29.2**	**15.3**	**7.3**	**7.1**	**58.9**	**-13.0**	**45.9**
Income tax						-9.2	-9.2
Profit for the period	**29.2**	**15.3**	**7.3**	**7.1**	**58.9**	**-22.2**	**36.7**
Impairments						4.0	4.0
Financial year 2016							
EBITDA excluding adjusted items	24.5	16.4	7.4	12.0	60.3	-7.1	53.3
Depreciation, amortisation and impairment	-5.2	-4.0	-0.5	-3.5	-13.3	-4.9	-18.1
Operating profit excluding adjusted items	19.3	12.4	7.0	8.5	47.1	-11.9	35.2
Adjusted items	0.0	-3.6	0.9	-3.0	-5.7	-2.7	-8.4
Operating profit/loss	19.3	8.8	7.9	5.5	41.4	-14.6	26.8
Share of profit of associated companies	0.0	0.5	0.0	0.0	0.5	0.4	0.9
Net financial expenses	-0.3	-0.2	-0.2	-0.2	-0.9	-1.5	-2.4
Profit before tax and appropriations	**19.1**	**9.0**	**7.7**	**5.3**	**41.1**	**-15.7**	**25.4**
Income tax						-5.5	-5.5
Profit for the period	**19.1**	**9.0**	**7.7**	**5.3**	**41.1**	**-21.2**	**19.9**
Impairments		1.0		2.0	3.0		3.0

ASSETS AND LIABILITIES

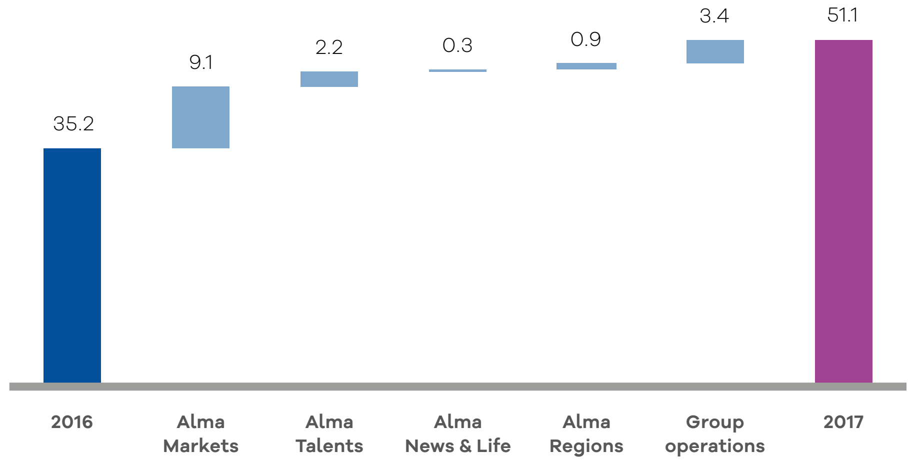
MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2017							
Assets	78.5	110.8	15.0	53.1	257.3	72.0	329.3
Investments in associated companies and joint ventures	3.4	0.0		0.0	3.4	1.1	4.5
Assets, total	**81.9**	**110.8**	**15.0**	**53.1**	**260.7**	**73.1**	**333.8**
Liabilities, total	**25.7**	**31.1**	**7.1**	**58.3**	**122.1**	**53.4**	**175.5**
Capital expenditure	**2.3**	**2.1**	**0.0**	**0.9**	**5.3**	**16.9**	**22.2**
Financial year 2016							
Assets	76.3	109.4	16.1	56.9	258.8	63.1	321.8
Investments in associated companies and joint ventures	2.8	0.6		0.1	3.5	1.6	5.1
Assets, total	**79.2**	**110.0**	**16.1**	**57.0**	**262.3**	**64.7**	**327.0**
Liabilities, total	**21.0**	**31.1**	**0.2**	**60.7**	**113.0**	**75.9**	**189.0**
Capital expenditure	**1.7**	**1.6**	**3.2**	**1.3**	**7.9**	**2.2**	**10.0**

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

Liabilities not allocated to segments are financial and tax liabilities.

Change in adjusted operating profit, 2016–2017

MEUR



1.2 Operating income

Alma Media Group's revenue consists of content revenue, advertising sales and service fees. Content revenue covers fees for content sold by the Group's media. Income from content sales arises from content sold for both print and online publications. For digital sales, content revenue is recognised over the contract period. For print publications, content revenue is recognised according to the publication calendar.

Advertising revenue consists of the sales of print and online advertising space in the Group's media. Both display advertising and classified advertising in print and online publications is reported as advertising revenue. The timing of revenue recognition from advertising sales is determined by the timing of the advertisement's publication. Revenue from the sales of advertisements with a long contract period (1–12 months) is recognised over the contract period.

The Group's service revenue includes, 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 on an accrual basis in the period in which the service is delivered.

IFRS 15 Revenue from Contracts with Customers (effective for financial periods beginning on or after 1 January 2018). The new standard establishes a five-stage framework for recognising revenue from contracts with customers and replaces existing revenue guidance, including IAS 18, IAS 11 and the related interpretations. Revenue can be recognised over time or at a specific time, with the central criterion being the transfer of control. The standard will also expand the notes presented with financial statements.

An assessment was carried out in the financial year 2017 to evaluate the effect of the standard on the recognition practices in place in the Group. The report reviewed the revenue recognition processes and accrual principles used in the different invoicing systems and accounting of the Group's businesses, comparing the present situation to the requirements of the new standard. At the same time, manual practices in the revenue accrual process were automated. In the company's view, the amendment to the standard will not have a material effect on the accounting principles of the consolidated financial statements in future financial periods.

1.2.1 Revenue

MEUR	2017	2016
Distribution of revenue between goods and services		
Sales of content*	125.8	128.3
Sales of advertising*	185.8	171.6
Sales of services*	55.7	53.3
Total	**367.3**	**353.2**

* Comparison data has been adjusted due to changes in revenue classification.

1.2.2 Other operating income

MEUR	2017	2016
Gains on sale of non-current assets	2.2	0.5
Proceeds on sale related to incremental acquisition	0.7	0.9
Other operating income	0.5	0.8
Total	**3.3**	**2.2**

1.3 Operating expenses

1.3.1 Materials and services

MEUR	2017	2016
Purchases during period	14.3	13.8
Change in inventories	-0.1	-0.3
Use of materials and supplies	**14.1**	**13.5**
External services	60.2	60.5
Total	**74.3**	**74.0**

1.3.2 Research and development costs

The Group's research and development costs in 2017 totalled MEUR 5.0 (MEUR 5.0 in 2016). Of this total, MEUR 4.9 (MEUR 4.2) was recognised in the income statement and MEUR 0.1 (MEUR 0.8 in 2016) was capitalised on the balance sheet in 2017. There were capitalised research and development costs totalling MEUR 2.2 on the balance sheet on 31 December 2017 (MEUR 3.3 in 2016).

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.

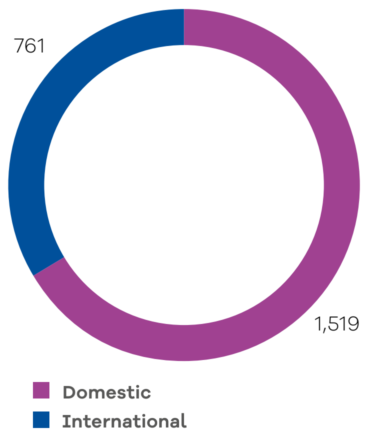
Post-employment benefits comprise pension and benefits to be paid after termination of the employee's contract, such as life insurance and healthcare. These benefits are classified as either defined contribution or defined benefit plans. The Group has both forms of benefit plans. The accounting principles 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	2017	2016
Wages, salaries and fees	116.8	117.6
Pension costs – defined contribution plans	18.5	19.2
Pension costs – defined benefit plans	0.0	-0.1
Share-based payment transaction expense	1.7	0.9
Other payroll-related expenses	11.8	12.0
Total	**148.8**	**149.6**

Average number of employees, calculated as full-time employees (excl. delivery staff)	2017	2016
Alma Markets	588	543
Alma Talent	843	875
Alma News & Life	153	149
Alma Regions	538	561
Group functions	159	160
Total	**2,281**	**2,287**
Additionally, the Group's own delivery staff (number of employees):	869	845

Personnel



1.3.4 Other operating expenses

Specification of other operating expenses by category.

MEUR	2017	2016
Information technology and telecommunication	24.6	23.2
Business premises	13.1	18.0
Sales and marketing	22.6	20.4
Administration and experts	7.5	7.3
Other employee costs	9.4	9.9
Other expenses	3.4	5.0
Total	**80.6**	**83.8**

1.3.5 Audit expenses

EUR 1,000	2017	2016
PricewaterhouseCoopers Oy		
Audit	281.3	270.0
Reporting and opinions	4.5	5.6
Tax consultation	6.9	9.3
Other	53.5	177.3
Total	**346.2**	**462.2**

The non-audit services provided by PricewaterhouseCoopers Oy for Alma Media Group companies in the financial period 2017 totalled EUR 65,000 (a total of EUR 192,000 in the financial period 2016).

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	Total
1 Jan 2017	0.7	0.5	1.2
Increase in provisions	0.3	0.1	0.4
Provisions employed	-0.1	-0.2	-0.3
31 Dec 2017	**0.9**	**0.4**	**1.3**
Current	0.9		0.9
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 2018.

MEUR	Restructuring provision	Other provisions	Total
1 Jan 2016	0.6	0.2	0.8
Increase in provisions	0.2	0.3	0.5
Provisions employed	-0.1		-0.1
31 Dec 2016	**0.7**	**0.5**	**1.2**
Current	0.7	0.2	0.9
Non-current		0.3	0.3

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	2017	2016
Salaries and other short-term employee benefits	895.3	733.4
Post-employment benefits	397.8	337.8
Share-based payment transaction expenset	355.6	181.5
Total	**1,648.7**	**1,252.7**

The figures in the table are presented on an accrual basis. In 2017, the salary and benefits paid to the President and CEO of the Group totalled EUR 944,682 (in 2016 EUR 690,428).

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 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 appointment and, as necessary, dismissal of the President and CEO.

OTHER MEMBERS OF THE GROUP EXECUTIVE TEAM

EUR 1,000	2017	2016
Salaries and other short-term employee benefits	2,175.3	1,842.9
Post-employment benefits	818.1	702.6
Share-based payment transaction expense	708.2	339.9
Total	**3,701.6**	**2,885.5**

The figures in the table are presented on an accrual basis. In 2017, the salary and benefits paid to the other members of the Group Executive Team totalled EUR 2,431,774 (in 2016 EUR 1,643,150). The Group Executive Team grew by two members in 2017.

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

EUR 1,000	2017	2016
Harri Suutari, Chairman	55.0	54.5
Petri Niemisvirta, Deputy Chairman	45.8	43.1
Catharina Stackelberg-Hammarén, member	36.5	36.5
Matti Korkiatupa, member	36.5	34.5
Niklas Herlin, member (until October 2017)	34.0	35.0
Esa Lager, member	38.5	39.5
Mitti Storckovius, member	36.0	33.0
Perttu Rinta, member (until 17 March 2016)		2.0
Erkki Solja, member (until 17 March 2016)		2.0
Total	**282.3**	**280.1**

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	2017	2016
Salaries and other short-term employee benefits	3,352.9	2,856.4
Post-employment benefits	1,215.9	1,040.4
Share-based payment transaction expense	1,063.8	521.4
Total	**5,632.7**	**4,418.2**

According to the Articles of Association, the Board of Directors of Alma Media Corporation is appointed by the General Meeting of Shareholders. The number of members on the Board of Directors is no less than three and no more than nine. The Board of Directors shall elect from among its members a Chairman and a Deputy Chairman. The term of office for a member of the Board of Directors is one year, ending at the close of the Annual General Meeting following his or her election. The company's President and CEO may not be the Chairman of the Board.

The company shall have a President and CEO appointed by the Board of Directors. The President and CEO is responsible for managing the administration of the company in accordance with the instructions and requirements of the Board of Directors.

1.4.2 Share-based payments

SHARE-BASED INCENTIVE PLAN 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, to retain participants and to offer them with 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 for the receipt of the share-based incentive by the terms of the plan 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 (2015 LTI I), 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 STARTED IN 2016 AND 2017: LTI 2015 II AND LTI 2015 III

On 18 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) and, on 23 March 2017, the Board made a corresponding decision on a share-based incentive scheme to be launched in 2017 (LTI 2015 III). 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 17 March 2016 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.

PRINCIPAL TERMS AND CONDITIONS OF THE PERFORMANCE SHARE PLAN

Instrument	Fixed matching share plan LTI 2015 I	Performance matching share plan LTI 2015 I	Performance matching share plan TSR LTI 2015 I
AGM date/Date of issuing	12/02/2015	12/02/2015	12/02/2015
Maximum number of shares	153,100	153,100	153,100
Dividend adjustment	No	No	No
Initial allocation date	17/06/2015	17/06/2015	17/06/2015
Performance period begins	01/01/2015	01/01/2015	01/01/2015
Performance period ends	31/03/2017	31/03/2018	31/03/2020
Vesting date	31/03/2017	31/03/2018	31/03/2020
Maximum contractual life, years	1.8	2.8	4.8
Remaining contractual life, years		0.2	2.2
Maximum number of people entitled to participate	35	35	35
Payment method	Cash & share	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	12/02/2015	12/02/2015	12/02/2015
Maximum number of shares	182,510	182,510	182,510
Dividend adjustment	No	No	No
Initial allocation date	28/03/2017	30/06/2017	30/06/2017
Performance period begins	01/01/2017	01/01/2017	01/01/2017
Performance period ends	31/03/2019	31/03/2020	31/03/2022
Vesting date	31/03/2019	31/03/2020	31/03/2022
Maximum contractual life, years	2.0	2.8	4.8
Remaining contractual life, years	1.2	2.2	4.2
Maximum number of people entitled to participate	44	44	44
Payment method	Cash & share	Cash & share	Cash & share

Instrument	Fixed matching share plan LTI 2015 II	Performance matching share plan LTI 2015 II	Performance matching share plan TSR LTI 2015 II
AGM date/Date of issuing	12/02/2015	12/02/2015	12/02/2015
Maximum number of shares	166,000	166,000	166,000
Dividend adjustment	No	No	No
Initial allocation date	17/03/2016	17/03/2016	17/03/2016
Performance period begins	01/01/2016	01/01/2016	01/01/2016
Performance period ends	31/03/2018	31/03/2019	31/03/2021
Vesting date	31/03/2018	31/03/2019	31/03/2021
Maximum contractual life, years	2.0	3.0	5.0
Remaining contractual life, years	0.2	1.2	3.2
Maximum number of people entitled to participate	43	43	43
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	5.2	6.0	6.0
Share price at end of period, EUR	7.2	7.2	7.2
Dividend yield assumption, EUR	0.2	0.3	0.6
Fair value on 31 December 2017, MEUR	1,178.5	156.3	499

PRINCIPAL TERMS AND CONDITIONS OF THE PERFORMANCE SHARE PLAN

Changes during share plan period 1 Jan 2017	Fixed matching share plan LTI 2015 I	Performance matching share plan LTI 2015 I	Performance matching share plan TSR LTI 2015 I	Fixed matching share plan LTI 2016 II	Performance matching share plan LTI 2016 II	Performance matching share plan TSR LTI 2016 II
Outstanding at the beginning of the reporting period, pcs	145,500	145,500	145,500	166,000	166,000	166,000
Changes during the period						
Lost during the period		2,000	2,000	3,500	3,500	3,500
Earned during the period	145,500					
31 Dec 2017						
Outstanding at the end of the period		143,500	143,500	162,500	162,500	162,500

Changes during share plan period 1 Jan 2017	Fixed matching share plan LTI 2017 III	Performance matching share plan LTI 2017 III	Performance matching share plan TSR LTI 2017 III	Total
Outstanding at the beginning of the reporting period, pcs				934,500
Changes during the period				
Granted during the period	182,510	182,510	182,510	547,530
Lost during the period	4,500	4,500	4,500	28,000
Earned during the period				145,500
31 Dec 2017				
Outstanding at the end of the period	178,010	178,010	178,010	1,308,530

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

MEUR	2017	2016
Costs for the financial year, share-based payments	1.7	0.9
Costs for the financial year, share-based payments, in shares	0.3	0.3
Liability arising from share-based payments, 31 December 2017	2.1	0.7

2 tangible and intangible assets, investment properties and leasing arrangements

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. Acquisitions carried out between 1 January 2004 and 31 December 2009 were recognised according to the previous version of IFRS 3 (2004). Goodwill created through mergers that were carried out prior to 2004 corresponds with the book value under earlier accounting standards, which was used as the acquisition cost in accordance with the IFRS standards. 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 2017					
Acquisition cost 1 Jan	115.2	5.4	1.0	127.2	248.8
Increases	1.3	0.0	0.7	0.0	2.1
Acquisitions of business operations	1.3			1.0	2.3
Decreases	-0.2			-0.8	-1.0
Exchange differences	1.7	0.0	0.0	1.2	2.9
Transfers between items	1.2	0.2	-1.4		0.0
Acquisition cost 31 Dec	**120.5**	**5.6**	**0.3**	**128.5**	**255.0**
Accumulated depreciation, amortisation and impairments 1 Jan	50.0	3.7		6.9	60.7
Accumulated depreciation in decreases and transfers	-0.2			0.0	-0.2
Depreciation for the financial year	8.5	0.7		0.0	9.2
Impairment, input	0.0				0.0
Exchange differences	1.2	0.0		0.0	1.2
Accumulated depreciation, amortisation and impairments 31 Dec	**59.6**	**4.4**		**6.9**	**70.9**
Book value 1 Jan	65.1	1.7	1.0	120.3	188.1
Book value 31 Dec	**60.9**	**1.1**	**0.3**	**121.7**	**184.1**

MEUR	Intangible rights	Other intangible assets	Advances, intangible	Goodwill	Total
Financial year 2016					
Acquisition cost 1 Jan	109.0	4.3	1.9	122.5	237.7
Increases	1.8	0.1	1.2	0.0	3.2
Business combinations	3.3	0.4		4.7	8.4
Decreases	-0.1		-0.2		-0.3
Exchange differences	-0.2	0.0		-0.1	-0.2
Transfers between items	1.3	0.6	-1.9		0.0
Acquisition cost 31 Dec	**115.2**	**5.4**	**1.0**	**127.2**	**248.8**
Accumulated depreciation, amortisation and impairments 1 Jan	39.7	3.2		3.9	46.8
Accumulated depreciation in decreases	-0.1			0.0	-0.1
Depreciation for the financial year	10.5	0.6		0.0	11.1
Impairment, input	0.0			3.0	3.0
Exchange differences	0.0	0.0		0.0	0.0
Accumulated depreciation, amortisation and impairments 31 Dec	**50.0**	**3.7**		**6.9**	**60.7**
Book value 1 Jan	69.3	1.1	1.9	118.6	191.0
Book value 31 Dec	**65.1**	**1.7**	**1.0**	**120.3**	**188.1**

Allocation of intangibles with indefinite lives to cash-generating units

The book value of intangible assets includes intangible rights totalling MEUR 35.1 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	2017	2016
Alma Markets		
Mediapartners	0.4	0.4
Recruitment	14.9	14.2
Alma Markets total	**15.3**	**14.7**
Alma Talent		
Alma Talent Finland	13.8	13.4
Alma Talent Sweden	3.5	3.6
Alma Talent total	**17.3**	**17.0**
Alma News & Life	**1.8**	**1.8**
Alma Regions	**0.7**	**0.7**
Assets with indefinite lives, total	**35.1**	**34.2**

ALLOCATION OF GOODWILL TO BUSINESS OPERATIONS

MEUR	2017	2016
A significant amount of goodwill has been allocated to the following cash-generating units		
Alma Markets		
Mediapartners	3.6	3.6
Recruitment	43.1	41.7
Alma Markets total	**46.7**	**45.3**
Alma Talent		
Alma Talent Finland	52.4	51.4
Alma Talent Sweden	7.7	7.9
Alma Talent total	**60.1**	**59.3**
Alma News & Life	**9.5**	**9.5**
Alma Regions	**5.3**	**6.1**
Non-allocated goodwill	**0.1**	**0.1**
Total goodwill	**121.7**	**120.3**

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 newspaper 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 correlates significantly with changes in the gross national product, and changes in advertising sales are largely intensified at cyclical turns. Investments in advertising have been particularly low in Finland in relation to the level of GDP in 2010-2017, even in international comparison. Alma Media estimates that the gross national product will start growing 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 approximately 43% 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 growth 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 online 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.

The WACC accounting principle was updated in 2017. Previously, WACC was calculated separately for the publishing and online businesses. Due to the growing share of digital services even in the traditional media business, the WACCs were combined into one media business WACC. The comparison group used on the basis of the WACC calculation was also expanded and updated to be more appropriate for media business operations. Due to this change, the WACC of the online business has decreased and the WACC of the publishing business has correspondingly increased. In our view, there are no longer any major differences between the businesses with regard to risk.

Changes from 2016

The recruitment business of the Alma Markets segment has been combined into one unit for testing. This entity comprises Monster FI, Recruitment Czech Republic, Profesia, TAU Online and CV Online, which were previously tested separately. The unit is managed uniformly and significant joint development work is carried out at the product and service level. Newly developed services are increasingly often uniformly adopted in the different countries of operation for the recruitment business.

In the Alma Talent segment, the tested units were changed so that the units that generate cash flow were defined on a country level as Talent Finland and Talent Sweden. Talent Finland consists of the following, previously separately tested units: Alma Talent Media Finland, Pro + events, Suoramarkkinointi Mega and Kauppalehti Information Services. Alma Talent Sweden comprises Alma Talent Sweden and Objektvision. At the country level, the units are managed in a uniform manner. In addition, the products and services have many shared process and system solutions at the country level. At Talent Finland, major integration efforts have been made over the last two years in order to harmonise the services and related processes. In Sweden, the operations of Objektivision and Media Sweden have been combined under a joint organisation.

No changes were made to the Alma News & Life segment's tested units.

The business operations tested in the Alma Regions segment are combined so that the testing applies to the entire Regions business entity as one testing, cash generating unit. The operations are managed as a single integrated process. The joint operations account for a particularly significant part of the cost structure of a product/service. For this reason, changes have been made from the previous year. Previously, each region constituted its own business unit for testing.

Alma Media Corporation deemed a property at Patamäenkatu 7 in Tampere. The property is Aamulehti's old office and printing facility, and it is currently fully rented out. The value of the property will be reviewed as part of the regular impairment testing process (Note on investment properties 2.3).

DISCOUNT RATES USED IN IMPAIRMENT TESTING

Financial year 2017		Revenue growth assumption, %	Cost growth assumption, %	WACC before taxes, %	Business operations
Alma Markets					
Mediapartners	Finland	2.7	2.4	8.5	Online
Recruitment business	Finland, Czech Republic, Baltic countries, Slovakia	5.7	4.1	10.3	Online
Alma Talent					
Alma Talent Finland	Finland	1.3	1.1	8.6	Publishing, Online, Service
Alma Talent Sweden	Sweden	0.2	1.4	8.5	Publishing, Online, Service
Alma News & Life	Finland	0.3	1.0	8.7	Publishing, Online
Alma Regions	Finland	-0.5	0.1	8.7	Publishing

Financial year 2016		Revenue growth assumption, %	Cost growth assumption, %	WACC before taxes, %	Business operations
Alma Markets					
Mediapartners	Finland	2.8	2.9	11.1	Online
Recruitment business	Finland, Czech Republic, Baltic countries, Slovakia	4.1	3.7	12.2	Online
Alma Talent					
Alma Talent Finland	Finland	0.6	0.7	9.3	Publishing, Online, Service
Alma Talent Sweden	Swedeni	1.0	0.9	9.3	Publishing, Online, Service
Alma News & Life	Finland	0.5	0.3	9.6	
Alma Regions	Finland	0.6	0.5	8.2	Publishing

Impairment losses and their allocation

During the past financial year, the Group recognised MEUR 4.0 in impairment losses on goodwill. The impairment loss is recognised on investment properties. In the management's view, there are no indications of impairment with regard to the other units of Alma Media Group.

In the previous financial year, the Group recognised MEUR 3.0 in impairment losses on goodwill. Of this impairment loss, MEUR 2.0 was allocated to the goodwill of Alma Lapland, and MEUR 1.0 is allocated to the goodwill of Alma Talent Sweden. Alma Lapland was reported under the Alma Regions segment. After the recognition of the impairment loss, asset items of MEUR 0.3 were allocated to Alma Lapland. Alma Talent Sweden was reported as part of the Alma Talent segment. After the recognition of the impairment loss, asset items of MEUR 10.0 were allocated to Alma Talent Sweden.

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 19% 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 44% and 52%. 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 91.7 compared to 2016. This is based on the improved profitability of business operations in 2017. The 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 68.9. 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 46% 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 48% 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 13.9 compared to 2016. The increase is attributable to improved profitability especially in Talent Finland, where cost adoption measures were implemented in 2016. On the basis of the sensitivity analysis, Alma Talent segment's business is subject to an impairment risk of MEUR 0.5 if advertising sales decline permanently by 6%.

The aggregate book values of the Alma News & Life 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 was 47% in the calculations. Based on the analysis carried out by the management, the net present value (NPV) of future cash flows has in practice remained unchanged from the previous year (change MEUR +0.6). Profitability has remained at the same level in 2017 as in previous years, as the growth of digital advertising sales has offset the decline in print media. The growth in digital business and, correspondingly, the declining single-copy sales of the print edition have the greatest impact on estimates of the business unit's future cash flows. Based on the sensitivity analysis performed, the Alma News & Life business does not include a significant risk of future impairment.

The aggregate book values of the Alma Regions segment were approximately 44% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use is 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 15.7 compared to 2016. Profitability remained on a par with 2016 mainly due to cost savings achieved through restructuring and efficiency improvement measures. The reduced net present value is due to lower expectations for profit development in the coming years. The development of revenue from print newspapers in the coming years remains uncertain. The internal rental cost for the Group's printing facility is included in Alma Regions' cash flow statement, which means that the Patamäentie 9 property was no longer tested separately. Based on the sensitivity analysis performed, the Alma Regions business does not include a significant risk of future impairment.

The cash flow based statement on the investment property is based on a forecast of the 2018 rent and maintenance expense. The electricity savings obtained from the ventilation equipment renovation has been taken into account for 2019. In investments, account has been taken of the ventilation equipment renovation for 2018 and the basic renovation investments estimated for 2019–2020. The DCF calculation results in a fair value of MEUR 10.5. If the measurement is assessed through net profit in one year (2018), the fair value of MEUR 10.5 corresponds to a return requirement of approx. 8.5%, taking into account the renovation investment needs. Based on the sensitivity analysis, an impairment of MEUR 4 is allocated to the investment property.

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, no need for impairment of associated company shares was indicated.

RISK OF IMPAIRMENT ACCORDING TO THE SENSITIVITY ANALYSIS WHEN THE ASSUMPTIONS CHANGE

	Permanent decrease in media sales		
MEUR	2%	4%	6%
Alma Talent			
Alma Talent Sweden			0.5

Of the results of the sensitivity analysis, the table presents the risk of impairment if a permanent decrease in sales takes place in deviation from the management's assumptions.

The table presents the effect of a reasonably possible change of the most significant individual input data on the fair value of the property.

MEUR	Underutilisation of the property increase/decrease of 1% point	Property maintenance costs increase/decrease of 1% point	Return requirement increase/decrease of 1% point
Office and production buildings	0.3	0.1	1.3

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 2017						
Acquisition cost 1 Jan	0.8	34.9	61.0	1.9	0.3	98.9
Increases		0.0	1.3	0.2	0.9	2.4
Business combinations			0.0			
Decreases	-0.1	-1.2	-2.2	0.0	-0.1	-3.5
Exchange differences		0.0	0.1	0.0	0.0	0.1
Transfers between items		0.1	0.9	0.1	-1.1	0.0
Acquisition cost 31 Dec	**0.7**	**33.9**	**61.1**	**2.1**	**0.1**	**97.9**
Accumulated depreciation, amortisation and impairments 1 Jan		12.5	20.9	0.7		34.1
Accumulated depreciation in decreases		-0.6	-2.1	0.0		-2.7
Depreciation for the financial year		1.4	5.0	0.3		6.6
Impairment, total			0.0	0.0		0.0
Exchange differences		0.0	0.1	0.0		0.1
Accumulated depreciation, amortisation and impairments 31 Dec		**13.3**	**23.7**	**1.0**		**38.0**
Book value 1 Jan	0.8	22.4	40.1	1.2	0.3	64.8
Book value 31 Dec	**0.7**	**20.5**	**37.4**	**1.2**	**0.1**	**59.8**
Balance sheet value of machinery and equipment 31 Dec			37.1			

MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2016						
Acquisition cost 1 Jan	0.8	35.1	61.7	2.6	0.0	100.2
Increases		0.0	0.7	0.1	0.5	1.3
Decreases		-0.2	-1.5	-0.8		-2.5
Exchange differences		0.0	0.0	0.0	0.0	0.0
Transfers between items		0.0	0.2	0.0	-0.2	0.0
Acquisition cost 31 Dec	**0.8**	**34.9**	**61.0**	**1.9**	**0.3**	**98.9**
Accumulated depreciation, amortisation and impairments 1 Jan		11.2	17.3	1.2		29.6
Accumulated depreciation in decreases		0.0	-1.8	-0.8		-2.6
Depreciation for the financial year		1.4	5.4	0.3		7.1
Impairment, total		0.0	0.0	0.0		
Exchange differences						
Accumulated depreciation, amortisation and impairments 31 Dec		**12.5**	**20.9**	**0.7**		**34.1**
Book value 1 Jan	0.8	23.9	44.3	1.4	0.0	70.5
Book value 31 Dec	**0.8**	**22.4**	**40.1**	**1.2**	**0.3**	**64.8**
Balance sheet value of machinery and equipment 31 Dec.			39.8			

Property, plant and equipment include assets purchased through finance leases as follows.

MEUR	Buildings	Machinery and equipment	Total
Financial year 2017			
Acquisition cost 1 Jan	24.1	53.5	77.6
Increases		0.8	0.8
Acquisition cost 31 Dec	**24.1**	**54.3**	**78.4**
Accumulated depreciation 1 Jan	4.7	16.3	21.0
Depreciation for the financial year	1.2	4.2	5.4
Accumulated depreciation 31 Dec	**5.9**	**20.5**	**26.4**
Book value 31 Dec	**18.2**	**33.8**	**51.9**
Financial year 2016			
Acquisition cost 1 Jan	24.1	54.2	78.3
Increases		0.5	0.5
Decreases		-1.2	-1.2
Acquisition cost 31 Dec	**24.1**	**53.5**	**77.6**
Accumulated depreciation 1 Jan	3.5	12.8	16.4
Accumulated depreciation in decreases		-1.2	-1.2
Depreciation for the financial year, total	1.2	4.6	5.8
Accumulated depreciation 31 Dec	**4.7**	**16.3**	**21.0**
Book value 31 Dec	**19.4**	**37.2**	**56.6**

2.3. Investment properties

Investment properties are properties held by the Group in order to gain rental income or an increase in the value of assets or both. Investment properties are measured on the balance sheet at the original acquisition cost less depreciation, amortisation and impairment losses. Transaction costs, such as asset transfer tax and professional fees, are included in the original estimate.

The buildings of investment properties are amortised on a straight-line basis over their useful lives, 30–40 years. Land areas included in properties are not amortised.

An investment property is derecognised when it is transferred or permanently removed from use.

Media used the interruption option included in the rental agreement for the office and production facility in its use and redeemed the property from DNB Bank ASA on Patamäenkatu 7 in Tampere.

The property is Aamulehti's old office and printing facility, and it is currently fully rented out. The lease ratio of the property is currently 90 per cent. The gross leasable area of the property is 18,500 sqm.

The property is classified as an investment property according to the IAS 40 standard on Investment Property, and Alma Media will apply to the investment property the acquisition cost model in which the property is valued according to the acquisition cost less depreciation, which is based on the property's financial useful life.

The value of the property presented in the notes to the financial statements will be tested as part of Alma Media Group's regular impairment testing process (Note 2.1).

Changes in investment properties during the year are presented in the table below.

MEUR	Land and water areas	Office buildings	Production buildings	Total
Financial year 2017				
Acquisition cost 1 Jan				
Increases	0.3	3.0	11.4	14.8
Acquisition cost 31 Dec	**0.3**	**3.0**	**11.4**	**14.8**
Accumulated depreciation, amortisation and impairments 1 Jan				
Depreciation for the financial year		0.0	0.5	0.5
Impairment, total			4.0	4.0
Accumulated depreciation, amortisation and impairments 31 Dec		**0.0**	**4.5**	**4.5**
Book value 1 Jan				
Book value 31 Dec	**0.3**	**3.0**	**6.9**	**10.2**
Book value 31 Dec				**10.2**

An external valuer has not been used to determine the fair value of the property. Rental income amounting to EUR 548,000 and direct maintenance costs of EUR 20,106 were recognised for investment properties on 31 December 2017.

3. Capital structure and financial expenses

3.1 Financial income and expenses

FINANCIAL INCOME PRESENTED BY CATEGORIES

MEUR	2017	2016
Interest income on held to maturity investments	0.1	0.2
Foreign exchange gains (loans and receivables)	0.2	
Fair value gain on items recognised at fair value through profit or loss		
Change in the fair value of contingent consideration liabilities		0.1
Change in the fair value of interest rate and foreign currency derivatives		
Dividend income from available-for-sale financial assets	0.2	0.2
Total	**0.6**	**0.4**

FINANCIAL EXPENSES PRESENTED BY CATEGORIES

MEUR	2017	2016
Interest expenses from interest-bearing debts measured at amortised cost	0.3	0.8
Interest expenses from finance leases measured at amortised cost	1.4	1.5
Foreign exchange losses (loans and receivables)		0.3
Value changes in items recognised at fair value through profit or loss		
Change in the fair value of interest rate and foreign currency derivatives		0.0
Other financial expenses	0.2	0.3
Total	**1.8**	**2.8**

3.2 Financial assets

The Group's financial assets have been classified into the following categories as required by IAS 39: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables as well as available-for-sale financial assets. Financial assets are classified according to their purpose when acquired and at the time of acquisition. Financial assets 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. Matured derivatives are recognised in the profit or loss in the period during which they mature.

The evaluation of contingent considerations and liabilities is based on the discounted values of future cash flows. The evaluation is conducted on each reporting date based on the terms of consideration agreements. Management estimates the realisation of terms on each reporting date and the fair value is recognised as discounted values of capitalised cash flows.

Loans and Other Receivables are measured at their amortised cost. In Alma Media, this group consists of trade receivables and other receivables. The amount of uncertain receivables is estimated based on the risks associated with individual items. 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 are considered evidence of the impairment of trade receivables. Credit losses are entered as an expense in the profit or loss. Held to maturity investments are financial assets that mature on a given date and which the Group intends and is able to keep until this date. These are measured at amortised cost. Available-for-sale financial assets are measured at their fair value and the change in fair value is entered in other comprehensive income and presented under shareholders' equity. Accrued changes in fair value are transferred from shareholders' equity to profit or loss as adjustments arising from reclassification when the asset is sold or when its value has decreased to the extent that impairment loss is recognised. This category comprises financial assets that are not classified in any of the other categories. The Group also classifies investments in unquoted shares in this category, but these investments are measured at acquisition cost in the financial statements because they cannot be reliably measured at fair value.

Cash and cash equivalents consist of cash, demand and time deposits, and other short-term highly liquid investments. 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.

On the final day of each reporting period, the Group evaluates whether there is objective evidence of impairment with regard to an individual financial asset or a group of financial assets.

3.2.1 Other financial assets

MEUR	Balance sheet values 2017	Balance sheet values 2016
Non-current financial assets		
Available-for-sale financial assets		
Unquoted share investments	3.7	3.7
Loan receivables	0.3	0.7
Financial assets, total	**4.0**	**4.4**
Current financial assets		
Investments held to maturity		0.0
Commodity derivative	0.0	
Total	**0.0**	
Financial assets, total	**4.1**	**4.4**

Available-for-sale financial assets are presented in the following table.

MEUR	2017	2016
At beginning of period	3.7	3.8
Decreases	0.0	0.0
At end of period	**3.7**	**3.7**

Investments held to maturity include other current investments. They are valued at amortised cost and are included in current assets.

Available-for-sale financial assets mainly comprise unquoted investments, and they are valued at acquisition cost as the acquisition cost corresponds to their fair value.

3.2.2 Cash and cash equivalents

MEUR	2017	2016
Cash and bank accounts	20.7	23.3
Total	**20.7**	**23.3**

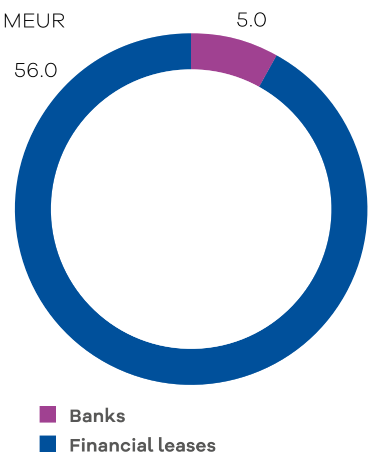
3.3 Financial liabilities

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.

Funding portfolio – by type



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

MEUR	2017	2016
FINANCIAL LIABILITIES		
Non-current financial liabilities		
Financial liabilities measured at amortised cost		
Non-current finance lease liabilities	51.0	55.3
Non-current loans from credit institutions	5.0	10.0
Other liabilities	0.2	0.2
Total	**56.2**	**65.5**
Current financial liabilities		
Based on amortised cost		
Finance lease liabilities	5.0	4.9
Other interest-bearing liabilities	0.0	10.2
Liabilities recognised at fair value through profit or loss		
Foreign currency derivatives	0.2	0.0
Commodity derivatives		0.0
Interest rate derivatives	0.5	0.7
Contingent consideration liabilities arising from the acquisition of business operations		0.1
Total	**5.7**	**15.9**
Financial liabilities total:	**61.9**	**81.4**

The Group's financial liabilities are denominated in euro and carry a variable interest rate. The company's main financial instruments in 2017 were non-current finance leases, current commercial papers and financial loans. 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 2017 was 2.5% (2.7% in 2016).

RECONCILIATIN OF NET DEBT

MEUR	Cash and cash equi-valents	Finance leases within one year	Finance leases after one year	Loans within one year	Loans after one year	Total
Net debt 1 Jan 2017	23,3	4,9	55,3	10,2	10,0	57,1
Cash flows	-2,428	-5,013		-10,2	-5,0	-17,78
Acquisitions - finance lea-ses and incentives			0.8			0.8
Exchange rate adjustments	-0.1					0.1
Other non-cash changes		5,1	-5,1			
Net debt 31 December 2017	**20,7**	**5.0**	**51.0**	**0.0**	**5,0**	**40,2**
Net debt 1.1.2016	14,4	5,2	59.8	22,4	3,3	76,2
Cash flows	8,8	-5,3		-12,2	6,8	-19,6
Acquisitions - finance lea-ses and incentives			0.5			0.5
Exchange rate adjustments	0.0					0.0
Other non-cash changes		5,0	-5,0			0
Net debt 31 December 2016	**23,3**	**4,9**	**55,3**	**10,2**	**10,0**	**57,1**

The Group has categorised items recognised at fair value through profit or loss according to the following hierarchy of fair values.

MEUR	2017	2016
Level 1		
Commodity derivatives	0.0	0.0
Level 2		
Foreign currency derivative	0.2	0.0
Interest rate derivatives	0.5	0.7
Level 3		
Contingent consideration liabilities arising from the acquisition of business operations		0.1

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

Level 2 instruments' fair values are, to a significant degree, based on inputs other than 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 are no contingent liabilities arising from acquisitions on the balance sheet on 31 December 2017. Contingent consideration liabilities arising from the acquisition of business operations on the balance sheet on 31 December 2016 were based on the companies' revenue in 2016.

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	2017	2016
Commodity derivatives (electricity forwards)		
Fair value	0.0	0.0
Value of underlying instruments	0.3	0.3
Interest rate derivatives		
Fair value	-0.5	-0.7
Value of underlying instruments	19.4	19.4
Foreign currency derivatives		
Fair value	-0.2	0.0
Value of underlying instruments	8.0	3.1

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 FINANCE LEASE LIABILITIES

MEUR	2017	2016
Finance lease liabilities – total minimum lease payments		
2017		6.3
2018	6.3	5.7
2019	5.3	5.1
2020	5.0	4.9
2021	4.9	5.0
2022	4.9	
Later	40.6	45.6
Total	**67.0**	**72.6**
Finance lease liabilities – present value of minimum lease payments		
2017		4.9
2018	5.0	3.9
2019	4.1	3.9
2020	3.8	4.0
2021	3.8	4.1
2022	3.8	
Later	35.5	39.4
Total	**56.0**	**60.2**
Financial expenses accruing in the future	**11.0**	**12.4**

3.4 Other leases

ⓘ Leases applying to tangible assets in which the Group holds a significant share of the risks and rewards incidental to their ownership are classified as finance leases. These are recognised in the balance sheet as assets and liabilities at the lower of their fair value or the present value of the required minimum lease payments at inception of the lease. Assets acquired through finance leases are depreciated over their useful life, or over the lease term, if shorter. Lease obligations are included under interest-bearing liabilities. Other leases are those in which the risks and rewards incidental to ownership remain with the lessor. When the Group is the lessee, lease payments related to other leases are allocated as expenses on a straight-line basis over the lease term. Lease payments of future periods are presented as contingent liabilities in the notes. 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 has made purchasing agreements that include a lease component. Any such arrangements in effect are treated according to the IFRIC 4 interpretation and the arrangements are accounted for based on their actual content. The Group's current purchasing agreements that include a lease component are treated as other leases in accordance with IAS 17.

The Group as lessee
Minimum lease payments payable based on other non-cancellable leases.

MEUR	2017	2016
Within one year	9.2	9.3
Within 1-5 years	25.2	27.6
After 5 years	18.2	22.5
Total	**52.6**	**59.5**

The Group companies largely operate in leased premises. Rental agreements vary in length from 6 months to 15 years.

Purchase agreements under IFRIC 4 that contain another lease component, as described in IAS 17

MEUR	2017	2016
Minimum payments payable based on these purchase agreements	0.2	0.2

The Group as lessor
Minimum rental payments receivable based on other non-cancellable leases.

MEUR	2017	2016
Within one year	1.9	1.0
Within 1–5 years	1.3	0.2
Total	**3.2**	**1.2**

3.5 Commitments and contingencies

MEUR	2017	2016
Collateral provided on behalf of associated companies	0.9	0.9
Other commitments	1.0	1.8
Total	**2.0**	**2.7**

Purchase obligation
On 24 October 2016 Alma Media gave notice of the interruption option included in the rental agreement for the office and production facility in its use and its intention to redeem the property from DNB Bank ASA on Patamäenkatu 7 in Tampere. The property transaction, which is estimated at EUR 14.8 million, was carried out and recognised in the balance sheet on 30 October 2017. The property is classified as an investment property according to the IAS 40 standard on Investment Property, Note 2.3. In 2016, the rental commitment related to the lease agreement was presented in Rental commitments.

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.

Payments made under defined contribution plans are entered in the profit or loss in the period that the payment applies to. The disability pension component of the Finnish Employees' Pension System (Tyel) handled by insurance companies was reclassified under IFRS as a defined contribution plan from the beginning of 2006. Accordingly, it is treated as a defined contribution plan in the financial statements. Defined benefit plans are all those that do not meet the criteria for a defined contribution plan. In the Group, supplementary pension obligations arising from voluntary plans are treated as defined benefit plans. In a defined benefit pension plan, the company is left with additional obligations also after the payment for the period is made.

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	2017	2016
Present value of unfunded obligations	1.1	1.2
Present value of funded obligations	4.9	5.4
Fair value of assets	-4.8	-5.6
Pension liability	**1.1**	**1.0**

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

MEUR	31 Dec 2017	31 Dec 2016
Present value of obligations at start of period	6.6	7.3
Business combinations		0.0
Service cost during period	0.0	0.0
Interest cost	0.1	0.1
Actuarial gains and losses	-0.1	0.2
Payments of defined benefit obligations	-0.6	-0.7
Restructuring of contracts		-0.3
Present value of funded obligations at end of period	**5.9**	**6.6**
Fair value of plan assets at start of period	5.6	5.7
Business combinations		0.1
Expected return on plan assets	0.1	0.1
Actuarial gains and losses	-0.3	0.3
Restructuring of contracts	0.0	-0.2
Incentive payments paid	0.2	0.2
Payments of defined benefit obligations	-0.6	-0.7
Fair value of plan assets at end of period	**4.8**	**5.6**
Defined benefit pension liabilities	**1.1**	**1.0**
Net pension liability		
Pension liability	1.1	1.2
Pension asset	0.0	0.2
Net pension liability	**1.1**	**1.0**

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	2017	2016
Service cost during period	0.0	0.0
Restructuring of contracts		-0.2
Interest cost	0.1	0.1
Expected return on plan assets	-0.1	-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	2017	2016
At beginning of period	1.0	1.5
Business combinations		-0.1
Incentive payments paid	-0.2	-0.2
Pension expense in income statement	0.0	-0.1
Comprehensive income for the period	0.2	-0.1
Defined benefit pension liabilities on the balance sheet	**1.1**	**1.0**

SPECIFICATION OF FUTURE PENSION PREMIUMS (NOT DISCOUNTED)

MEUR	Funded pension plan	Unfunded pension plan
Under 1 year	0.5	0.1
1–5 years	1.6	0.4
5–10 years	1.4	0.3
10–15 years	0.9	0.2
15–20 years	0.6	0.1
20–25 years	0.3	0.0
25–30 years	0.1	0.0
Over 30 years	0.1	0.0
Total	**5.6**	**1.2**

A similar investment is expected to be made in the plan in 2018 as in 2017.

SENSITIVITY ANALYSIS OF THE FUNDED PENSION PLAN

MEUR	Present value of pension obligation, EUR 1,000	Change in present value of pension obligation, %
Change of +0.5%-p in the discount rate	4.7	-4.1
Change of +0.5%-p in the salary increase assumption	4.9	0.2
Change of +0.5%-p in the pension increase rate	5.0	3.4

SENSITIVITY ANALYSIS OF THE UNFUNDED PENSION PLAN

MEUR	Present value of pension obligation, EUR 1,000	Change in present value of pension obligation, %
Change of +0.5%-p in the discount rate	1.0	-3.2
Change of +0.5%-p in the pension increase rate	1.1	2.9

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

%	2017	2016
Discount rate	1.5	1.0
Future salary increase assumption	2.7	2.3
Inflation assumption	1.5	1.1
Future increase in pension benefit	1.8	1.4

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	2017	2016
Materials and supplies	1.7	1.6
Finished products	0.7	0.7
Total	**2.4**	**2.3**

3.7.2 Trade and other receivables

MEUR	2017	2016
Trade receivables	37.0	31.1
Receivables from associated companies	0.0	0.0
Total	37.0	31.2
Receivables from others		
Prepaid expenses and accrued income	4.6	4.0
Other receivables	3.3	1.9
Total	**7.9**	**6.0**
Receivables, total	**44.9**	**37.1**

MEUR	2017	2016
The maturity analysis of trade receivables is as follows:		
Receivables not yet due and receivables overdue by 1-4 days	30.8	27.6
Overdue by 5–30 days	4.6	1.9
Overdue by 31–120 days	1.2	1.1
Overdue by more than 120 days	0.5	0.5
Total	**37.0**	**31.2**

All trade receivables overdue by more than 180 days are recognised as expenses via a provision for bad debts. A provision for bad debts of MEUR 0.4 (0.5) is included in receivables in 2017. In the 2017 financial year, credit losses of MEUR 0.5 were recognised in the Group (in 2016 MEUR 0.5). The credit losses totalled 0.1% of revenue in 2017 (0.1% in 2016).

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	2017	2016
Trade payables	8.1	8.1
Owed to associated companies		
Trade payables	0.1	0.9
Accrued expenses and prepaid income	51.0	48.0
Other liabilities	10.8	8.4
Total	**70.1**	**65.4**

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. On the balance sheet date the Group had open interest rate swaps, which are described in more detail in Note 3.3.

The Group's interest-bearing debt totalled MEUR 61 (80.4) on 31 December 2017. Interest-bearing debt comprises loans from financial institutions, commercial papers and finance lease liabilities. The interest-bearing liabilities are linked to variable interest rate debt instruments. Taking the interest rate swaps into account, the average period of interest linkage of the Group's financial portfolio at the end of 2017 was 2.8 years and the hedging rate 32%. An increase of one percentage point in the interest rate would increase the Group's finance expenses by MEUR 0.4.

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 30–50% 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.

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 15 financing limits at its disposal, both of which were unused on 31 December 2017. 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.

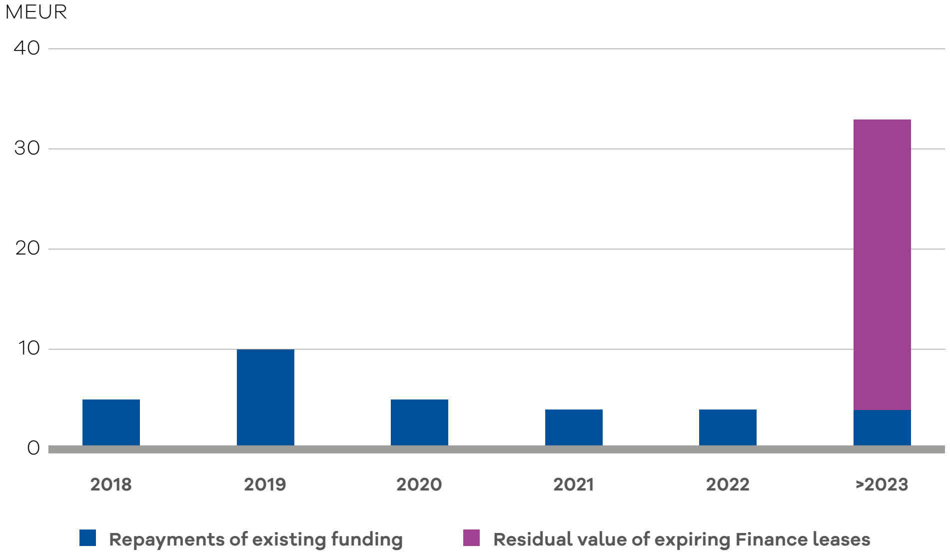
On the balance sheet date, the company had a commercial paper programme of MEUR 100 in Finland. Within the programme, the company may issue commercial papers to a total value of MEUR 0–100. No commercial papers were in circulation on the balance sheet date 31 December 2017. In addition to the commercial 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	Cash flow statement	0–6 months	6 months – 1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	5.0	5.0			5.0		
Finance lease liabilities	56.0	67.0	3.1	3.1	10.3	9.8	40.6
Foreign currency derivates	0.2	0.2		0.1	0.1		
Interest rate derivates	0.5	0.5		0.1	0.1	0.2	
Total	**61.7**	**72.7**	**3.1**	**3.3**	**15.6**	**10.0**	**40.6**

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 2017 and 2016.

MEUR	2017	2016
Interest-bearing long-term debt	56.0	65.3
Interest-bearing short-term debt	5.0	15.0
Cash and cash equivalents	20.7	23.3
Interest-bearing net debt	40.2	57.1
Total equity	158.3	138.0
Gearing, %	25.4%	41.4%
Equity ratio, %	50.9%	45.7%

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 2017.

	Total number of shares	Share capital, MEUR	Share premium fund, MEUR	Invested non-restricted equity fund, MEUR
1 Jan 2017	82,383,182	45.3	7.7	19.1
31 Dec 2017	**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

The company began purchasing its own shares on 22 February 2017 and, by 30 September 2017, the company had acquired 227,272 shares, representing approximately 0.3 per cent of all Alma Media shares. The shares were acquired for the purpose of implementing the company's share-based incentive programme.

The company's own shares were acquired using the company's non-restricted shareholders' equity at the market price valid at the time of purchase of the shares through trading in a regulated market arranged by Nasdaq Helsinki Ltd, and the shares were purchased otherwise than in proportion to shareholders' current holdings. The shares were acquired and paid for according to the rules and instructions of Nasdaq Helsinki Ltd and Euroclear Finland Ltd.

Alma Media Corporation conveyed a total of 67,272 treasury shares without consideration and according to the plan terms to the key management participating in the Fixed Matching Share Plan LTI 2015 I of the company's Long-Term Incentive Programme launched in 2015.

The directed share issue was based on an authorisation given by the Annual General Meeting held on 22 March 2017. Following the disposal of shares, the company holds 160,000 treasury shares.

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 134,532,841 on 31 December 2017.

Dividend policy

On 25 November 2013, Alma Media published its long-term financial objectives. 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 33.3% 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	2017	2016
Profit attributable to ordinary shareholders of parent	32.2	16.9
Number of shares (1,000 pcs)		
Weighted average number of shares for basic earnings per share	82,223	82,383
Impact of dilution, stock options	160	
Diluted weighted average number of outstanding shares	82,383	82,383
EPS, basic, EUR	0.39	0.20
Earnings per share (diluted)	0.39	0.20

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.

		Holding, %		Share of votes, %	
Company	Country	2017	2016	2017	2016
Emoyritys Alma Media Oyj	Finland				
Alma Career Oy	Finland	83.3	83.30	83.30	83.30
Alma Manu Oy	Finland	100.0	100.0	100.0	100.00
Alma Media Kustannus Oy	Finland	100.0	100.0	100.0	100.00
Alma Media Suomi Oy	Finland	100.0	100.0	100.0	100.00
Alma Mediapartners Oy	Finland	65.0	65.0	65.0	65.00
Alma Talent AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Desk AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Ekonomi AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Juridik AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Media AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Oy	Finland	100.0	100.0	100.0	100.00
Alma Talent Teknik AB	Sweden	100.0	100.0	100.0	100.00
CV-Online Estonia OÜ	Estonia	83.3	83.3	83.3	83.34

Company	Country	Holding, % 2017	2016	Share of votes, % 2017	2016
Dagens Media Sverige AB	Sweden	100.0	100.0	100.0	100.00
Edlegio AB	Sweden	70.0	70.0	70.0	70.00
Events Sweden AB	Sweden	100.0	100.0	100.0	100.00
FYI Events Denmark ApS	Denmark	100.0	100.0	100.0	100.00
Karenstock Oy	Finland	100.0	100.0	100.0	100.00
Kiinteistö Oy Tampereen Patamäenkatu 7	Finland	100.0		100.0	
Kotikokki.net Oy	Finland	65.0	65.0	65.0	65.00
LMC s.r.o	Czech Republic	83.3	83.3	83.3	83.34
Monster Worldwide CZ s.r.o.	Czech Republic	83.3	83.3	83.3	83.34
Monster Magyarorszag Kft	Hungary	83.3	83.3	83.3	83.34
Monster Worldwide Polska SP. Z.o.o.	Poland	83.3	83.3	83.3	83.34
Müügimeistrite A/S	Estonia	92.0	92.0	92.0	92.00
Objektvision AB	Sweden	100.0	100.0	100.0	100.00
Oy Mediuutiset AB	Finland	100.0	50.0	100.0	50.00
Profesia s.r.o	Slovakia	83.3	83.3	83.3	83.34
Profesia s.r.o	Czech Republic	83.3	83.3	83.3	83.34
Raksa ja Kotikauppa Oy (Nettikoti)	Finland	33.0	33.0	33.0	33.00
Rantapallo Oy	Finland	79.0	79.0	79.0	79.00
SIA CV-Online Latvia	Latvia	83.3	83.3	83.3	83.34
Suoramarkkinointi Mega Oy	Finland	100.0	100.0	100.0	100.00
TAU On-line d.o.o	Croatia	83.3	83.3	83.3	83.34
Telemarket SIA	Latvia	96.0	96.0	96.0	96.00
UAB CV-Online LT	Lithuania	83.3	83.3	83.3	83.34

Subsidiaries merged with other Group companies during the financial year:					
Alma Talent Events Oy	Finland	100.00	100.00	100.00	100.00
Expose Oy	Finland	100.00	100.00	100.00	100.00
FYI Business Events Oy	Finland	100.00	100.00	100.00	100.00
Jobote s.r.o	Czech Republic	83.00	83.00	83.00	83.00
Michelsson Sales Consulting Oy	Finland	100.00	100.00	100.00	100.00
Remonttibulevardi Oy (Urakkamaailma.fi)	Finland	65.00	33.00	65.00	33.00
Talentum Business Information Group AB	Sweden	100.00	100.00	100.00	100.00
Talentum Media Oy	Finland	100.00	100.00	100.00	100.00

Itemisation of significant non-controlling interests in the Group.

Subsidiary	Country	Holding, %* 2017	2016
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.

	Alma Career sub-group		Alma Mediapartners sub-group	
MEUR	2017	2016	2017	2016
Current assets	60.5	44.4	5.4	4.5
Non-current assets	50.0	50.2	4.6	4.6
Current liabilities	25.2	19.7	2.8	2.7
Non-current liabilities	0.2	0.2	0.0	0.2
Revenue	65.0	53.0	18.3	16.4
Expenses	-39.5	33.2	-12.6	11.7
Operating profit	22.4	15.8	5.0	4.0
Share of profit allocated to Alma Media Corporation's owners (IFRS)	13.9	8.6	2.6	2.7
Share of profit allocated to non-controlling interest (IFRS)	3.4	2.3	1.3	1.0
Dividends paid to non-controlling interest	1.3	1.1	1.0	0.7
Net cash flow from operating activities	23.5	19.3	3.4	4.2
Net cash flows from/(used in) investing activities	-0.8	-0.8	-0.8	-0.9
Financing activities	-20.9	-17.2	-2.8	-3.3

The information from the sub-group's 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 2017

The Group carried out the following acquisitions in 2017.

	Business	Acquisition date	Acquired share	Group share
Alma Talent segment				
Oy Mediuutiset Ab	Publishing	30/06/2017	50%	100%

The acquisition of Remonttibulevardi 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 0.6 was recognised in equity. Remonttibulevardi Oy was merged into Alma Mediapartners Oy on 31 October 2017.

Alma Talent

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	1.3
Fair value measurement of previous holding at the time of the acquisition	1.1
Total consideration	**2.4**

THE ASSETS AND LIABILITIES RECORDED AS A RESULT OF THE ACQUISITION

MEUR	Fair value
Tangible assets	0.0
Intangible assets	1.3
Trade and other receivables	0.7
Cash and cash equivalents	0.0
Total assets acquired	**1.9**
Other non-current liabilities	0.0
Deferred tax liabilities	0.3
Trade and other payables	0.3
Total liabilities acquired	**0.5**
Acquired identifiable net assets at fair value, total	**1.4**
Group's share of net assets	**1.4**
Goodwill	**1.0**

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 2016

The Group carried out the following acquisitions in 2016.

	Business	Acquisition date	Holding acquired	Group share
Alma Markets segment				
Raksa ja Kotikauppa Oy	Online service	01/01/2016	51%	33.15%
Jobote s.r.o	Online service	01/01/2016	100%	83%
Remonttibulevardi Oy	Online service	02/06/2016	51%	33.15%
Alma Talent segment				
Uusi Suomi business	Online service	01/09/2016		
Alma News & Life segment				
Rantapallo Oy	Online service	01/04/2016	79%	79%

Alma Markets

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	0.7
Contingent consideration	0.3
Fair value measurement of previous holding at the time of the acquisition	0.1
Total consideration	**1.2**

THE ASSETS AND LIABILITIES RECORDED AS A RESULT OF THE ACQUISITION

MEUR	Fair value
Intangible assets	0.7
Trade and other receivables	0.1
Cash and cash equivalents	0.2
Total consideration	**0.9**

MEUR	Fair value
Other non-current liabilities	0.0
Deferred tax liabilities	0.1
Trade payables and other payables	0.1
Total liabilities acquired	**0.2**
Acquired identifiable net assets at fair value, total	**0.7**
Group's share of net assets	**0.2**
Minority interest	**0.4**
Goodwill	**0.9**

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.

Alma Talent
As the acquisition of Uusi Suomi, which is reported in the Alma Talent segment, is immaterial to the Group, no tables are presented for that acquisition. The Uusi Suomi acquisition created MEUR 0.7 in goodwill. The acquisition is reported as a related party transaction by a significant shareholder.

Alma News & Life
Rantapallo Oy

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	3.1
Fair value measurement of previous holding at the time of the acquisition	1.6
Total consideration	**4.8**

THE ASSETS AND LIABILITIES RECORDED AS A RESULT OF THE ACQUISITION

MEUR	Fair value
Tangible assets	0.0
Intangible assets	2.8
Trade and other receivables	0.3
Cash and cash equivalents	0.3
Total assets acquired	**3.4**
Deferred tax liabilities	0.5
Trade payables and other payables	0.8
Total liabilities acquired	**1.3**
Acquired identifiable net assets at fair value, total	**2.1**
Group's share of net assets	**1.7**
Minority interest	**0.4**
Goodwill	**3.1**

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	2017	2016
Paid cash less acquired cash		
Cash consideration	1.9	8.2
Asset transfer tax and transaction costs	0.0	0.1
Contingent considerations, effect on profit/loss		-0.1
Less acquired amounts		
Cash	0.0	0.5
Net cash flow - capital expenditure	**2.0**	**7.8**

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	2017	2016
Investments in associated companies and joint ventures		
At beginning of period	5.1	6.8
Acquisitions of business operations	0.3	
Decreases	-0.6	-1.4
Share of results	0.7	0.9
Dividend received	-0.8	-1.3
At end of period	**4.5**	**5.1**

Further information on associated companies

Goodwill arising from associated companies on the balance sheet on 31 December 2017 totalled MEUR 1.9 (MEUR 2.3).

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

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Other associated companies
The year 2017					
Current assets	4.2	0.1			4.4
Non-current assets	4.5	0.0			2.6
Current liabilities	1.1				2.3
Non-current liabilities	3.4				0.3
Revenue	10.9	0.1			0.0
Profit/loss for the period	1.0				-0.1
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	4.2	0.1			4.8
Group's share of net assets	1.2	0.0			1.1
Goodwill	1.9				
Other adjustments	0.0				-0.1
Associated companies' balance sheet value on the consolidated balance sheet	3.4	0.0			1.1
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				0.1

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Other associated companies
Year 2016					
Current assets	3.2	1.0		0.0	11.1
Non-current assets	4.0	0.0		0.3	4.9
Current liabilities	1.0	0.3		0.0	10.0
Non-current liabilities	3.4	0.0			0.1
Revenue	9.6	13.0			33.1
Profit/loss for the period	1.6	0.4		0.0	1.2
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	2.9	0.7		0.3	6.0
Group's share of net assets	1.1	0.6		0.1	1.6
Goodwill	1.7	0.6			
Other adjustments	0.0				
Associated companies' balance sheet value on the consolidated balance sheet	2.8	0.6		0.1	1.6
Receivables from associated companies	0.0	0.0	0.0	0.0	
Owed to associated companies					
Dividends and capital repayments received from associated company during the period	0.1	0.2		0.0	0.6

Associated companies	Segment	Holding, %	Share of votes, %
Arena Interactive Oy	Alma Markets	35.0	35.0
Autojerry Oy	Alma Markets	24.1	24.1
Conseco Press	Alma Talent	40.0	40.0
Infostud 3 d.o.o.	Alma Markets	25.0	25.0
Kolektiv d.o.o.	Alma Markets	30.0	30.0
Kytöpirtti Oy	Non-allocated	43.2	43.2
Media Metrics Finland Oy	Alma Markets	25.0	25.0
Muuttomaailma Oy	Alma Markets	16.3	16.3
Oy Suomen Tietotoimisto-Finska Notisbyrån Ab	Non-allocated	24.1	24.1
Vrabotuvanje Online	Alma Markets	30.0	30.0

Sales

Alma Media sold its share of ownership of Tampereen Tietoverkko (TTV) Oy to Elisa Corporation in June 2017. Alma Media owned 35.14% of the company.

In September 2017, Alma Media's subsidiary Alma Media Kustannus Oy sold Holding Oy Vision. Alma Media owned 24.74% of the company.

Joint ventures

Oy Mediuutiset Ab, which was previously reported as a joint venture, became a subsidiary in the financial period 2017.

4.5 Related party transactions

Alma Media Group's related parties are its associated companies (see Note 4.5), 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	2017	2016
Sales of goods and services	0.4	0.5
Purchases of goods and services	2.9	5.4
Trade, loan and other receivables	0.0	0.2
Trade payables	0.0	0.4

RELATED PARTY TRANSACTIONS – PRINCIPAL SHAREHOLDERS

MEUR	2017	2016
Sales of goods and services	0.2	0.2
Purchases of goods and services	0.0	0.0
Trade, loan and other receivables	0.0	0.0
Trade payables	0.0	0.0
Acquired businesses		1.0

RELATED PARTY TRANSACTIONS – CORPORATIONS WHERE MANAGEMENT EXERCISES INFLUENCE

MEUR	2017	2016
Sales of goods and services	0.0	0.1
Purchases of goods and services	0.0	0.1
Trade, loan and other receivables	0.0	0.0

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	2017	2016
Current income tax charge	10.5	6.8
Adjustments in respect of current income tax of previous years	0.3	0.0
Deferred taxes	-1.6	-1.3
Total	**9.2**	**5.5**

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

The Finnish corporate tax rate in 2017 was 20% and in 2016 20%. In the calculation of deferred taxes, 20% has been used as the Finnish corporate tax rate in 2017.

MEUR	2017	2016
Profit before tax	45.9	25.4
Share of profit of associated companies	-0.7	-0.9
Total	**45.3**	**24.4**
Tax calculated on the parent company's tax rate	9.1	4.9
Impact of varying tax rates of foreign subsidiaries	-0.2	0.0
Tax-free income	-0.5	-0.3
Non-tax-deductible expenses	0.6	1.0
Items from previous periods		
Use of previously non-entered deferred tax assets		0.0
Unrecognised deferred tax asset from the confirmed tax losses	0.2	0.2
Recognition of previously unrecognised deferred tax assets on the balance sheet		
Other items	0.1	-0.2
Tax recognised in the income statement	**9.2**	**5.5**

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 2017

MEUR	31 Dec 2016	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31 Dec 2017
Deferred tax assets					
Provisions	0.2	0.3	0.0		0.5
Pension benefits	0.2	0.0	0.0		0.2
Deferred depreciation	0.3	0.7	0.0		1.1
Other items	1.0	-0.1	0.0		0.9
Total	**1.7**	**0.9**	**0.0**		**2.6**
Taxes, net	-0.3				-0.3
Deferred tax assets on balance sheet	1.5				2.3
Deferred tax liabilities					
Accumulated depreciation differences	0.3	0.0	0.0		0.3
Business combinations	12.8	-0.8	0.1	0.3	12.4
Retained earnings of subsidiary companies	0.3	0.2			0.5
Other items	0.2	-0.1	0.0		0.1
Total	**13.6**	**-0.7**	**0.1**	**0.3**	**13.3**
Taxes, net	-0.3				-0.3
Deferred tax liabilities on balance sheet	13.3				13.0

No deferred tax asset has been calculated on the confirmed losses of Group companies in Finland, amounting to MEUR 0.1, and abroad, amounting to MEUR 6.2. Utilisation of this tax asset requires that the normal operations of such companies would generate taxable income. The losses expire in 2024 at the latest for losses other than those of Group companies in Sweden.

CHANGES IN DEFERRED TAXES DURING 2016

MEUR	31 Dec 2015	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31 Dec 2016
Deferred tax assets					
Provisions	0.1	0.0			0.2
Pension benefits	0.3	0.0	0.0	0.0	0.2
Deferred depreciation	0.4	-0.1	0.0		0.3
Other items	1.0	0.0			1.0
Total	**1.8**	**-0.1**	**0.0**	**0.0**	**1.7**
Taxes, net	-0.3				-0.3
Deferred tax assets on balance sheet	1.6				1.5
Deferred tax liabilities					
Accumulated depreciation differences	0.3	0.1	0.0	0.0	0.3
Business combinations	12.2	0.1	-0.1	0.6	12.8
Retained earnings of subsidiary companies	0.4	-0.1			0.3
Other items	1.6	-1.4	0.0		0.2
Total	**14.4**	**-1.4**	**0.0**	**0.6**	**13.6**
Taxes, net	-0.3				-0.3
Deferred tax liabilities on balance sheet	14.2				13.4

5.3 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.

	Business	Acquisition date	Holding acquired	Group share
Alma Markets segment				
Ahorauta Oy	Online service	03/01/2018	100%	65%
Autojerry Oy	Online service	10/01/2018	76%	65%
Käyttösofta Oy	Online service	10/01/2018	100%	65%

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	5.7
Contingent consideration	10.0
Fair value measurement of previous holding at the time of the acquisition	0.8
Total consideration	**16.5**

THE ASSETS AND LIABILITIES RECORDED AS A RESULT OF THE ACQUISITION

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	**4.8**
Group's share of net assets	**4.8**
Goodwill	**11.7**

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

Parent company income statement (FAS)

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Revenue	6.1	31.1	27.7
Other operating income	6.2	1.4	0.1
Materials and services	6.3	0.1	0.1
Expenses arising from employee benefits	6.4	11.6	12.0
Depreciation and write-downs	6.5	1.8	1.4
Other operating expenses	6.6, 6.7, 6.8	25.5	25.9
Operating profit (loss)		-6.5	-11.5
Financial income and expenses	6.9	7.8	10.9
Profit before appropriations and taxes		**1.3**	**-0.6**
Appropriations	6.10	26.3	16.1
Income tax	6.11	-3.7	-0.9
Profit for the period		**23.9**	**14.6**

Parent company balance sheet (FAS)

MEUR	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	6.12	3.5	4.0
Tangible assets	6.13	2.1	2.3
Investments			
Holdings in Group companies	6.14	333.7	334.5
Other investments		15.5	5.5
Non-current assets, total		**354.7**	**346.4**
Current assets			
Current receivables	6.15	36.7	33.0
Cash and cash equivalents		10.0	13.9
Current assets, total		**46.7**	**46.9**
Assets, total		**401.4**	**393.2**

MEUR	Note	31 Dec 2017	31 Dec 2016
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)		0.0	-0.6
Profit for the period (loss)		23.9	14.6
Total equity	6.16	**304.6**	**294.7**
Accumulated appropriations	6.17	**0.4**	**0.2**
Provisions	6.18	**0.0**	**0.2**
Liabilities			
Non-current liabilities	6.19	5.7	10.7
Current liabilities	6.20	90.7	87.3
Liabilities, total		**96.4**	**98.1**
Shareholders' equity and liabilities, total		**401.4**	**393.2**

Parent company cash flow statement (FAS)

MEUR	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Operating activities		
Profit for the period	23.9	14.6
Depreciation and write-downs	1.8	1.4
Gains on sale of non-current assets	-1.0	-0.1
Net financial expenses (income statement)	-7.8	-10.9
Income tax	3.7	0.9
Change in provisions	-0.2	0.2
Other adjustments	-25.8	-13.7
Change in working capital:		
Change in trade receivables and other receivables	3.1	-3.8
Change in trade payables and other payables	14.8	12.8
Dividend received	12.4	11.4
Interest received	0.1	0.1
Interest expenses paid and other finance expenses	-0.9	-0.6
Taxes paid	-1.0	0.0
Operating activities	**23.1**	**12.4**
Capital expenditure		
Business acquisitions less cash and cash equivalents at the time of acquisition	-0.3	-5.9
Proceeds from sale of businesses less cash and cash equivalents at the time of sale	1.1	1.7
Acquisitions of tangible assets	-0.1	0.0
Acquisitions of intangible assets	-1.0	-1.6
Other investments	0.0	0.0
Change in loan receivables	-14.5	
Acquisition and sale of associated companies	1.6	0.0
Net cash flows from / (used in) investing activities	**-13.1**	**-5.8**
Cash flow before financing activities	**10.0**	**6.6**

MEUR	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Financing activities		
Non-current loans taken		10.0
Repayment of non-current loans	-5.0	-2.5
Current loans taken	3.0	86.0
Repayment of current loans	-13.0	-95.0
Acquisition of own shares	-1.2	
Change in interest-bearing receivables	-0.6	0.6
Group contributions received and paid	16.2	12.7
Dividends paid	-13.2	-9.9
Net cash flows from/(used in) financing activities	**-13.8**	**1.9**
Change in cash and cash equivalent funds (increase + / decrease -)	**-3.8**	**8.4**
Cash and cash equivalents at beginning of period	13.9	5.4
Cash and cash equivalents at end of period	10.0	13.9

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 non-current expenses	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.

Inventories
The balance sheet value of inventories is the lesser of the direct acquisition cost or the net realisable value. The acquisition cost is defined by the FIFO (first-in-first-out) method.

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 a long-term share-based incentive scheme for key management in effect (LTI 2015). 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	2017	2016
Finland	31.1	27.7
Total	**31.1**	**27.7**

6.2 Other operating income

MEUR	2017	2016
Gains on sale of fixed assets	1.4	0.1
Other income	0.0	0.0
Total	**1.4**	**0.1**

6.3 Materials and services

MEUR	2017	2016
Materials and services	0.1	0.1
Total	**0.1**	**0.1**

6.4 Employee expenses

MEUR	2017	2016
Wages, salaries and fees	9.1	9.2
Pension expenses	1.6	1.8
Other payroll-related expenses	1.0	1.0
Total	**11.6**	**12.0**
Average number of employees*	119	118
Salaries and bonuses paid to management		
President and CEO	0.9	0.7
Other members of the Group Executive Team	2.2	1.8
Members of the Board of Directors	0.3	0.3
Total	**3.4**	**2.9**

* The figure for the comparison period has been adjusted to conform to the 2017 presentation.

The benefits to which the President of the parent company is entitled are described in more detail in Note 7 to the consolidated financial statements.

6.5 Depreciation and write-downs

MEUR	2017	2016
Depreciation on tangible and intangible assets	1.8	1.4
Total	**1.8**	**1.4**

6.6 Other operating expenses

MEUR	2017	2016
Information technology and telecommunication	9.9	9.3
Business premises	10.1	11.0
Other expenses	5.5	5.5
Total	**25.5**	**25.9**

6.7 Auditors' fees

1 000 EUR	2017	2016
Audit	281.3	270.0
Reporting and opinions	4.5	5.6
Tax consultation	6.9	9.3
Other	53.5	177.3
Total	**346.2**	**462.2**

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

6.8 Research and development costs

In financial year 2017, the company has not capitalised research and development costs (2016: MEUR 0.2).

6.9 Financial income and expenses

MEUR	2017	2016
Dividend income		
From Group companies	11.8	10.5
From associated companies	0.6	0.9
From others	0.0	0.0
Total	**12.4**	**11.4**
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	0.2	0.0
From others	0.0	0.0
Total	**0.3**	**0.1**
Impairment for non-current investments		
Impairment for non-current investments	-4.0	
Total	**-4.0**	
Interest expenses and other financial expenses		
To Group companies	-0.5	0.0
To others	-0.4	-0.6
Total	**-0.9**	**-0.6**
Foreign exchange rate gains/losses		
Foreign exchange rate gains and losses	0.0	0.0
Financial income and expenses, total	**7.8**	**10.9**

6.10 Appropriations

MEUR	2017	2016
Difference between planned depreciation and depreciation made for tax purposes	-0.2	-0.1
Extraordinary income/Group contribution received	26.6	16.2
Total	**26.3**	**16.1**

6.11 Income tax

MEUR	2017	2016
Income tax payable on extraordinary items		
Income tax from regular business operations	-3.7	-0.9
Total	**-3.7**	**-0.9**

6.12 Intangible assets

MEUR	Intangible rights	Goodwill	Other intangible assets	Advance payments	Total
Financial year 2017					
Acquisition cost 1 Jan	7.3		0.5	0.8	8.6
Increases	0.8			0.2	1.0
Decreases					
Transfers between items	0.8			-0.8	
Acquisition cost 31 Dec	**8.9**		**0.5**	**0.2**	**9.6**
Accumulated depreciation, amortisation and impairments 1 Jan	4.1		0.5		4.6
Accumulated depreciation in decreases					
Depreciation for the financial year	1.6				1.6
Accumulated depreciation 31 Dec	**5.7**		**0.5**		**6.2**
Book value 31 Dec 2017	**3.2**			**0.2**	**3.5**
Financial year 2016					
Acquisition cost 1 Jan	6.5		0.5	0.0	7.0
Increases	0.8			0.8	1.6
Decreases					
Transfers between items	0.0			0.0	
Acquisition cost 31 Dec	**7.3**		**0.5**	**0.8**	**8.6**
Accumulated depreciation, amortisation and impairments 1 Jan	2.9		0.5		3.4
Accumulated depreciation in decreases					
Depreciation for the financial year	1.2				1.2
Accumulated depreciation 31 Dec	**4.1**		**0.5**		**4.6**
Book value 31 Dec 2016	**3.2**			**0.8**	**4.0**

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 2017						
Acquisition cost 1 Jan	0.5	4.4	0.5	1.0		6.4
Increases			0.0		0.1	0.1
Decreases	-0.1	-0.5				-0.6
Acquisition cost 31 Dec	**0.4**	**3.9**	**0.6**	**1.0**	**0.1**	**5.9**
Accumulated depreciation 1 Jan		3.3	0.5	0.4		4.2
Accumulated depreciation in decreases		-0.5				-0.5
Depreciation for the financial year		0.1	0.0	0.1		0.2
Accumulated depreciation 31 Dec		**2.8**	**0.5**	**0.5**		**3.8**
Book value 31 Dec 2017	**0.4**	**1.1**	**0.0**	**0.5**	**0.1**	**2.1**
Balance sheet value of machinery and equipment 31 Dec 2017			0.0			
Financial year 2016						
Acquisition cost 1 Jan	0.5	4.4	0.5	1.0		6.4
Increases						
Decreases						
Acquisition cost 31 Dec	**0.5**	**4.4**	**0.5**	**1.0**		**6.4**
Accumulated depreciation 1 Jan		3.2	0.5	0.3		4.0
Accumulated depreciation in decreases						
Depreciation for the financial year		0.1	0.0	0.1		0.2
Accumulated depreciation 31 Dec		**3.3**	**0.5**	**0.4**		**4.2**
Book value 31 Dec 2016	**0.5**	**1.1**	**0.0**	**0.6**		**2.3**
Balance sheet value of machinery and equipment 31 Dec 2016			0.0			

6.14 Investments

MEUR	Shares Group companies	Shares associated companies	Shares other	Total
Financial year 2017				
Acquisition cost 1 Jan	583.1	4.2	1.3	588.7
Increases	0.3			0.3
Decreases	-1.2	-0.6	0.0	-1.7
Transfers between items				
Acquisition cost 31 Dec	**582.3**	**3.7**	**1.3**	**587.3**
Accumulated depreciation, amortisation and impairments 1 Jan	248.6		0.0	248.6
Accumulated depreciation in decreases and transfers				
Impairment				
Accumulated depreciation, amortisation and impairments 31 Dec	**248.6**		**0.0**	**248.6**
Book value 31 Dec 2017	**333.7**	**3.7**	**1.3**	**338.7**
Financial year 2016				
Acquisition cost 1 Jan	581.1	5.0	1.3	587.4
Increases	1.3			1.3
Decreases			0.0	0.0
Transfers between items	0.8	-0.8		
Acquisition cost 31 Dec	**583.1**	**4.2**	**1.3**	**588.7**
Accumulated depreciation, amortisation and impairments 1 Jan	248.6		0.0	248.6
Accumulated depreciation in decreases				
Impairment				
Accumulated depreciation, amortisation and impairments 31 Dec	**248.6**		**0.0**	**248.6**
Book value 31 Dec 2016	**334.5**	**4.2**	**1.3**	**340.1**

PARENT COMPANY HOLDINGS IN GROUP COMPANIES AND ASSOCIATED COMPANIES

Company	Registered office	Holding %	Share of votes, %	Group holding %
Subsidiaries				
Alma Career Oy	Helsinki	83.34	83.34	83.34
Alma Manu Oy	Tampere	100.00	100.00	100.00
Alma Media Kustannus Oy	Helsinki	100.00	100.00	100.00
Alma Media Suomi Oy	Helsinki	100.00	100.00	100.00
Alma Mediapartners Oy	Helsinki	65.00	65.00	65.00
Karenstock Oy	Helsinki	100.00	100.00	100.00
Alma Talent Oy	Helsinki	100.00	100.00	100.00
Kotikokki.net Oy	Helsinki	65.00	65.00	65.00
Objektvision AB	Sweden	100.00	100.00	100.00
Rantapallo Oy	Helsinki	79.00	79.00	79.00
Kiinteistö Oy Tampereen Patamäenkatu 7	Tampere	100.00	100.00	100.00
Associated companies				
Arena Interactive Oy	Vaasa	35.00	35.00	35.00
As Oy Lindemaninpiha	Jämsä	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	28.20	28.20	28.20
Kiinteistö Oy Kylmäsenkulma	Kemijärvi	20.26	20.26	20.26
Kytöpirtti Oy	Seinäjoki	43.20	43.20	43.20
Nokian Uutistalo Oy	Nokia	36.90	36.90	36.90
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab	Helsinki	24.07	24.07	24.07

6.15 Receivables

MEUR	2017	2016
Current receivables		
Receivables from Group companies		
Trade receivables	0.1	0.1
Loan receivables*	34.2	27.4
Loan receivables		3.6
Prepaid expenses and accrued income	1.1	0.9
Total	**35.4**	**31.9**
Receivables from others		
Trade receivables	0.1	0.0
Other receivables	0.2	0.2
Prepaid expenses and accrued income**	1.0	0.8
Total	**1.3**	**1.1**
Current receivables, total	**36.7**	**33.0**

* 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.

6.16 Shareholders' equity

MEUR	2017	2016
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	190.7
Capital repayment		-9.9
Transfer to retained earnings		-70.1
Invested non-restricted equity fund 31 Dec	110.8	110.8
Retained earnings 1 Jan	14.0	-70.8
Transfer from invested non-restricted equity fund		70.1
Cancellation of unpaid dividends		0.1
Dividends paid	-13.2	
Acquisition of own shares	-1.2	
Disposal of own shares	0.4	
Retained earnings 31 Dec	0.0	-0.6
Profit for the period	23.9	14.6
Non-restricted shareholders' equity total	**134.6**	**124.8**
Total equity	**304.6**	**294.7**

MEUR	2017	2016
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	-0.1	-0.2
Profit from the previous year	0.0	-0.6
Profit for the period	23.9	14.6
Total	**134.5**	**124.6**

6.17 Appropriations

MEUR	2017	2016
Difference between planned depreciation and depreciation made for tax purposes	0.4	0.2

6.18 Provisions

Provisions in financial year 2017 amounted to EUR 8,088.72 (EUR 208,089.72 in financial year 2016).

6.19 Non-current liabilities

MEUR	2017	2016
Loans from credit institutions	5.0	10.0
Other non-current liabilities	0.7	0.7
Total	**5.7**	**10.7**
Debt due after five years		
Other non-current liabilities	0.2	0.3

6.20 Current liabilities

MEUR	2017	2016
Loans from credit institutions		10.0
Trade payables	0.9	0.7
Total	**0.9**	**10.7**
Liabilities to Group companies		
Trade payables	0.6	0.0
Other liabilities	81.9	70.8
Accrued expenses and prepaid income	0.1	0.0
Total	**82.6**	**70.9**
Liabilities to associated companies		
Other liabilities		0.2
Trade payables		0.7
Total		**0.9**
To others		
Provisions	0.0	0.2
Other current liabilities	1.3	1.4
Accrued expenses and prepaid income	6.0	3.4
Total	**7.3**	**5.0**
Current liabilities total	**90.7**	**87.6**

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

6.21 Commitments and contingencies

MEUR	2017	2016
Collateral for Group company's commitments		
Guarantees	1.0	1.0
Collateral for others		
Guarantees	0.9	0.9
Other own commitments		
Rental commitments – within one year	8.2	8.8
Rental commitments – after one year	60.9	68.2
Rental commitments total	69.1	77.0
Other commitments	1.0	1.6
Total		
Guarantees	1.9	1.9
Other commitments	70.2	78.6
Commitments total	**72.0**	**80.5**

On the balance sheet date, the company had a MEUR 100 commercial paper programme 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 2017. In addition to the commercial paper programme, the company may use the existing financing limit agreements for financing the need for working capital.

On 24 October 2016 Alma Media gave notice of the interruption option included in the rental agreement for the office and production facility in its use and its intention to redeem the property from DNB Bank ASA on Patamäenkatu 7 in Tampere. The property transaction, which is estimated at EUR 14.8 million, was carried out and recognised on the balance sheet on 30 October 2017. The property is classified as an investment property according to the IAS 40 standard on Investment Property. In 2016, the rental commitment related to the lease agreement was presented in Rental commitments.

6.22 Derivative contracts

MEUR	2017	2016
Commodity derivatives (electricity forwards)		
Fair value*	0.0	0.0
Value of underlying instruments	0.3	0.3
Interest rate derivatives		
Fair value*	-0.5	-0.7
Value of underlying instruments	19.4	19.4

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

Signatures to the report by the board of directors and the financial statements

The distributable funds of the Group's parent company totalled EUR 134,532,841 on 31 December 2017.

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

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share (2016: EUR 0.16 per share) be paid for the financial year 2017. Based on the number of outstanding shares 82,223,182 on the closing date, 31 December 2017, the dividend payment totals EUR 19,733,564 (EUR 13,181,309).

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 2018

Harri Suutari
Chairman of the Board

Petri Niemisvirta
Deputy Chairman of the Board

Esa Lager
Board member

Mitti Storckovius
Board member

Matti Korkiatupa
Board member

Kai Telanne
President and CEO

Catharina Stackelberg-Hammarén
Board member

AUDITOR'S NOTE

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

Helsinki 13 February 2018

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 2017. 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 3.6 million
Group scoping	• We have audited parent company and its subsidiaries in Finland, Czech Republic, Slovakia and Sweden
Key audit matters	• Timing of revenue recognition • 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 3,6 million

How we determined it
Net sales

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

TIMING OF REVENUE RECOGNITION
Refer to accounting principles of the consolidated financial statements and note 1.2 Operating income. A risk that the revenue is recognized in the wrong financial period (cut-off) is considered to be significant due to the size and nature of sales.

Alma Media Group's revenue consists of content sales, advertising sales and service sales. For digital sales, content revenue is recognized over the contract period.
For print publications, content revenue is recognized according to the publication calendar. The timing of revenue recognition from advertising sales is determined by the timing of the advertisement's publication. Service revenue is recognized in the period in which the service is delivered.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
- We assessed the design effectiveness of key controls and tested the operating effectiveness of controls relating to the cut-off of revenue recognition.
- We considered the appropriateness of the Group's revenue recognition accounting policies. We tested by sample, that individual subscriptions and other contracts were recognized as revenue according to the Group's revenue recognition accounting policies.
- In addition, we tested individual transactions, which occurred during the financial year.

Key audit matter in the audit of the group

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 2017 the Group's goodwill balance amounted to EUR 121,7 million and intangible rights with indefinite lives EUR 35,1 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 2017 the holdings in group companies are valued at EUR 333,7 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 4 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 13 February 2018
PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

Corporate Governance Statement 2017

ALMA MEDIA CORPORATION

CONTENTS

Corporate Governance Statement of Alma Media Corporation

In 2017, Alma Media Corporation applied the Finnish Corporate Governance Code 2015 for listed companies, issued by the Securities Market Association on 1 October 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.

The Group'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 management 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 four 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 20 trade and financial media, as well as books. Alma Talent also offers skills development and growth services to professionals and businesses in different fields, from events and training to information services. The Alma News & Life segment includes the various digital and print news and lifestyle content of the national Iltalehti. The Alma Regions segment is responsible for the print and online publishing activities of regional, local and town 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 Chairman of the Board. There is no specific order of appointment of directors. 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 2017 elected the following members to the Board of Directors: Harri Suutari, Petri Niemisvirta, Niklas Herlin, Matti Korkiatupa, Esa Lager, Catharina Stackelberg-Hammarén and Mitti Storckovius. The Chairman of the Board of Directors is Harri Suutari and the Deputy Chairman is Petri Niemisvirta. Board member Niklas Herlin passed away in October 2017.

Harri Suutari
President and CEO, Componenta Oyj
Chairman of the Board since 2013, member of Nomination and Compensation Committee, expert member of Alma Media's Shareholders' Nomination Committee
Member of the Board since 2005
Born: 1959
Civil Engineer

Essential work experience

- President and CEO, Componenta Oyj, 2015–
- PKC Group, President and CEO, 2002–2005 and 2008–2012
- Ponsse Oyj, President and CEO, 1994–2000
- Kajaani Automatiikka Oy, President 1984–1996

Principal positions of trust

- Talgraf Oy, Chairman of the Board 2017–
- JOT-Automation Oy, Member of the Board 2017–
- Oy M-Filter Ab, Member of the Board 2010–

Finnish citizen
Independent of the company and its significant shareholders

Shareholding on 31 December 2017
70,932 Alma Media Corporation shares

Petri Niemisvirta
Managing Director, Mandatum Life Insurance Company Limited; Member of the Group Executive Committee, Sampo plc
Member of the Board and Deputy Chairman of the Board since 2011, Chairman of the Nomination and Compensation Committee
Born: 1970
LL.M.

Essential work experience

- Managing Director, Mandatum Life Insurance Company Limited, 2001–
- 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

- Topdanmark A/S, Member of the Board 2017–
- Kaleva Mutual Insurance Company, Member of the Board 2013–, Chairman of the Board 2014–
- Varma Mutual Pension Insurance Company, Member of the Board 2014–
- Confederation of Finnish Industries EK, Chairman of Finance and Tax Commission 2011–2016, Member 2017–
- BenCo Insurance Holding B.V. , Member of the Board 2009–

Finnish citizen
Independent of the company and its significant shareholders

Shareholding on 31 December 2017
19,767 Alma Media Corporation shares

Matti Korkiatupa
Member of the Board since 2016,
Member of the Audit Committee
Born: 1955
Master of Agriculture

Essential work experience

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

Principal positions of trust

- Arena Partners Oy, Chairman of the Board 2000–2004 and 2010–2017, Deputy Chairman 2006–2010
- Alma Mediapartners Oy, Member of the Board 2010–2017
- I-Print Oy, Chairman 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 Chairman of the Board 2009–2010, Chairman 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 31 December 2017
5,871 Alma Media Corporation shares

Esa Lager
Member of the Board since 2014,
Chairman 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–, Chairman of the Board 2015–2016, Deputy Chairman of the Board 2014–2015
- Suomen Teollisuussijoitus Oy, Chairman of the Board 2015–, Member of the Board 2014–2015
- Terrafame Oy, Member of the Board 2015–
- Fennovoima Oy, Member of the Board 2014–2016, Deputy Member of the Board 2016–2017
- Olvi Plc, Member of the Board 2017–, Chairman of the Board 2016–2017, Deputy Chairman of the Board 2002–2016
- Ilkka-Yhtymä Oyj, Member of the Board 2011–, Deputy Chairman of the Board 2014–

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

Shareholding on 31 December 2017
13,825 Alma Media Corporation shares

Catharina Stackelberg-Hammarén
Founder and CEO,
Marketing Clinic Oy 2004–
Member of the Board 2009–,
Member of the Audit Committee
Born: 1970
M.Sc. (Econ.), Hanken School of Economics

Essential work experience
- CEO, Marketing Clinic Oy, 2004–
- 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
- Marketing Clinic Oy, Chairman of the Board 2017–
- Marimekko Oyj, Member of the Board 2014–
- Aktia Bank Abp, Member of the Board 2012–
- Stiftelsen Svenska Handelshögskolan, Member of the Board 2011–2017
- Marketing Clinic group, Member of the Board 2004–
- Scan Securities Ab, Member of the Board 1996–

Finnish citizen
Independent of the company and its significant shareholders

Shareholding on 31 December 2017
21,419 Alma Media Corporation shares

Mitti Storckovius
Chief Strategy Officer,
Helsinki Deaconess Institute
Member of the Board 2016–,
Member of the Nomination and Compensation Committee
Born: 1971
Master of Social Sciences, MBA

Essential work experience
- Director, Head of Business Analytics in Devices Marketing, Microsoft, 2014–2016
- Executive positions in the mobile phone business and product management, Nokia, 2011–2014
- Head of environmental and ethical initiatives for Devices, Nokia, 2008–2010
- Director, Strategic Marketing, technology strategy and corporate strategy, Nokia, 2004–2007
- Consultant and Engagement Manager, McKinsey&Company, 1997–2004

Principal positions of trust
- Rinnekoti Foundation, Member of the Board 2016–

Finnish citizen
Independent of the company and its significant shareholders

Shareholding on 31 December 2017
10,499 Alma Media Corporation shares

Niklas Herlin
(passed away in October 2017)
Publisher
Member of the Board since 2013
Born: 1963
B. Sc., Bentley College, USA

Essential work experience
- Freelance journalist, columnist, non-fiction writer 2001–2017
- Editor, News Editor, Kauppalehti 1987–1996, Suomen Kuvalehti 1996–1997, Ilta-Sanomat 1997–2001
- Corporate Analyst, Finnish Fund for Industrial Cooperation 1987–1988

Principal positions of trust
- Yellow Film & TV Oy, Member of the Board 2015–2017
- Yellow Film Management Oy, Member of the Board 2015–2017
- Kehitysvammaisten työllisyyden tukisäätiö (Support Foundation for the Employment of People with Developmental Disabilities), Chairman of the Board 2013–2017
- Riikka Herlin Foundation, Chairman of the Board 2012–2017
- Mariatorp Oy, Chairman of the Board 2005–2017
- Publishing company Teos, Chairman of the Board 2003–2017

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

Shareholding on 31 December 2017
13,710 Alma Media Corporation shares held by Niklas Herlin's estate and 15,675,473 shares via Mariatorp Oy.

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 Niklas Herlin, Matti Korkiatupa and Esa Lager, the members of the Board are independent of the company and its significant shareholders. The members mentioned herein-above are assessed to be independent of the company but not independent of its significant shareholders. Esa Lager is a member of the Board of Ilkka-Yhtymä Oyj, Matti Korkiatupa has been, for the past three years, in an emplyee relationship with Ilkka-Yhtymä Oyj as the company's Chief Executive Officer and Niklas Herlin was the Chairman of the Board of Mariatorp Oy.

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 the annual accounts
- approving strategically significant corporate and real estate acquisitions and disposals as well as investments according to separate investment instructions
- deciding on the Group'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 to 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 Chairman 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 chairman 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. In addition to these meetings, the Board also holds one or two Strategy Meetings at which it considers the Group's future scenarios and confirms the company's strategy for each strategy period.

In 2017, the Board met 14 times. The attendance of each member is shown in the table below.

NAME	ROLE	ATTENDANCE IN THE BOARD MEETINGS
Harri Suutari	Chairman	13/14
Petri Niemisvirta	Deputy Chairman	14/14
Niklas Herlin	Member until October 2017	11/11
Matti Korkiatupa	Member	14/14
Esa Lager	Member	13/14
Catharina Stackelberg-Hammarén	Member	14/14
Mitti Storckovius	Member	14/14

Assessment of the Board's Performance

In 2017, 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 Chairman for the Committee. The Audit Committee meets at least four times a year.

As of 22 March 2017, the members of the Audit Committee are Esa Lager, Matti Korkiatupa and Catharina Stackelberg-Hammarén. Esa Lager is Chairman 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 Chairman 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.

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 2017. The attendance of each member is shown in the table below.

NAME	ROLE	ATTENDANCE IN THE COMMITTEE MEETINGS
Esa Lager	Chairman	5/5
Matti Korkiatupa	Member	5/5
Catharina Stackelberg-Hammarén	Member	5/5

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 four members, who elect a Chairman for the Committee. On 22 March 2017, Niklas Herlin, Petri Niemisvirta, Mitti Storckovius and Harri Suutari were elected as members of the Nomination and Compensation Committee. Petri Niemisvirta was elected Chairman of the Committee. Committee member Niklas Herlin passed away in October 2017, but no new member was added to the committee because it still met the Corporate Governance Code requirement of having a minimum of three members.

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 four times in 2017 to consider matters according to its Charter. The attendance of each member is shown in the table below.

NAME	ROLE	ATTENDANCE IN THE COMMITTEE MEETINGS
Petri Niemisvirta	Chairman	4/4
Niklas Herlin	Member until October 2017	3/3
Mitti Storckovius	Member	4/4
Harri Suutari	Member	4/4

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 chairman from among their number.

The shareholders with the right to appoint members representing shareholders to the Nomination Committee are those four 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 and whose share of the votes produced by all shares in the company is the greatest according to this shareholder register.

The following were appointed as members in 2017: Timo Aukia, Chairman of the Board of Directors, Ilkka Group; Peter Immonen, Member of the Board of Mariatorp Oy; Henrik Ehrnrooth, Chairman of the Board of Otava Oy; and Timo Sallinen, Head of Listed Securities, Varma Mutual Pension Insurance Company. Timo Aukia was elected Chairman of the Shareholders' Nomination Committee. In addition, the Chairman of the Board of Directors of Alma Media Corporation, Harri Suutari, acts as an expert member in the Nomination Committee.

More information on the members of the Shareholders' Nomination Committee of Alma Media Corporation in 2017 is presented in the tables below:

NAME	ROLE
Timo Aukia Born in 1973, M.Sc. (Econ.) Managing Director, Timo Aukia Oy & Jaakko Aukia Oy Shareholding on 31 December 2017: 5,246 Alma Media Corporation shares	Chairman
Henrik Ehrnrooth Born in 1954, B.Sc. (Forest Econ.), M.Sc. (Econ.) Chairman of the Board of Directors, Pöyry Oyj, Otava Oy and CLC (Climate Leadership Coalition) Shareholding on 31 December 2017: 0 Alma Media Corporation shares	Member
Peter Immonen Born in 1959, M.Sc. (Econ.) Chairman of the Board of Directors, WIP Asset Management, Member of the Board of Directors of Mariatorp Oy Shareholding on 31 December 2017: 0 Alma Media Corporation shares	Member
Timo Sallinen Born in 1971, M.Sc. (Econ.) Head of Listed Securities, Varma Mutual Pension Insurance Company Shareholding on 31 December 2017: 0 Alma Media Corporation shares	Member
Harri Suutari Born: 1959, Civil Engineer President and CEO, Componenta Oyj Chairman of the Board of Directors of Alma Media, Member of the Board's Nomination and Compensation Committee Shareholding on 31 December 2017: 70,932 Alma Media Corporation shares	Expert member

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 regulations.

The Shareholders' Nomination Committee convened four times during its term of office in 2017–2018: once in November 2017, once in December 2017 and twice in January 2018. All of the members attended all of the meetings.

The Shareholders' Nomination Committee issued a proposal on 29 January 2018 to the Annual General Meeting to be held on 14 March 2018.

President & CEO and Group Executive Team of Alma Media Corporation

The President and CEO of Alma Media Corporation is Mr Kai Telanne, MSc (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 2017 comprising Kari Kivelä (Publisher, Senior Vice President, Alma News & Life), Juha-Petri Loimovuori (Senior Vice President, Alma Talent), Raimo Mäkilä (Senior Vice President, Alma Markets), Kari Juutilainen (Senior Vice President, Alma Regions), Juha Nuutinen (CFO), Mikko Korttila (General Counsel), Virpi Juvonen (Vice President, Human Resources), Santtu Elsinen (CDO), Tiina Järvilehto (Senior Vice President, Alma Media Solutions, member of the Group Executive Team since 1 January 2017) and Elina Kukkonen (Senior Vice President, Communications and Brand, member of the Group Executive Team since 1 September 2017). Until August 2017, the secretary of the Group Executive Team was Rauno Heinonen (Senior Vice President, Corporate Communications and Investor Relations). Starting from September 2017, 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 met 19 times in 2017.

Kai Telanne
President and CEO, Chairman of the Group Executive Team
In the current position since 2005
Born: 1964
Members of the Group Executive Team since 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: Member of the Board 2009–
- Teleste Corporation: Member of the Board 2008–
- Altia Corporation: Member of the Board 2016–

Alma Media shares held on 31 December 2017:
119,408 Alma Media Corporation shares

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

Essential work experience

- Talentum Oyj: Business Development Director, member of 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, Chairman of the Board 1997–
- 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: Board member 2016–

Alma Media shares held on 31 December 2017:
7,500 Alma Media Corporation shares and 10,100 shares via Winterfell Capital Oy

Kari Juutilainen
Senior Vice President, Alma Regions
In the current position since 2012
Born: 1956
Member of the Group Executive Team since 2012
Student of social science

Essential work experience

- Suomen Paikallissanomat Oy: Managing Director, 2008–2011
- Suomen Paikallissanomat Oy: Publisher, 2007–2008
- Suomen Paikallissanomat Oy: Head of Publications, 2005–2007
- Länsi-Savo newspaper: Editor-in-Chief, 2000–2005
- Koillis-Häme newspaper: Editor-in-Chief, 1991–2000
- Kuusaan Seutu Oy: Editor-in-Chief and Managing Director, 1989–1991
- Elimäen Sanomat newspaper: Editor-in-Chief, 1986–1989
- Editor, Regional Editor and Special Editor in various newspapers, 1979–1985

Principal positions of trust

- Lännen Media Oy: Member of the Board 2014–
- Jakeluyhtiö Suomi Oy: Chairman of the Board 2015–2017
- Tampere Chamber of Commerce & Industry: Member of the Board 2014–2017
- Finnmedia: Member of the Board 2016–2017
- Finnmedia: Member of committee for labour market issues 2008–2017

Alma Media shares held on 31 December 2017:
12,538 Alma Media Corporation shares

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

Essential work experience

- Alma Media Corporation: Acting Senior Vice President, Human Resources, 2012–2013
- Alma Media Corporation: Director, Human Resources, Marketplaces unit, 2011–2012
- Kustannusosakeyhtiö Iltalehti: Human Resources Manager, 2007–2011
- Elisa Corporation: 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–

Alma Media shares held on 31 December 2017:
8,909 Alma Media Corporation shares

Kari Kivelä
Senior Vice President, Publisher, Alma News & Life
In the current position since 2005
Born: 1959
Member of the Group Executive Team since 2005
M.Sc. (Soc.), MBA

Essential work experience
- 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
- Media Metrics Finland Oy: Member of the Board 2015–

Alma Media shares held on 31 December 2017:
21,076 Alma Media Corporation shares

Mikko Korttila
General Counsel, Legal Affairs, M&A and Corporate Development; Secretary to the Board of Directors of Alma Media
In the current position since 2007
Born: 1962
Member of the Group Executive Team since 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–
- Finnmedia: Communication policy group 2016–

Alma Media shares held on 31 December 2017:
14,305 Alma Media Corporation shares

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

Essential work experience
- Kauppalehti Oy: 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 -

Alma Media shares held on 31 December 2017:
8,889 Alma Media Corporation shares

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

Essential work experience
- Alma Media Corporation: Marketing Director, Alma Media Solutions, 2015–
- Kauppalehti Oy: 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
- The Finnish Business School Graduates' society, education policy committee 2016-

Alma Media shares held on 31 December 2017:
0 Alma Media Corporation shares

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

Essential work experience

- Alma Media Corporation: Director, Kauppalehti Group, 2006–2015
- Kustannus Oy Aamulehti: Director, Media Marketing, 2002–2006
- Alma Media Corporation: Head of the media marketing chain, 2004–2006

Principal positions of trust

- Oy Suomen Tietotoimisto - Finska Notisbyrå Ab (STT): Member of the Board 2011–

Alma Media shares held on 31 December 2017:
22,675 Alma Media Corporation shares

Raimo Mäkilä
Senior Vice President, Head of Alma Markets
At Alma Media since 1998 (in Aamulehti-yhtymä since 1997),
In the current position since 1999
Born: 1958
Member of the Group Executive Team since 1999
M.Sc. (Eng.)

Essential work experience

- Alma Media Net Ventures Oy: President, 1999–2000
- Alexpress Oy: President, 1998
- Helsingin Sanomat: Director, Services, 1994–1997

Principal positions of trust: -

Alma Media shares held on 31 December 2017:
34,773 Alma Media Corporation shares

Juha Nuutinen
Chief Financial Officer
In the current position since 2012
Born: 1972
Member of the Group Executive Team since 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, 1996–2003, APA (from Dec 2000)

Principal positions of trust -

Alma Media shares held on 31 December 2017:
14,187 Alma Media Corporation shares

Insider Management

Alma Media Corporation's Board of Directors has 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 Chairman of the Board and the Deputy Chairman, 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 on 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.

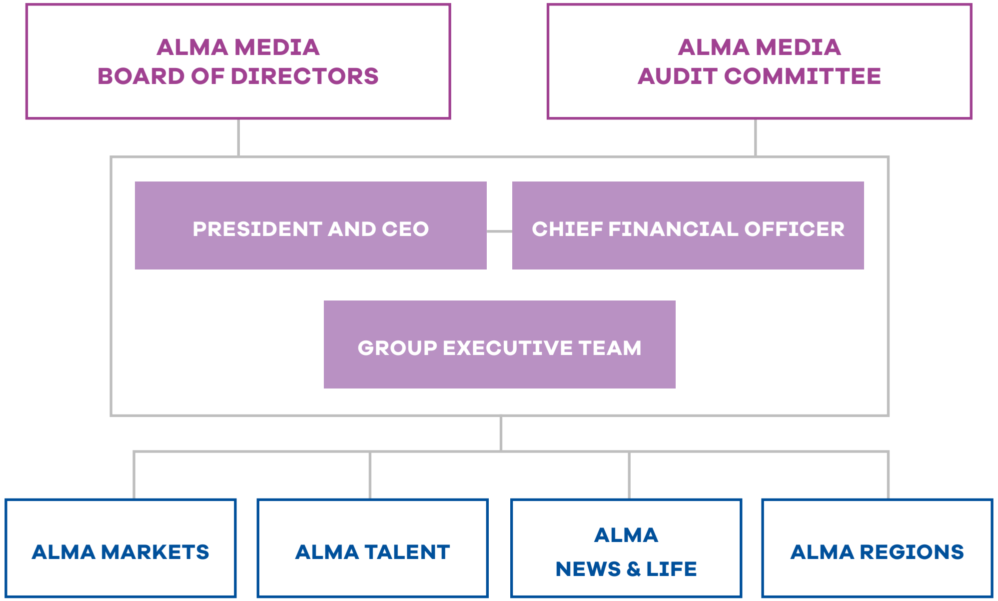
Information concerning the shareholdings of the company's management is updated every day on the Alma Media website: www.almamedia.fi/en/investors/share-and-shareholders/insider-shareholdings

The Company's General Counsel is responsible for the insider management of the Alma Media Group.

Internal control and risk management systems in financial reporting

The internal control and risk management systems inherent in Alma Media's financial reporting process aim at ensuring a reasonable certainty of the reliability of the company's financial statements and financial reporting, as well as compliance with legislation and other regulations and generally accepted accounting principles.

Alma Media's Internal Control and Risk Management Organisation



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.

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 department, 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 following the profitability of business operations. Group internal control practices aim to ensure the correctness of financial reporting within the Group. Business operations and capital management are monitored with the help of the reporting measures outlined hereinabove. The reporting practices also assist in following the implementation of business unit action plans. The financial administration monitors and gives guidance regarding internal control measures and practices based on the Group's operating principles and guidelines.

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 following and observance of the financial reporting standards, maintaining financial reporting principles and communicating them to the business units.

Risk Management

Risk management is part of Alma Media'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, threats and 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 as well as 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 executive group, 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's internal control and, thus, is part of good corporate governance. Alma Media sets limits to 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 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. Alma Media's strategic objective is to meet this challenge 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 most important operational risks.

Strategic, operational and financial risks in Alma Media's business, and risks related to sustainable media business, and the actions taken to mitigate them

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. Sufficient investments and resources in research and development.
Printed and digital media audiences	A significant drop in 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.	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. Own distribution network, distribution partnerships and cooperation with publishers.
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.
Fluctuating economic cycles	Advertising represents a significant share of revenue and is sensitive to general economic cycles.	Service business development, continuous analysis and monitoring of the operating environment, preparedness to implement structural changes as necessary, active development of the existing business, diversification of revenue sources, geographic diversification of business.
Changes in legislation	Potential changes in legislation concerning information security and taxation.	Internal training, monitoring legislation, 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.
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.	Business development driven by customer needs. Measures to promote digital business competitiveness and data management. Sufficient investments and resources in data management and systems.
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, customer communication, preparedness for crisis communication.
Competence	Technological development and the demands of new technology increase the risk of obtaining and maintaining sufficient competencies.	HR strategy, creating commitment in key individuals, additional resource allocation and trainee programmes, employee well-being
Financial risks		
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.
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.

Alma Media's business risks are also related to responsible journalism and responsible marketing. A summary of these risks and the actions taken to mitigate them is provided below. Alma Media also reports on risks related to corporate responsibility and the methods used to manage them in its Non Financial Information Report.

RISK	RISK DEFINITION	RISK MITIGATING ACTIONS
Responsible journalism	Direct and indirect attempts at deception and influence over media and citizens. Monitoring content in the digital operating environment is more challenging. Erosion of customer loyalty towards traditional media.	Developing editorial teams' practices and employee competence. Reader satisfaction surveys, customer contacts and feedback. Participation in industry events and organisations.
Responsible marketing	Monitoring content, advertising and services in the digital operating environment is more challenging.	Publishing advertising that complies with good marketing practices, avoiding advertising that disrupts the reading experience. Improving the quality and management of digital advertising through technology acquisition, investing resources in the competence of employees and partners, developing practices in the marketing communications industry.

Internal Audit

Given the nature and scope of its business, Alma Media Corporation does not consider it expedient to have a separate internal audit organisation. 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 look at the functionality and efficiency of the various processes using flow tests and control tests.

Auditing

The General Meeting of Shareholders annually elects an auditor for the company. The auditor must be an authorised audit firm approved by the Central Chamber of Commerce in Finland. The term of office of the auditors expires at the close of the 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 audit the accounting and administration 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 in conjunction with the publication of each interim report and the annual financial statements. They also provide regular reports on the business units to the Group's financial management and reporting unit managements.

Alma Media Corporation's Annual General Meeting 2017 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 2017 amounted to EUR 281,000. In addition, the auditing firm PwC charged the Group a total of EUR 54,000 in fees for other services in the 2017 financial year, including, among other things, services related to corporate responsilibility reporting. PWC has served as the auditor since 2014.

Remuneration Statement

Alma Media Corporation applies the currently valid Finnish Corporate Governance Code 2015 for listed companies, issued by the Securities Market Association on 1 October 2015, in its unaltered form. This Remuneration Statement has been prepared in accordance with the Corporate Governance Code recommendations concerning the reporting of remuneration. The Finnish Corporate Governance Code for listed companies can be reviewed on the website of the Securities Market Association at www.cgfinland.fi and on Alma Media's website.

Remuneration of the Members of the Board of Directors

The Annual General Meeting of Alma Media Corporation decides on the remuneration of the Board members. Alma Media's 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.

In accordance with the proposal of the Nomination Committee, the Annual General Meeting held on 22 March 2017 decided that the remuneration of the Board of Directors be kept unchanged, and that the following annual remuneration 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 2018: to the Chairman of the Board of Directors, EUR 40,000 per year; to the Vice Chairman, EUR 32,000 per year, and to members EUR 27,000 per year.

Additionally, and in accordance with the resolution of the 2016 Annual General Meeting, the Chairmen of the Board and its Committees are paid a fee of EUR 1,000, Vice Chairmen a fee of EUR 700 and members a fee of EUR 500 for each Board and Committee meeting that they attend. The Board members' travel expenses will be compensated in accordance with the company's travel policy.

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% 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 2017 interim report or, if this is not possible due to insider trading regulations, as soon as possible thereafter. If it was not possible to acquire the shares by the end of 2017 for a reason such as pending insider transactions, the remuneration shall be paid in cash. Shares acquired in this way cannot be transferred until the recipient's membership of the Board has expired. The company is liable to pay any asset transfer taxes which could arise from the acquisition of shares.

The members of the Board of Directors were paid the following fees (EUR) for their work on the Board and its committees in 2017, with comparison data from the previous financial period:

			Board meetings					
Year	Name	Position	Annual fee	Annual fee paid in shares, no. of shares*	Meeting fees	Audit Committee	Nomination and Compensation Committee	Fees total
2017	Harri Suutari	Chairman	40,000	2,841	13,000	-	2,000	55,000
2016	Harri Suutari	Chairman	40,000	6,015	14,000	-	500	54,500
2017	Petri Niemisvirta	Deputy Chairman	32,000	2,273	9,800	-	4,000	45,800
2016	Petri Niemisvirta	Deputy Chairman	32,000	3,499	9,100	-	2,000	43,100
2017	Niklas Herlin	Member	27,000	1,918	5,500	-	1,500	34,000
2016	Niklas Herlin	Member	27,000	2,953	7,000	-	1,000	35,000
2017	Matti Korkiatupa	Member	27,000	1,918	7,000	2,500	-	36,500
2016	Matti Korkiatupa	Member	27,000	2,953	5,500	2,000	-	34,500
2017	Esa Lager	Member	27,000	1,918	6,500	5,000	-	38,500
2016	Esa Lager	Member	27,000	3,580	7,000	5,000	500	39,500
2017	Catharina Stackelberg-Hammarén	Member	27,000	1,918	7,000	2,500	-	36,500
2016	Catharina Stackelberg-Hammarén	Member	27,000	2,953	7,000	2,500	-	36,500
2017	Mitti Storckovius	Member	27,000	1,918	7,000	-	2,000	36,000

Year	Name	Position	Board meetings: Annual fee	Board meetings: Annual fee paid in shares, no. of shares*	Board meetings: Meeting fees	Audit Commit-tee	Nomination and Com-pensation Committee	Fees total
2016	Mitti Storckovius	Member	27,000	4,232	5,500		500	33,000

*The number of shares corresponds to approximately 40% of the full amount of the annual fee after taxation

In the financial year 2017, the fees paid on an accrual basis to the Board members totalled EUR 282,300.

Members of the Board of Directors of Alma Media Corporation do not have an employment relationship with the company. They are not included in the share-based incentive plans or other incentive programmes of Alma Media and have not received any other financial benefits.

Remuneration of the President and Ceo and the Top Management

The Board of Directors of Alma Media Corporation decides on the salary and reward scheme of the parent company's President and CEO and the CEO's direct subordinates, on the basis of the proposal of the Nomination and Compensation Committee.

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. Eligibility for remuneration programmes is determined by the job.

The principles of Alma Media's management incentive programme follow the terms and conditions of Alma Media's incentive programme, based on the principle of continuous improvement of performance. The incentive bonus for members of the Group Executive Team and heads of business units may be no more than 40% of their respective annual salaries. The incentive bonus of Alma Media Corporation's President and CEO may be up to 60% of his annual salary.
The incentive bonus is defined for each calendar year based on three criteria: meeting Alma Media Group's financial targets (weight 40%), meeting the business unit's financial targets (weight 40%) and meeting personal performance targets (weight 20%).

In 2017, the President and CEO of Alma Media Corporation received a total of EUR 944,682 in salary, rewards and benefits, of which EUR 281,898 was based on the incentive bonus scheme and EUR 167,265 on the share-based incentive scheme. The total amount of salaries, rewards and benefits paid to other members of the Group Executive Team was EUR 2,431,774, of which EUR 417,832 was based on the incentive bonus scheme and EUR 334,530 on the share-based incentive scheme.

	Annual salary	Performance-based bonuses	Fringe benefits	Option benefits	Share-based payments
President & CEO					
2017	442,689	281,898	52,830		167,265
2016	445,783	195,043	49,601		
2015	402,210	102,509	48,166		
2014	429,475	20,000	47,478	830	
Group Executive Team					
2017	1,590,915	417,832	88,497		334,530
2016	1,349,769	206,914	86,467		
2015	1,297,042	136,732	82,093		
2014	1,264,934	41,000	82,026	583	

Incentive Schemes

Share-Based Incentive Scheme (LTI 2015)

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 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, to retain participants and to offer them with 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 for the receipt of the share-based incentive by the terms of the plan 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 started in 2016 and 2017: LTI 2015 II and LTI 2015 III

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) and, on 22 March 2017, the Board made a corresponding decision on a share-based incentive scheme to be launched in 2017 (LTI 2015 III). 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 17 March 2016 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 and LTI III schemes:

Share-based incentive scheme LTI 2015	Based on share investment (shares max)	Performance matching (shares max)	Maximum number of people entitled to participate
LTI I Launched in 2015	159,000	318,000	35
LTII Launched in 2016	159,000	390,000	43
LTI III Launched in 2017	195,000	390,000	44

	Based on share investment (shares max)			Performance matching (shares max)		
	2015	2016	2017	2015	2016	2017
Kai Telanne, President and CEO	30,000	34,000	36,000	60,000	68,000	72,000
Santtu Elsinen	-	6,000	9,000	-	12,000	18,000
Kari Juutilainen	10,000	-	-	20,000	-	-
Virpi Juvonen	4,000	6,000	4,000	8,000	12,000	8,000
Tiina Järvilehto	-	-	6,000	-	-	12,000
Kari Kivelä	10,000	10,000	13,000	20,000	20,000	26,000
Mikko Korttila	6,000	8,000	9,000	12,000	16,000	18,000
Juha-Petri Loimovuori	10,000	13,000	13,000	20,000	26,000	26,000
Raimo Mäkilä	10,000	13,000	13,000	20,000	26,000	26,000
Juha Nuutinen	6,000	8,000	9,000	12,000	16,000	18,000

Severance Pay

The period of notice of the President and CEO of Alma Media Corporation, Mr Telanne, is six months. In addition, he has a director contract under which he is entitled to a compensation corresponding to his base salary for 12 months if he is dismissed by the employer without 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 appointment and, as necessary, dismissal of the President and CEO.

The period of notice for the other members of Alma Media Group's 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. The terms of employment of the other members of the Executive Team are decided on by the Board of Directors based on the proposal of the Nomination and Compensation Committee. The President and CEO appoints and, if necessary, dismisses the other members of the Executive Team.

Pension Agreements

The CEO of Alma Media Corporation and members of the Group Executive Team have a defined contribution group pension plan. Pension accumulates at a rate of 15–37% of annual earnings depending on when the person in question became a member of the Group Executive Team. The retirement age is 60 years, 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. In such cases, the pension is determined by the accrued savings adjusted with the value development of the investments.

The terms and conditions of the group pension plan for Alma Media's President and CEO and the other members of the 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. In 2017, the expenses related to the group pension plan for Alma Media's President and CEO totalled EUR 234,683 and for the other members of the Group Executive Team EUR 421,787. In total, the group pension plan expenses amounted to EUR 656,470.

Kai Telanne has held the position of President and CEO at Alma Media Corporation since 2005. The information presented on Alma Media's website on other Executive Team members includes information on when they started in their current positions.

Non Financial Information Report 2017

ALMA MEDIA CORPORATION

Alma Media's purpose is to accelerate the sustainable growth of individuals, companies and society. Alma Media plays a significant role in increasing people's competence, awareness and understanding. We build contacts between companies and their customers. We create new growth opportunities for companies. Through our news content, we participate in building society, solving problems and creating a foundation for sustainable economic growth and individual freedom.

We create value for all of our stakeholders: consumers, readers, service users, corporate customers, employees, shareholders, partners and society at large.

CONTENTS

Alma Media's value creation model

RESOURCES AND INPUTS

Employees and expertise
- 3,150* (in 2017) Alma employees – strong expertise in journalism, marketing and technology.

Intellectual property
- The Alma brand and over 50 product brands.
- Customer data.

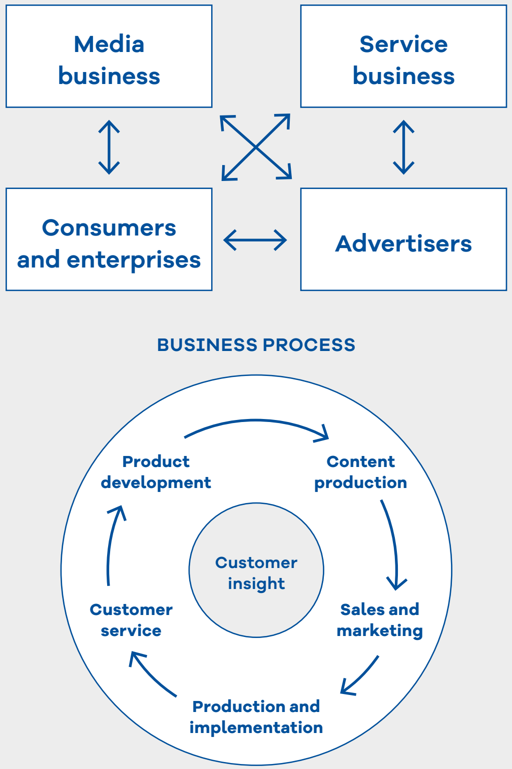
Financial
- Invested capital MEUR 218 (2017).
- Investments MEUR 170 in 2013–2017.

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

Production inputs, Raw materials
- Operations in 10 countries.
- Multi-channel digital service channels.
- Printing facility and regional distribution network.
- District heating, district cooling and electricity consumption in 2017: 69,395 GJ GJ/ 19,276 MWh, paper consumption 26 tonnes.

* Including delivery staff

BUSINESS MODEL



MARKETS	TALENT	NEWS & LIFE	REGIONS

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 reach approximately 74% of Finns (in 2017, the 15–74 age group, Kantar TNS).
- Digital services for businesses.
- Events and training: 540 pcs (2017).
- Printed books and e-books: 134 pcs (2017).
- Printing and distribution services: 10,066,020,160 tabloid-size pages (2017).

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 117 (2017).

Shareholders
- Operating result MEUR 47 (2017).
- Profit distribution MEUR 19.8 (2017), 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 77.9 (2017).

Partner network
- Purchases from partners.

Environment
- Carbon dioxide emissions in 2017: District heating, district cooling and electricity consumption 4,720 tCO_2 business travel 248 tCO_2.

Corporate responsibility management principles and methods to ensure adequate cautiousness

The table below summarises the principles governing the management of corporate responsibility at Alma Media and the most significant results achieved in 2017 with respect to adherence to these principles. The information in the table only covers non-financial reporting obligations. A more comprehensive description of Alma Media's management of corporate responsibility is provided in the corporate responsibility report in Alma Media's annual GRI report.

In reporting the information, Alma Media adheres to the Global Reporting Initiative (GRI) guidelines where applicable, except in the area of responsible journalism.

The Global Reporting Initiative has not yet updated the aspects specific to the media sector to keep them in line with the GRI reporting guidelines. For the time being, Alma Media is reporting on the responsible journalism aspect mainly in accordance with the GRI G4 reporting framework, which preceded the GRI guidelines.

SUSTAINABLE MEDIA

Area of corporat responsibility	Management approach	Principles	Policies, commitments and regulation	Most significant results achieved in 2017
Responsible journalism	The responsibility for the journalistic content of Alma Media's media lies with the Editors-in-Chief, assisted by editorial supervisors.	Alma Media's media brands are politically independent. In their role as a source of information, Alma Media journalists and editorial offices act transparently and responsibly under all circumstances. Alma Media's media outlets provide reliable and high-quality content.	Alma Media's Code of Conduct, Guidelines for Journalists issued by the Council for Mass Media, Council for Mass Media decisions, the editorial offices' own style books and guidelines, legislation.	Aamulehti, Lapin Kansa and Alma Media's local papers were not subject to any condemnatory Council for Mass Media decisions during the year. Kauppalehti and Satakunnan Kansa were subject to one condemnatory decision each. Aamulehti political journalist Lauri Nurmi won a journalism prize from Suomen Kuvalehti. IL-TV's Päivärinta Uncensored talk show was the only online-only talk show among the finalists in the talk show category in the Golden Venla Awards.
Responsible marketing	Alma Media's media sales and marketing organisation is in charge of the development of responsible marketing communication practices.	Alma Media operates responsibly and ethically in the rapidly digitising field of marketing communications. Alma Media provides a safe and reliable media environment for advertisers. Alma Media engages in active dialogue to spread responsible marketing communication practices among industry operators.	IAB guidelines, International Chamber of Commerce Code of Advertising and Marketing Communication Practice, Europe-wide self-regulation of targeted online advertising (OBA self-regulation), Council for Mass Media content marketing guidelines and precedents, Contractual terms and terms of sale concerning the advertising customers of Alma Media's media sales, legislation.	In 2017, Alma Media's online and mobile services did not publish any advertisements that violated the International Chamber of Commerce Code of Advertising and Marketing Communication Practice.

RESPONSIBILITY FOR EMPLOYEES

Area of corporate responsibility	Management approach	Principles	Policies, commitments and regulation	Most significant results achieved in 2017
Developing employee competence and well-being	Alma Media's HR function defines and manages the processes and functions related to the development of employee competence and management, compensation, benefits and HR reporting.	Alma Media offers employees a wealth of opportunities for increasing their individual competencies. Alma Media engages in the long-term development of management and leadership. Alma Media increasingly invests resources in the recruitment of talented professionals and their commitment to the company, as well as in developing its employer image.	Alma Media's Code of Conduct, Alma Media's equality and non-discrimination principles and unit-level non-discrimination, equality and diversity plans, Alma Media's training policy, Alma Media's remuneration policy, legislation.	Employee satisfaction with Alma Media as a workplace improved from the previous year according to the Quality of Work Life (QWL) index. Employee satisfaction is now substantially above the average level of Finnish companies. Alma Media was one of the biggest gainers in a ranking of Finnish employers based on an extensive national employer image survey of students and professionals.
Equal and diverse work community	Ensuring that HR policies are non-discriminatory is the responsibility of the units' managers in charge of recruitment as well as Alma Media's HR function.	All Alma Media employees are treated equally and fairly. Alma Media recruits employees based on their abilities and aptitude, irrespective of their gender, age, religious beliefs, nationality, sexual orientation or disabilities.	Alma Media's unit-level equality, non-discrimination and diversity plans, the diversity policy of Alma Media's Board of Directors, Alma Media's Code of Conduct, commitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), legislation, the FIBS diversity network undertaking.	Employee satisfaction with Alma Media as a workplace improved from the previous year according to the Quality of Work Life (QWL) index. Employee satisfaction is now substantially above the average level of Finnish companies. Alma Media was one of the biggest gainers in a ranking of Finnish employers based on an extensive national employer image survey of students and professionals. Alma Media was not informed of any violations related to the inappropriate treatment of employees, either by the authorities or via the whistleblowing channel available to the Group's employees.

RESPONSIBLE CORPORATE CULTURE CULTURE

Area of corporate responsibility	Management approach	Principles	Policies, commitments and regulation	Most significant results achieved in 2017
Transparency and ethics in business	The Group's executive management is responsible for the ethicality and transparency of Alma Media's business operations.	Alma Media has a zero tolerance policy with respect to discrimination, corruption, bribery and other unethical business practices. Alma Media operates openly and transparently with respect to taxation and pays taxes in the country where the result is generated.	Alma Media's Code of Conduct, Alma Media's tax policy (updated in 2017), commitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), commitment to IFRS accounting standards approved for application in the EU, legislation.	Alma Media was not informed of any incidents of discrimination, bribery, corruption or other unethical business practices in 2017.
Responsibility throughout the supply chain	The development of a responsible procurement policy at Alma Media is the responsibility of the Chief Procurement Officer. Alma Media's Chief Digital Officer and Chief Information Officer are responsible for ICT procurement at the Group level. In Alma Media's printing operations, the responsibility for procurement lies with the Logistics Manager and the Quality Manager.	Subcontractors familiarise themselves with Alma Media's corporate responsibility principles and Code of Conduct and agree to comply with them, where applicable, in addition to complying with the law. Alma Media encourages its key subcontractors to draft their own long-term climate targets.	Alma Media's Code of Conduct, Alma Media's procurement policy (drafted in 2017), commitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), legislation.	Alma Media was not informed of any incidents of Alma Media's subcontractors being guilty of discrimination, bribery, corruption or other unethical business practices in 2017.

ENVIRONMENTAL RESPONSIBILITY

Area of corporate responsibility	Management approach	Principles	Policies, commitments and regulation	Most significant results achieved in 2017
Environmental impacts of operations	The management of Alma Media's business units is responsible for developing more environmentally friendly products and services and helping Alma Media achieve its long-term environmental targets.	Alma Media takes a systematic and long-term approach to reducing the carbon dioxide emissions caused by its operations. Alma Media improves the energy efficiency of its properties and the material efficiency of its printing press. Alma Media will shift to zero-emission electricity in its Finnish operations by 2020.	Alma Media's Code of Conduct, commitment to the UN Sustainable Development Goals (SDG) and to the UN Global Compact (UNGC), legislation.	Alma Media's carbon dioxide emissions decreased by 3.6 per cent compared to 2016. Alma Media's printing press reduced its material waste by 10 per cent compared to 2016. The energy efficiency of Alma Media's properties in Finland improved by 3.7 per cent compared to 2016.

Most significant corporate responsibility risks and their prevention

The chart on the next page illustrates the trends affecting certain areas of Alma Media's corporate responsibility as well as related risks and ways to prevent them.

In managing corporate responsibility risks, Alma Media applies the materiality principle and focuses its risk prevention measures on the areas of corporate responsibility that are considered to be the most important.

The chart only includes the risks that are related to the areas of corporate responsibility reported in the statement of non-financial information. For this reason, the way the areas of Alma Media's corporate responsibility are grouped and the terminology used are not entirely in line with the practices applied in Alma Media's other corporate responsibility reporting.

A more comprehensive description of the risks related to the various areas of Alma Media's corporate responsibility is provided in Alma Media's Corporate Governance Statement. The corporate responsibility risks are discussed as part of the risks related to the Group's business operations on pages 16–19 of the statement.

RESPONSIBLE MEDIA

Responsible journalism

Responsible marketing

TREND:

Increasing global distrust towards media

Digitalisation of advertising and news content

Decline of media literacy

RISKS:

Direct and indirect attempts at deception and influence over media and citizens are increasing

Erosion of customer loyalty towards traditional media

Monitoring content and services in the digital environment is more challenging

RISK PREVENTION:

Developing Alma Media's operating practices and employee competence

Long-term development of services and content

Technology acquisition

Reader satisfaction surveys, customer contacts and feedback

Participation in industry events and organisations

RESPONSIBILITY FOR EMPLOYEES

Developing employee competence and well-being

Equal and diverse work community

TREND:

Changing job descriptions as a result of the digital transformation

The significance of corporate responsibility is highlighted among various stakeholders

RISKS:

Shortage of skilled employees

Failure to create commitment among employees

Weakening of the employer brand

RISK PREVENTION:

Development of human resources and competencies

Long-term development of management and leadership

Employee surveys and follow-up, developing cooperation, one-to-one discussions

Unit-level equality, diversity and non-discrimination plans

Systematically building the employer brand and targeted Trainee programmes

RESPONSIBLE CORPORATE CULTURE

Transparency and ethics in business

Responsibility throughout the supply chain

TREND:

The significance of corporate responsibility is highlighted among various stakeholders

RISKS:

Negligence related to ethical and responsible business constitutes a business risk and a brand risk

RISK PREVENTION:

Developing Alma Media's operating practices and employee competence

Developing tax footprint reporting

Active responsibility dialogue and communication with subcontractors

ENVIRONMENTAL RESPONSIBILITY

Environmental impacts of operations

TREND:

Climate change

The significance of environmental responsibility is highlighted among various stakeholders

RISKS:

Negligence related to environmental responsibility constitutes a business risk and a brand risk

Introduction of stricter emissions reduction requirements on businesses

RISK PREVENTION:

Developing Alma Media's operating practices and employee competence

The Group's long-term environmental targets

Long-term development of the energy efficiency of properties and the material efficiency of the printing press

Key indicators of corporate responsibility

The information below consists of Alma Media's corporate responsibility targets for 2017 and the results achieved. The list only includes the targets that are related to the areas of corporate responsibility reported in the statement of non-financial information. A more comprehensive description of Alma Media's targets in different areas of corporate responsibility is provided in the corporate responsibility report in Alma Media's Annual Review.

GOAL ACHIEVED IN PROGRESS GOAL NOT ACHIEVED

RESPONSIBLE JOURNALISM

Goal: Alma Media's media outlets' combined share of all condemnatory decisions issued by the Council for Mass Media must not exceed 20% in any given year. Outcome: The share of condemnatory decisions was 32% in 2017.

Goal: By 2019, all of Alma Media's major media outlets will have content responsibility objectives, the achievement of which will be measured by reader surveys. Outcome: The project will begin in 2018.

RESPONSIBLE MARKETING

Goal: Alma Media's websites will not publish any advertisements that violate the ICC Code of Advertising and Marketing Communication Practice. Outcome: The Group was not informed of any infringements.

Goal: By 2020, Alma Media's media sales organisation will be ranked among the leaders of its industry in Finland in the annual national survey of the customer experience of media sales organisations (index average). Outcome: Monitoring will begin in 2018.

DEVELOPING EMPLOYEE COMPETENCE AND WELL-BEING

Goal: Alma Media will achieve a score of at least 70% in the QWL (Quality of Work Life) index each year. Outcome: The index was 76% in 2017.

Goal: At least 10% of new Alma Media employees stay with the company for at least two years after being hired. Outcome: In 2017, the employee turnover rate among the employees who had started working for the maximum of 2 years ago, was 12.9%.

Goal: Alma Media receives a score of at least 7 in its annual employer image survey of the Group's employees. Outcome: In 2017, Alma Media's score was 7.98 (average of all responses, scale 1–10).

Goal: Occupational accidents will be reduced by 50% in Alma Media's delivery operations by 2022. Outcome: Progressing on schedule. In 2017, the total number of occupational accidents in the delivery operations was 104 (2016: 148).

EQUAL AND DIVERSE WORK COMMUNITY

Goal: No informed infringements related to employee discrimination or other inappropriate treatment of employees via Alma Media's whistleblowing channel or from the authorities. Outcome: The Group was not informed of any infringements.

TRANSPARENCY AND ETHICS IN BUSINESS

Goal: No reported incidents of corruption, bribery or other unethical business practices. Outcome: The Group was not informed of any infringements.

RESPONSIBILITY IN THE SUPPLY CHAIN

Goal: Alma Media will engage in active dialogue on climate targets with its key subcontractors with the aim of having all key subcontractors in Finland establish their own long-term climate targets by 2025. Outcome: The project will begin in 2018.

ENVIRONMENTAL IMPACTS OF OPERATIONS

Goal: The CO_2 emissions caused by Alma Media's operations (including Scope 1 and Scope 2 emissions) will be reduced by 21% by 2025 (benchmark: 2016). Outcome: Progressing on schedule. CO_2 emissions were reduced by 3.6% in 2017.

Goal: Alma Media will improve the energy efficiency of its properties in Finland by 5% by 2020 (benchmark: 2016). Outcome: Progressing ahead of schedule. In 2017, the energy efficiency improved by 3.7% from the previous year.

Goal: Alma Media will shift to zero-emission electricity in its Finnish operations by 2020. Outcome: The project will begin in 2018.

Goal: Alma Media's printing press will improve its material efficiency by 2% annually until 2025 (benchmark: 2016). Outcome: Progressing on schedule. In 2017, material efficiency of the printing press improved by 10% from the previous year.

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