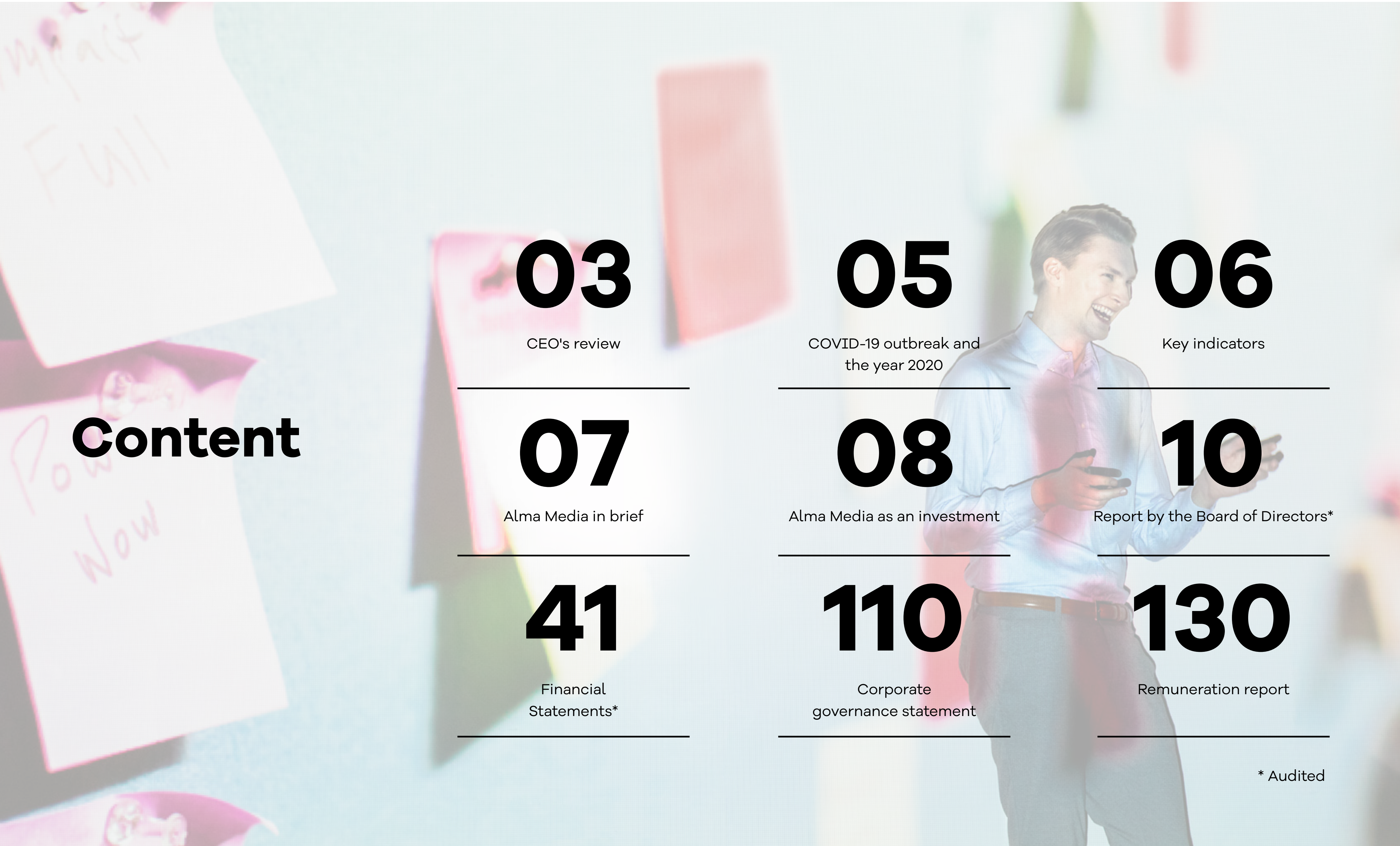
# alma

# FINANCIAL REVIEW 2020



# Content



* Audited

# From the President and CEO

The year 2020 was exceptional due to the global COVID-19 pandemic and required a rapid response to ensure the continuity of Alma Media's business and safeguard the health of employees and customers. The company implemented significant cost savings in order to ensure profitability.

Our strong performance in the unpredictable operating environment was proof of our strong adaptability and the agility of our business model. In spite of lower revenue, our operating margin in 2020 was on par with the previous year at nearly 20%.

The impacts of COVID-19 on Alma Media's business varied during the year depending on the business and country. The economy came to a sudden halt in the spring, but demand recovered towards the end of the year and mitigated the decline in our revenue. In the fourth quarter, we increased our investments in marketing and product development to ensure our long-term competitiveness.

The deterioration of the COVID-19 situation meant that shutdown measures by the authorities continued in Central Europe in the latter part of the year, but the impacts on the business operations of Alma Career's client companies were less dramatic than earlier in the year. This was reflected in an increase in client invoicing in October–December compared to the preceding quarters.

**The COVID-19 pandemic has accelerated the ongoing digital transformation and further convinced us that our strategic direction is correct.**

However, the delay between invoicing and the recognition of revenue will have a negative impact on the revenue performance of the recruitment business in the first half of 2021. In Finland, the Alma Markets segment's marketplaces business recovered better than expected thanks to the good development of housing-related services as well as comparison services.

Alma Talent aims to build a stronger and more integrated service offering alongside its media business. The development of digital services – such as B2B marketplaces and information services – was stable even during the worst months of the COVID-19 pandemic. Advertising recovered towards the end of the year after a significant decline in the spring. The exceptional circumstances increased the demand for high-quality media content, with digital content revenue in Finland increasing by 42% in 2020. Revenue from telemarketing services increased substantially during the year under review.

In the Alma Consumer segment, digital advertising saw a strong recovery in the latter part of the year, rebounding from the sharp drop in the spring to almost the previous year's levels: the recovery was particularly strong in programmatic advertising as well as advertising in the retail and automotive categories. The decline of Iltalehti's single-copy sales accelerated in 2020 due to the restrictions related to the COVID-19 pandemic but, at the same time, Iltalehti's online readership remains at a higher level than before: its digital media is read weekly by more than 2.8 million Finns and reader commitment is higher than in previous years according to the Finnish National Readership Survey (NRS).

In spite of the exceptional circumstances, we continued to implement our change strategy in 2020 through active portfolio management and digital business development. The concrete steps taken in the implementation of our strategy included the divestment of the print-heavy regional news media and printing business in Finland and the divestment of the professional media business in Sweden on the one hand and several acquisitions focused on digital business on the other hand. The COVID-19 pandemic has accelerated the ongoing digital transformation and further convinced us that our strategic direction is correct.

We are growing and diversifying our product portfolio by expanding from media to marketplaces and digital services. We will continue to move forward on the path of internationalisation and seek new growth opportunities in digital services targeted at both professionals and consumers. The accelerated change in consumer behaviour also presents new digital business opportunities in areas such as the subscription business, housing and property transactions, online training and online buying.

**Kai Telanne**
President and CEO

# COVID-19 outbreak and the year 2020

Revenue from continuing operations declined to MEUR 230 and adjusted operating profit to MEUR 45.

The cost savings related to COVID-19 to ensure Group's profitability amounted to MEUR 12.

The impacts of the pandemic were particularly reflected in the recruitment business and media advertising.

The Group adapted to the exceptional circumstances quickly and without service disruptions.

(More information on the impacts of COVID-19 on Alma Media's business is provided on pages 14–15)

## Safeguarding work and well-being

Special precautions were implemented to safeguard the health and well-being of employees and customers. Media content and digital services were produced either primarily remotely or, where the COVID-19 situation permitted, using a hybrid model in which some employees worked at offices and some from home.

Internal communication, updated safety guidelines, occupational health-related guidelines and supervisory work were significantly increased. Employee well-being was regularly monitored and the Group provided guidance and services related to mental well-being and the ergonomics of remote work, for example.

## Media content consumption was record-high

The tremendous increase in the demand for reliable and up-to-date information was reflected in a significant growth of media audiences and, in content, in the form of comprehensive and abundant news coverage to help audiences cope with the crisis.

## Safeguarding local work

The restrictions on economic activities had a negative impact on the economic operating conditions of many companies. In the spring 2020, Kauppalehti compiled together content and advice for SMEs in its series on "Survival Package for Entrepreneurs". Alma Media also joined the #vastuullisuusteko project of the Association for Finnish Work, which promoted the buying of Finnish products and services to preserve Finnish jobs and ensure the future of domestic production. Supporting local alternatives was reflected in procurement in Alma Media's various operating countries during the crisis.

## Helping those in need

Several of Alma Media's recruitment services, such as the Slovakia-based Profesia, provided their HR services and job advertising for free of charge for the health care sector, NGOs and the authorities. Profesia also collected materials for face masks manufacturing and assisted with distributing them to hospitals and assisted living facilities.

The Czech subsidiary LMC developed Dobro.cz, a digital platform that connected helpers with companies and private individuals in need of assistance during the crisis. The Czech name Dobro refers to the common good.

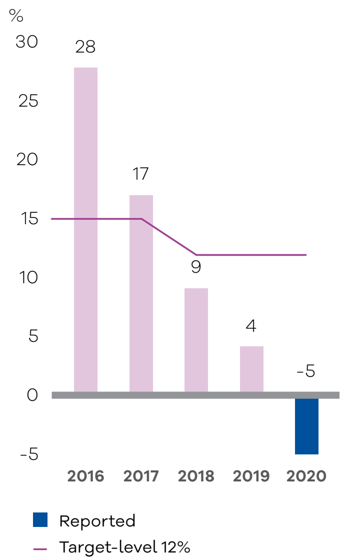
In Croatia, MojPosao made its pulse survey tool, which measures employee well-being, available to its customers free of charge. MojPosao also opened a special section in its job search service to provide guidance to people who lost their jobs in the COVID-19 crisis.

## Reduced carbon footprint

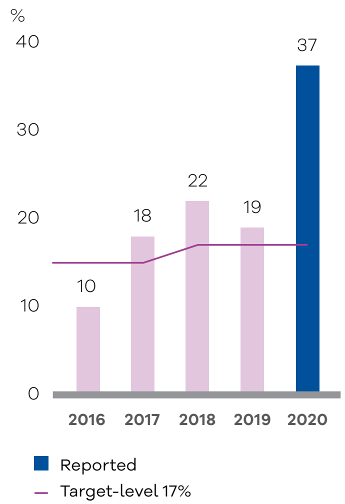
As employees switched to remote work, the use of company cars and business travel were significantly reduced. The pandemic also reduced the utilisation rate of properties, which resulted in a decrease in electricity consumption. The mobility restrictions imposed to prevent the spread of the COVID-19 pandemic reduced air travel by employees by more than 80% compared to 2019. Emissions were decreased by the lower use of services resulting from the reduced utilisation rate of transport services, distribution, aviation emissions and business premises.

# Key figures

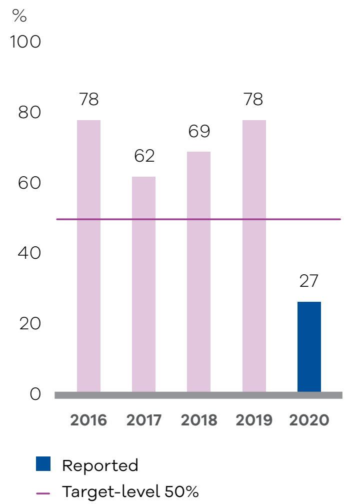
Digital business growth




Return on investment*




Dividend payout ratio




## Continuing operations

| Revenue | Adj. operating profit | EPS | Personnel 31.12.2020 |
|---|---|---|---|
| 230 MEUR | 45 MEUR | 0.33 EUR | 1,500 excl. telemarketers |

| Digital business, % of revenue | Operating margin | Equity ratio | Scope 1 and 2 emissions |
|---|---|---|---|
| 69% | 19.7% | 63% | 731 tCO2-eq |

* ROI for 2020 includes the gain on the sale of the regional news media business.

# Alma Media in brief

Alma Media is a highly innovative media company focusing on digital services and journalistic content. The company builds sustainable growth from media to services, providing content and services that benefit users in their everyday lives, work and leisure time. Our products are leading media and service brands in their respective fields. Our best-known brands include Kauppalehti, Talouselämä, Iltalehti, Etuovi.com and Monster.

Alma Media has employees in 11 European countries. In Finland, our business operations include financial and professional media, national consumer media, digital consumer and business services, training and the publishing of professional literature. Alma Media's international business in Eastern Central Europe, Sweden and the Baltic countries consists of recruitment services, an online marketplace for commercial properties and direct marketing services.

Sustainability is part of day-to-day work at Alma Media. The most significant sustainability impacts of Alma Media's business are related to the media content published by the company (responsible journalism) and digital services (responsible marketing) as well as responsibility for data and data protection (digital responsibility). The themes of our sustainability efforts include creating a better future for young people, promoting good working life and mitigating climate change.

Alma Media's share is listed on Nasdaq Helsinki.

**Alma Media operates in 11 countries in Europe.**

# Why invest in Alma Media

Alma Media's CFO Juha Nuutinen

## 1.

### Successful digital transformation

Our strategic focus has been on creating profitable digital growth and we have a strong track record of executing this strategy. Alma Media has made excellent progress in its transformation from a printed newspaper publishing business to a digital media, marketplaces and service company. Digital business now accounts for nearly 70% of the Group's total revenue. Our digital business models are cost-efficient and scalable and they have enabled expansion into additional services in various verticals, such as recruitment services, housing and the automotive segment. The use of digital business models and data has enabled us to strengthen synergies between media, the marketplaces business and digital services.

## 2.

### Leading market position and brands

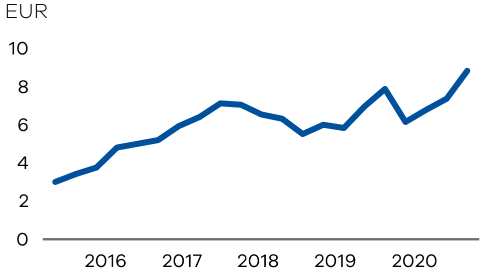
Our products are the leading media and service brands in their target groups and have a strong market position in our operating countries. In recruitment, we are the market leader in several countries in Eastern Central Europe. We have several strong media and service brands in Finland. Leading financial media, such as Kauppalehti and Talouselämä, and national news media brand Iltalehti have a combined reach of nearly 80% Finns. We also own leading marketplaces in the housing and automotive verticals, such as Etuovi.com and Autotalli.com. We offer professionals and businesses a wide range of content related to company data, real estate information, law, financial management, competence development, leadership and marketing services. For advertisers, we offer second largest digital advertising network in Finland.

## 3.

### Strong financial position

Our cost-efficient business model is capital light. Our agile business model and profitable growth provides us with a strong financial position: the balance sheet is free from net debt, we have a high equity ratio and our liquidity is good. Alma Media's good dividend payout capacity is based on the Group's ability to generate strong and stable cash flow. Our goal is to distribute, on average, more than half of our profit for each financial year as dividends.

Share price development




Source: Nasdaq Helsinki

ALMA MEDIA AS AN INVESTMENT

# Information for shareholders

## Annual General Meeting

Alma Media's AGM will be held on 24 March 2021 at 12:00 noon EET.

## Attendance

Due to COVID-19 it is not possible to attend the meeting on site. Shareholders and their representatives may attend the AGM and exercise their shareholder rights only by voting in advance and by submitting counter-proposals and questions in advance.

It is possible for shareholders to follow the AGM via web stream at www.almamedia.fi/en/general-meeting/2021. It is not possible to ask questions or vote via the web stream, and shareholders following the web stream will not be considered as in attendance at the AGM unless they have voted in advance.

## The Board of Directors' dividend proposal

The Board of Directors proposes that a dividend of EUR 0.30 per share be paid for the financial year 2020. The dividend shall be paid to shareholders who are registered in Alma Media's shareholder register, maintained by Euroclear Finland Ltd, on the record date of the payment, 26 March 2021.

## Important dates related to the AGM in 2021

| | |
|---|---|
| 12 Mar | Record date for the Annual General Meeting |
| 24 Mar | Annual General Meeting |
| 25 Mar | Proposed ex-dividend date |
| 26 Mar | Proposed record date of dividend payment |
| 6 Apr | Proposed dividend payment date |

## Financial reporting calendar in 2021

| | |
|---|---|
| 17 Feb | Financial Statements Bulletin 2020 |
| 21 Apr | Interim Report January–March 2021 |
| 21 Jul | Half-Year Report January–June 2021 |
| 21 Oct | Interim Report January–September 2021 |

Alma Media applies a 30-day silent period before the publication of financial statements, half-year reports and interim reports.

Up-to-date information on Alma Media and the financial calendar is available online at www.almamedia.fi/en/investors.

### KEY INFORMATION ABOUT ALMA MEDIA'S SHARE

| | |
|---|---|
| MARKET: | Nasdaq Helsinki Ltd. |
| SECTOR: | Media |
| TRADING CODE: | ALMA |
| ISIN code: | FI0009013114 |

| 2020 | |
|---|---|
| MARKET CAP: | **734.9 MEUR** |
| HIGH: | **9.30 EUR** |
| LOW: | **5.82 EUR** |
| CLOSING: | **8.92 EUR** |

# Report by the Board of Directors

## Drivers of change in the operating environment

### ECONOMY

- Economies of operating countries affected by COVID-19, recovery expected to start in 2021.
- National economies' direct effect on advertising, local employment and recruitment portal performance.

### CONSUMER BEHAVIOR

- COVID-19 accelerates news media consumption digitalization and willingness to pay for digital content.
- Digitalization of consumers' lives accelerates due to COVID-19 in many areas of life.
- Consumers' awareness on data protection grows.

### MARKETING & ADVERTISING

- Structural change in marketing and marketing automation continues.
- Print advertising continues to decrease.
- Importance of new forms of digital advertising e.g. content marketing grows

### COMPETITION

- The role of international technology giants strengthens, especially in digital advertising and marketplaces.
- Marketplaces face intensified local competition and small niche players challenge current business models.

### TECHNOLOGY & DATA

- The role of technology and automation in business functions and processes increases.
- Data, its ownership and data-based business solutions have a pivotal role for business in the future.
- The termination of the 3rd party cookies will have implications on marketing, strengthening the position of 1st party data owners.

### REGULATION

- Regulatory environment tighten and become more complex.
- Data privacy regulation, mainly GDPR and ePrivacy, place increasing demands for businesses.
- Consumer protection issues will be addressed more frequently in the future and the sanctions will become more strict.

## Description of the operating environment

### Market situation in the main markets

According to Kantar TNS, the total advertising volume in Finland decreased by 16.6% (-1.1%) to 735.6 million euros in 2020. Advertising in online media, excluding search engines and social media, decreased by 4.1% (+4.2%) to MEUR 189.3 in Finland. Advertising in magazines in Finland decreased in 2020 by 18.7% (-6.5%). In terms of volume, the market for afternoon papers in Finland declined by 17.2% (8.5%) in 2020.

In addition to Finland, Alma Media's main markets are the Czech Republic and Slovakia in Eastern Central Europe. The European Commission published its latest GDP forecasts in February 2021. According to the Commission, the outlook is brightening as progress is made with vaccinations, although the COVID-19 pandemic continues to spread throughout Europe and causes uncertainty. The European Commission predicts that Finland's GDP will grow by 2.8% 2021. For 2022, the Commission predicts that Finland's GDP will grow by 2.0%. The Czech GDP is forecast to grow by 3.2% in 2021. For 2022, the Commission predicts GDP growth of 5.0%. The European Commission forecasts that Slovakia's GDP will grow by 4.0% in 2021. In 2022, the European Commission expects Slovakia to see GDP growth of 5.4%.

## Group revenue and result in 2020

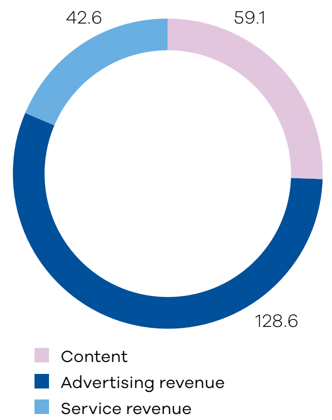
Revenue from continuing operations declined by 8.0% to MEUR 230.2 (250.2) in 2020. Acquired and divested businesses had an effect of MEUR 0.7 on revenue. Content revenue decreased by 7.9%, mainly due to the divestment of the Swedish media business and lower single-copy sales in Finland, and amounted to MEUR 59.1 (64.2).

Advertising revenue for continuing operations decreased by 13.4% to MEUR 128.6 (148.5). Print media advertising revenue declined by 32.3% to MEUR 11.1 (16.3). Digital advertising sales from continuing operations decreased by 11.1%. Service revenue from continuing operations increased by 13.3% to MEUR 42.6 (37.6).

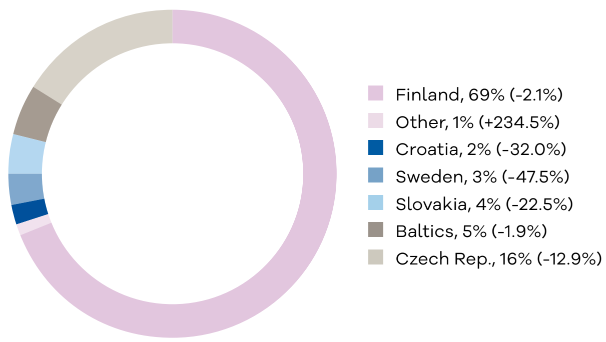
Service revenue includes items such as the sale of information services as well as the event, training and direct marketing businesses.

| REVENUE MEUR | 2020 1–12 | 2019 1–12 | Change % |
|---|---|---|---|
| Alma Markets | 88.3 | 100.0 | -11.7 |
| Alma Talent | 95.1 | 102.9 | -7.6 |
| Alma Consumer | 44.4 | 47.2 | -6.0 |
| Segments total | 227.7 | 250.1 | -8.9 |
| Non-allocated operations | 2.5 | 0.2 | 1,425.8 |
| Total | 230.2 | 250.2 | -8.0 |

Revenue split 2020, continuing operations
MEUR




Revenue split geographically 2020



| ADJUSTED OPERATING PROFIT/LOSS MEUR | 2020 1—12 | 2019 1—12 | Change % |
|---|---|---|---|
| Alma Markets | 30.7 | 37.7 | -18.4 |
| Alma Talent | 16.2 | 14.8 | 9.6 |
| Alma Consumer | 4.9 | 6.2 | -20.8 |
| Segments total | 51.9 | 58.7 | -11.6 |
| Non-allocated operations | -6.5 | -9.2 | -29.7 |
| Total | 45.4 | 49.4 | -8.2 |

| ADJUSTED ITEMS MEUR | 2020 | 2019 |
|---|---|---|
| **Alma Markets** | | |
| Restructuring | -0.1 | |
| Gains (losses) on the sale of assets | 1.0 | 0.1 |
| **Alma Talent** | | |
| Impairment losses | -0.3 | |
| Restructuring | -0.7 | |
| Gains (losses) on the sale of assets | -2.2 | |
| **Non-allocated** | | |
| Gains (losses) on the sale of assets | | 0.0 |
| Adjusted items in operating profit | -2.3 | 0.1 |
| Adjusted items in profit before tax | -2.3 | 0.1 |

Adjusted operating profit from continuing operations was MEUR 45.4 (49.4), or 19.7% (19.8%) of revenue. Operating profit from continuing operations was MEUR 43.1 (49.5), or 18.7% (19.8%) of revenue. The operating profit from continuing operations includes MEUR -2.3 in net adjusted items related to sales gains on acquisitions achieved in stages, impairment losses, gains and losses on asset sales and operational restructuring costs. The adjusted items in the comparison period were related to gains on the sale of assets.

Total expenses allocated to continuing operations decreased in 2020 by MEUR 10.8. Depreciation and impairment allocated to the total expenses of continuing operations amounted to MEUR 15.8 (16.7). The result of continuing operations for January–December was MEUR 33.3 (40.5), and the adjusted result of continuing operations was MEUR 35.5 (40.4). The full-year result for 2020, including discontinued operations, was MEUR 99.1 (48.7) and the adjusted result was MEUR 34.6 (49.3).

**In 2020, Alma Media was able to secure profitability in a challenging environment.**

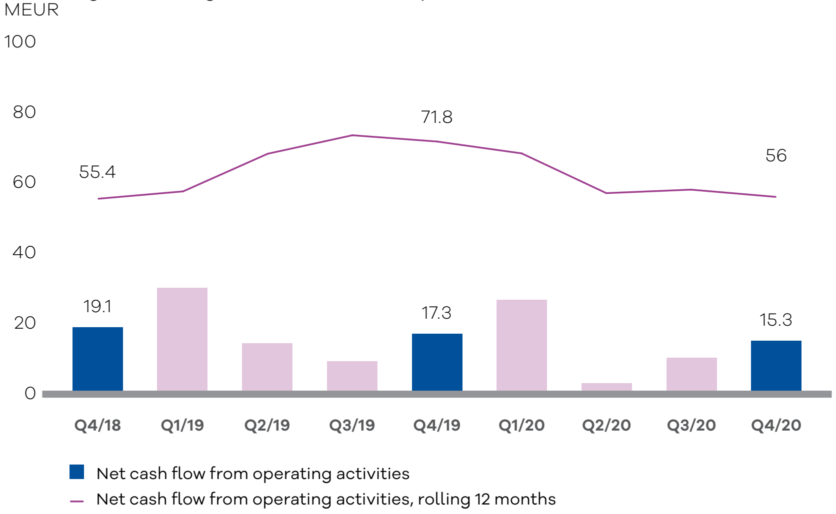
## Balance sheet and financial position

At the end of December 2020, the consolidated balance sheet stood at MEUR 333.9 (400.9). The Group's equity ratio at the end of December was 63.1% (54.1%) and equity per share was EUR 2.23 (2.09). Cash flow from operations in 2020, including discontinued operations, amounted to MEUR 56.0 (71.8). The year-on-year decrease in cash flow from operations was attributable to the weaker profit performance and the lost cash flow from divested businesses. Cash flow from investing activities reflects the consideration received from the sale of the regional news media business and printing operations as well as the redemption of the minority interest in Alma Mediapartners Oy. Cash flow before financing was MEUR 27.6 (61.9) in 2020.

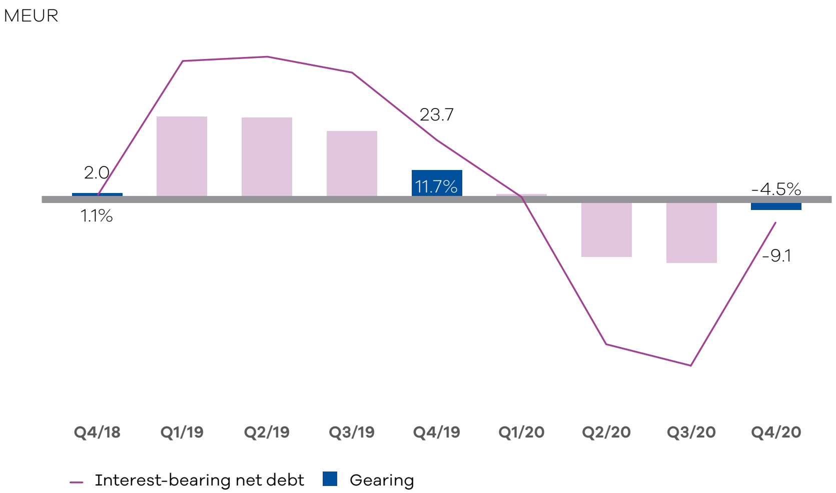
At the end of December 2020, the Group's interest-bearing debt amounted to MEUR 38.9 (90.8), consisting entirely of lease liabilities. The Group's interest-bearing net debt stood at MEUR -9.1 (23.7).

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 31 December 2020. The company also has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was unused on 31 December 2020. Alma Media had MEUR 1.3 in financial assets created in conjunction with business combinations measured at fair value and recognised through profit or loss and MEUR 16.3 in financial liabilities measured at fair value and recognised through profit or loss.

Cash flow from operating activities, MEUR, including continuing and discontinued operations




Interest-bearing net debt and gearing, including discontinued operations




## Capital expenditure

Alma Media Group's capital expenditure in 2020 totalled MEUR 91.4 (12.9). The capital expenditure consisted of the acquisition of shares in Muuttomaailma Oy, Kolektiv Ltd and the digital housing transaction service DIAS Oy, the redemption of the minority interest in Alma Mediapartners Oy as well as normal operating and maintenance investments.

## Research and development costs

The Group's research and development costs in 2020 totalled MEUR 4.6 (MEUR 4.3). MEUR 3.2 (MEUR 3.4) was recognised in the income statement and development costs of MEUR 1.4 (MEUR 1.0) were capitalised on the balance sheet in 2020. There were capitalised research and development costs totalling MEUR 2.0 (MEUR 1.3) on the balance sheet on 31 December 2020.

## Business segments in 2020

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

### Alma Markets

The Alma Markets segment's revenue decreased by 11.7% to MEUR 88.3 (100.0) in 2020. Acquired businesses had an effect of MEUR 2.5 on revenue. The recruitment business declined by 16.1% and accounted for 71.3% of the segment's revenue. In Finland, the housing and automotive marketplace and system business was on par with the comparison period. The revenue of the housing marketplace business was MEUR 17.2 (17.3), representing 19.5% of the segment's total revenue. The automotive marketplace business represented 9.5% of the segment's revenue and grew by 5.2%.

The segment's total expenses in 2020 amounted to MEUR 58.2 (62.5). Total expenses decreased due to cost savings, which were allocated to the second and third quarters and mainly involved reductions in employee expenses and marketing expenses. The Alma Markets segment's adjusted operating profit in 2020 was MEUR 30.7 (37.7) The adjusted operating profit was 34.8% (37.7%) of revenue. The segment's operating profit was MEUR 31.6 (37.7). The adjusted items recognised during the review period were related to sales gains on acquisitions achieved in stages, gains and losses on the sale of assets as well as operational restructuring. The adjusted items in the comparison period were related to a sales gain on an acquisition achieved in stages.

### The impacts of the COVID-19 pandemic on the Alma Markets segment's business in 2020

Following the outbreak of the COVID-19 pandemic and increased economic uncertainty in the spring, customers significantly reduced their new recruitment and focused on carrying out only the most essential replacement recruitment. A gradual recovery began in the recruitment business in the second half of the year in spite of the COVID-19 situation, as the impacts of the restrictions imposed by the authorities on Alma Career's customer companies were less severe than earlier. During the year under review, the decline in Alma Markets' recruitment revenue ranged from 12% to 33% depending on the country. The recovery of demand was reflected in an increase in customer invoicing in the latter part of the year. However, the delay between invoicing and the recognition of revenue will have a negative impact on the revenue performance of the recruitment business in the first half of 2021. The online training business developed favourably during the coronavirus pandemic as remote studying increased.

In the housing and automotive marketplaces businesses, the recovery was faster than in the recruitment business. Volumes exceeded the previous year's levels late in the year and good development was seen particularly in rental housing advertising and comparison services.

The Alma Markets segment's cost savings related to the COVID-19 pandemic amounted to MEUR 5.3. The adjustment measures included a significant contraction of marketing investments, temporary layoffs, fixed-term reductions in pay within the limits of the applicable legislation, employee reductions and a reduction in the purchasing of external services. The marketing of the mobile recruitment service in Poland was significantly scaled down, recruitment consulting activities in the Baltic countries were contracted and the Workania business in Hungary was discontinued.

**COVID-19 related economic slowdown impacted mostly recruitment and advertising.**

### Alma Talent

The Alma Talent segment's revenue declined by 7.6% to MEUR 95.1 (102.9) in 2020. Divestments had an effect of MEUR 5.3 on revenue. Excluding the effect of divestments, the segment's comparable revenue was on par with the previous year. Digital business accounted for 46.9% (39.2%) of the segment's revenue.

The Alma Talent segment's content revenue decreased by 6.0% due to the divestment of the media business in Sweden and amounted to MEUR 43.8 (46.6). Content revenue in Finland grew by 4.7%, which was significantly attributable to a 42.2% increase in digital content revenue from the media business. In 2020, advertising revenue declined by 17.9% to MEUR 24.8 (30.2) due to the COVID-19 pandemic and the divestment of the business in Sweden. Service revenue totalled MEUR 26.5 (26.2). Comparable service revenue increased by 3.3%.

The segment's adjusted total expenses amounted to MEUR 78.9 (88.2). The divestment of the Swedish business reduced total expenses by MEUR 7.1 and cost savings by MEUR 3.5. Total expenses were also influenced by an increase of MEUR 1.3 in employee expenses in the telemarketing business. The Alma Talent segment's adjusted operating profit was MEUR 16.2 (14.8) and operating profit MEUR 13.1 (14.8). The adjusted operating profit was 17.1% (14.4%) of revenue. The adjusted items in the review period were related to operational restructuring, a sales gain on an acquisition achieved in stages and losses on the sale of assets. No adjusted items were reported during the comparison period.

### The impacts of the COVID-19 pandemic on the Alma Talent segment's business in 2020

Advertising sales declined sharply in the spring due to the general uncertainty, with demand declining particularly in the automotive trade and recruitment advertising, but there was a clear recovery towards the end of the year. The information needs related to the COVID-19 pandemic increased the demand for up-to-date and reliable information: Alma Talent's digital content revenue saw significant growth in 2020. The COVID-19 pandemic has accelerated the transition to training via digital channels. Alma Talent's event business was contracted due to COVID-19 restrictions. B2B marketplaces and telemarketing services also developed favourably in 2020, as did information services.

Alma Talent achieved MEUR 2.7 in cost savings in the second and third quarters relating to the COVID-19 pandemic. The adjustment measures included temporary layoffs of employees in the training business, employee reductions in the event business, exchanging bonus holiday pay for time off and having employees take previously accumulated time off. External service purchasing was also reduced.

### Alma Consumer

The Alma Consumer segment's revenue declined by 6.0% to MEUR 44.4 (47.2) in 2020. Acquired businesses had an effect of MEUR 1.1 on revenue. Digital business accounted for 61.1% (55.9%) of the segment's revenue.

The segment's advertising revenue declined by 6.7% to MEUR 25.4 (27.2). Digital advertising revenue declined by 2.6% to MEUR 23.4 (24.0). The COVID-19 pandemic had a negative impact on digital advertising revenue, particularly in the second quarter. Print media advertising revenue declined by 37.7% to MEUR 2.0 (3.2). The segment's content revenue decreased by 13.1% to MEUR 15.3 (17.6). The number of Iltalehti's single-copy sales locations decreased year-on-year due to the restrictions introduced in relation to the COVID-19 pandemic. The segment's service revenue increased by 54.1% due to the acquisition of the loan comparison service Etua.fi and amounted to MEUR 3.7 (2.4).

The segment's adjusted total expenses decreased by 3.7% and amounted to MEUR 39.5 (41.0). The segment's adjusted operating profit was MEUR 4.9 (6.2), or 11.0% (13.1%) of revenue. The segment's operating profit was MEUR 4.9 (6.2). No adjusted items were reported during the review period or the comparison period.

### The impacts of the COVID-19 pandemic on the Alma Consumer segment's business in 2020

In the Alma Consumer segment, advertising revenue declined in the spring due to the general uncertainty. Spending on media advertising declined particularly in the automotive and travel sectors as well as in the retail trade. There was a strong recovery in digital advertising towards the end of the year. The COVID-19-related restrictions in the travel industry, for example, had a negative impact on the single-copy sales of Iltalehti throughout the year under review.
The COVID-19 pandemic significantly increased Iltalehti's readership and, Iltalehti media is read weekly by a total of 3.1 million Finns.

Alma Consumer's cost savings in the second and third quarters totalled approximately MEUR 2.0. Employee expenses were reduced by having employees exchange bonus holiday pay for time off and take previously accumulated time off during the third quarter. Volume-linked costs related to single-copy sales decreased. External service purchasing was reduced.

**Excellent progress in digital transformation: digital business accounts for nearly 70% of Alma Media's revenue and 80% of adjusted EBITDA.**

## Strategy and related activities during the financial period

The foundation of Alma Media's strategy is built on the following choices: 1) transform the core, 2) grow in digital, and 3) internationalize.

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's strategy during the year under review included responding to the changes in media consumption and the growing demand for digital service by providing content and services that bring added value to users in their daily life, work and free time. The strategic priorities included growing the marketplaces business in Finland and internationally, expanding the Group's professional media and services aimed at professionals as well as developing national multi-channel consumer media and services.

| | |
|---|---|
| TRANSFORM THE CORE | • Accelerate the digitalization of print media<br>• Organize the group to support synergies<br>• Activate co-operation within group and business units<br>• Divest or close unprofitable / low-profitable businesses |
| GROW IN DIGITAL | • Diversify from media to marketplaces and digital services<br>• Concentrate on digital services with synergy benefits<br>• Diversify in value chains to new business areas<br>• Develop world-class digital capabilities |
| INTERNATIONALIZE | • Expand to new geographies in order to speed up the growth and to decrease the dependency on weakly growing Finnish economy |

### Group-level strategic initiatives in 2018–2020

For 2018–2020, Alma Media had five strategic Group-level initiatives that were particularly aimed at the growth and development of digital business. Strategic initiatives were implemented in cooperation between the businesses, taking advantage of group synergies. The strategic initiatives during the period were: 1) centralised national media sales through Alma Media Solutions; 2) the Digital Subscriptions initiative aimed at growth in digital content revenue; 3) utilising data in business while taking regulatory requirements into consideration; 4) Alma themes and services focused on special content areas and services; and 5) the Digital Audiences initiative aimed at promoting the growth and management of visitor traffic.

The strategic focus areas of Alma Media Solutions are mobile marketing, content marketing and programmatic buying. During the year under review, Alma Media Solutions added strengthening its position in the advertising market for SMEs, advertising service production and the diversification of buying channels to its strategic priorities. The COVID-19 pandemic had a significant impact on Alma Media's advertising revenue in 2020. The impact of the exceptional circumstances on Alma Media's business segments is described on pages 14–15.

In addition to the Alma Media Solutions initiative aimed at the development and growth of advertising revenue, the growth of content revenue under the digital subscriptions initiative is also one of the key elements of Alma Media's strategy. The switch from print to digital channels is gaining strength and consumers' willingness to pay for high-quality digital news content is increasing.  During the year under review, the information needs related to the COVID-19 pandemic significantly increased the demand for up-to-date and reliable information. This was reflected in significant growth in the audiences and visitor traffic volumes of Alma Media's subscription-based financial and professional media as well as the positive development of digital content revenue. Digital subscription revenue grew in Finland by 42% in 2020. Alma Media's strategic initiatives responded to the increased demand in the exceptional circumstances through the development of content as well as content products. For example, the use of data and marketing automation made it possible to recommend relevant, interesting content and subscription products to subscribers and guide users from one Alma network service to another on a based on personalisation. The strategic initiatives are also aimed at improving the customer experience and strengthening user engagement to the Group's media. In 2020, users spent more time in the Alma network than previously and the number of signed-on users increased.

Success in the digital transformation of media requires user identification and the diverse use of user data. Data can be used to enhance content and marketing sales, enable new journalistic content and provide digital services that better match user needs. Increasing the number of registered users is important in circumstances where the cookie-based identification of users is becoming increasingly challenging due to stricter data protection regulations as well as technical solutions adopted by global platform operators that restrict the activities of other companies.

To support all of Alma Media's strategic initiatives, the Alma Account single sign-on solution for the readers of digital content and the users of services was implemented extensively during the year. Alma Account enables smooth and secure switching from one service to another in Alma's digital network with the single sign-on. At the end of the year under review, Alma Account was in use in 27 services and there were more than 500,000 registered users in total. The single sign-on solution will be expanded to cover all of Alma Media's services in Finland. Data collected with the consent of a registered user is more longer-lasting in terms of time and higher in quality than data based on cookie-based targeting. It also enables a better customer experience for users and more valuable and precise target audiences for advertisers. To increase transparency, a Consent Management Platform (CMP) tool was implemented in Alma Media's consumer and business services in 2020. The solution allows consumers to manage the collection and use of data related to the use of services.

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

### Alma Markets

- Leading recruitment services in Eastern Central Europe: Jobs.cz, Prace.cz, CVOnline, Profesia.sk, MojPosao.net and MojPosao.ba and Monster.fi in Finland.
- Finland's largest marketplaces for property sales and rentals and related housing systems: Etuovi.com, Vuokraovi.com and the travel portal Gofinland.fi. The real estate agency system Kivi and Talosofta, which focuses on ERP system software for new construction and renovation.
- One of Finland's largest automotive marketplaces and car-related systems: Autotalli.com, Autosofta, Websales, Webrent and Tukkuautot.fi.
- Profitably growing comparison services: Urakkamaailma.fi., Muuttomaailma.fi, Autojerry.fi and Katsastushinnat.fi.
- Operates in nine European countries and Finland.

### Alma Markets' strategy

Alma Markets' strategy in the recruitment business includes expanding the customer base and business from traditional job boards to new complementary services in response to the recruitment needs of customers. In businesses related to job advertising, the focus is on making the services more attractive and enhancing their competitiveness by sharing know-how, technology and best practices between the Alma Career countries. Potential areas of growth in the recruitment business include: 1) disruptive job board technologies and services, 2) digital staffing services and 3) professional education.

The product portfolio of the marketplaces business was simplified in 2020 and the business focuses on three areas: 1) housing services, 2) automotive and mobility services, and 3) comparison services. In housing and automotive services, the goal is to be the leading marketplace for consumers and a provider of ERP systems for corporate customers. Cooperation between Alma Media's business segments will also be increased to develop a smooth customer experience and harmonise the product offering in digital real estate transactions, for example.

### Alma Markets' strategy implementation during 2020

The COVID-19 pandemic and the restrictions on economic activity imposed to reduce its spread had a significant impact on the recruitment market during the year. More information is provided on page 14.

Employee outsourcing and digitalisation are transforming the staffing industry. During the year under review, Alma Career acquired 21.05 per cent of the share capital of Bolt Group Ltd, a technology company that specialises in staffing services, through a directed share issue. Bolt Group offers staffing and related digital services for construction, industry, logistics, property maintenance and the HoReCa sector. The aim of Bolt Group is to rethink and renew the traditional operating models in the staffing business and use digitalisation to enhance recruitment processes by applying technology and machine learning. Its solutions help match the right people with the right jobs in real time. In 2020, Alma Career also acquired a sub-10 per cent stake in Treamer, which specialises in staffing services. Treamer digitalises staffing services by providing a platform that connects, for example, gig workers and employers.

To expand its range of services for people who are looking for a new home and moving to a new home, and to provide even more tailored and personalised services to consumers in the field of comparison services, Alma Media's subsidiary Alma Mediapartners acquired the remaining share capital of Muuttomaailma. Muuttomaailma maintains and develops a full-service marketplace where people moving into a new home can easily plan their move, invite competitive bids from service providers, compare and choose a suitable moving company and apply for financing for their move.

One example of Alma Markets' scalable digital services is Seduo, a digital training service developed by the Czech subsidiary LMC. The service provides a broad, continuously updated and expanding range of relevant courses taught by the leading specialists in their respective fields. Seduo expanded from the Czech Republic to Slovakia and Finland in 2020. Remote studying increased during the pandemic and the online training business developed favourably.

## Alma Talent

- Subscription-based digital content media. In addition to the leading financial media brand Kauppalehti, Alma Talent's financial and professional media include Talouselämä, Tekniikka & Talous and Arvopaperi.
- Digital data, content and marketplace services. Alma Talent Services offers professionals and businesses a comprehensive range of content related to company information, real estate information, law, financial management, competence development, leadership and marketing services.
- Operates in Finland, Sweden and the Baltics.

### Alma Talent's strategy

Alma Talent's business is divided into two areas: financial and professional media in Finland and various services for companies and professionals. The business segment aims to build a stronger and more integrated service offering to complement its profitable media business as well as seek growth supported by its existing businesses and content. The focus areas of Alma Talent's strategy included digital subscriptions and digital advertising, housing and real estate transactions and the use of related data, law-related content and services as well as online training.

### Alma Talent's strategy implementation during 2020

In line with its strategy, Alma Talent focused even further on the paid digital media business in 2020. All of Alma Talent's digital media are paid media. In Finland, the digital subscription revenue of Alma Talent's media grew by 42 per cent and compensated for the decline of print media revenue in 2020. The transition from print to digital was also reflected in the decision to discontinue the publications Metallitekniikka, Tekniikan historia and Markkinointi&Mainonta. These decisions were attributable to the weak profit performance of the media products in question, which was exacerbated by the COVID-19 pandemic. The statutory personnel negotiations related to the restructuring led to redundancies of six person-years in editorial teams and media sales. The reductions were achieved through resignation agreements and redundancies. New roles were found in Alma Talent for nine people through re-employment and changes in job description. The theme of marketing will continue to be covered by Kauppalehti.

One of the product development projects in Alma Talent's media business was the launch of the new mobile application of the media family's flagship brand Kauppalehti. The new features in the application include the option of listening to and saving articles as well as following topics of interest. Kauppalehti's print version was also redesigned during the year. In addition to giving the print version a new look, the story production process was turned into a digital first tool. This means that content is written on a digital first basis, but decisions on the primary channel of publication for each story are made daily by the news desk based on the situation and need. In print media, the share of weekly thematic content under themes such as MyCompany, MyMoney, Stock Exchange and Working Life grew.

The divestment of the traditional media business also continued in Alma Talent's operations in Sweden in 2020, signifying progress in the shift of the strategic focus to digital business. Alma Talent sold the share capital of Alma Talent Ab to New Technology Media Group Ab in 2020. In the transaction, the magazine and online media brands Ny Teknik, Lag & Avtal, Arbetarskydd, Personal & ledarskap and Teknikhistoria and their employees were transferred to the new owner. Earlier in 2020, Alma Talent sold the business of the Affärsvärlden business publication to BörsPlus Ab.

The focus of the Alma Talent Service business is on the development of digital services that support decision-making and improve process efficiency. Good progress was made in the renewal of scalable business models in 2020 and processes were automated by integrating Alma Talent's data sources directly with customer systems.

To support the growth of its digital data, content and marketplaces services, Alma Talent increased its ownership in two transactions in the digital housing transaction service DIAS Oy to 80.5% in 2020. DIAS is a digital housing transaction platform that connects buyers, sellers, real estate agents and banks in a common system. DIAS is one of the first services completed in Finland to use distributed ledger technology. DIAS is already used by over 3,000 real estate agents and nearly the entire Finnish mortgage market.

In relation to online training, Alma Talent launched digital training platform Alma Talent Seduo during the year under review. The content of online training has been tailored to match Finnish working culture as well as the development of local competence and the expertise of Finnish specialists. Seduo provides a broad, continuously updated and expanding range of relevant courses taught by the leading specialists in their respective fields. The technological platform of Alma Talent Seduo was developed by Alma Media's Czech subsidiary LMC.

Also during the year, Alma Talent acquired a 15% stake in Ilona Works Finland Oy, a start-up that develops B2B e-commerce services for small enterprises. Its online store gives self-employed people, small enterprises and light entrepreneurs the opportunity to quickly and securely compare and buy business support services. Alma Talent also strengthened its housing data and real estate information product portfolio by acquiring the Asuntopuntari valuation and price development service for homes and real estate from eCraft. Asuntopuntari is an AI-driven B2B service product that provides estimates of housing prices and their projected development throughout Finland.

## Alma Consumer

Iltalehti, a large Finnish national multichannel news media and diverse lifestyle media. Iltalehti's nationwide weekly reach exceeds 3.0 million Finns.

- Several digital consumer services, such as Etua.fi, Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi.
- Operates in Finland

### Alma Consumer's strategy

In line with its strategy, Alma Consumer continues to increase its focus on digital media, digital media advertising and digital services. New growth areas in digital advertising include developing the offering for SMEs, content marketing solutions and performance-based advertising, which involves directing users to the advertiser's online store, for example. The focus of the business segment's strategy is on a strong high-reach digital news media with a growing and engaged audience of which an increasing proportion are registered users.

Alma Consumer's goals also include strengthening digital services that involve media synergies and make the daily life or free time of consumers easier. This will be achieved both organically and through acquisitions. The business segment's strategy also includes fast development of the signed-on use of services and increasing promoting the registered use of services on a quick schedule and increasing paid editorial content. With the termination of third-party cookies, one competitive advantage for media companies is data collected with the consent of registered users, which is higher-quality data for advertisers than data collected with cookies.

### Alma Consumer's strategy implementation during 2020

The most significant business event in the Alma Consumer segment in 2020 was the sale of all shares in Alma Media Kustannus Oy, operating in the regional news media business, and Alma Manu Oy, operating in the printing business, to Sanoma Media Finland. The divested businesses included the regional newspapers Aamulehti and Satakunnan Kansa, local newspapers Janakkalan Sanomat, Jämsän Seutu, Kankaanpään Seutu, KMV-Lehti, Nokian Uutiset, Rannikkoseutu, Suur-Keuruu, Merikarvia-Lehti, Sydän-Satakunta, Tyrvään Sanomat, Valkeakosken Sanomat, Jokilaakso and Vekkari as well as Alma Manu's printing operations. The Finnish Consumer and Competition Authority issued its approval for the transaction in March 2020.

Iltalehti celebrated its 40-year media journey during the year. The first issue of Iltalehti was published in October 1980. Over the decades, Iltalehti has grown into a major Finnish news media and a diverse lifestyle media whose nationwide weekly reach exceeds three million Finns (FIAM). During the exceptional circumstances caused by the COVID-19 pandemic, Iltalehti's visitor volume rose to a record-high level and number of website visits grew by more than 50% (GA Q1/2020). Readers return to topics frequently and spend more time on the website. In 2020, Iltalehti introduced algorithm-driven customisation of its home page, which allows displaying customised news for the readers according to their personal interests while the main headlines remain same for all.

## Alma Media's strategy for 2021–2023

The competitive situation in Alma Media's operating environment is expected to intensify further during the strategy period 2021–2023. The international platform giants have strengthened their position in several sectors, such as advertising and the marketplace business. Local competition is also expected to increase. The impact of smaller niche operators that focus on narrow fields and disrupt existing business models is also reflected in the operating environment.

Alma Media's existing business is built on a strong core of digital marketplaces, professional media and services as well as consumer media and services. The intensifying competition in the operating environment calls for increasingly active cooperation and the sharing of information between business segments.

Alma Media has identified four strategic focus areas with respect to its existing businesses: 1) audience acquisition, engagement & monetization, 2) marketing solutions, 3) co-operation for larger scale and 4) the commercialisation of data. Targets and performance indicators have been set for each focus area.

Alma Media actively seeks new business opportunities through acquisitions. The Group is growing and diversifying its product portfolio by expanding from media to marketplaces and digital services. The Group will continue to move forward on the path of internationalisation in the recruitment business and also seek new growth opportunities in digital services targeted at both professionals and consumers.  The COVID-19 pandemic has accelerated the ongoing process of digital transformation and increased the demand for digital services and solutions for consumers and companies. The change presents new digital business opportunities in areas such as the subscription business, housing and property transactions, online training and online buying.

One key element of the Group's strategy is the goal of continued expansion from content generation and advertising in media and marketplaces towards new digital products and services that address customer needs and cover the entire value chain, ranging from sales systems to transactions. At the same time, the company will establish partnerships to participate in broad and seamless digital service ecosystems in the recruitment, housing and automotive verticals, for example.

## Statement of non-financial information

This section describes Alma Media's sustainability-related activities in accordance with Chapter 3a of the Finnish Accounting Act (non-financial information). The Group's reporting of non-financial information includes not only environmental, social and ethical perspectives but also the topic of sustainable media, which covers information related to responsible journalism and marketing as well as the processing of data. The reporting of non-financial information complies, where applicable, with the supplement concerning the reporting of climate-related information. Alma Media applies the materiality principle in its sustainability reporting. More information on the development of sustainability is provided in Alma Media's Corporate Responsibility Report 2020, which is compiled in accordance with the Global Reporting Initiative (GRI) guidelines.

### Description of the business model

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

As the digital transformation has progressed, digital marketplaces have become an increasingly significant area of Alma Media's business. They include services related to recruitment, housing, cars and mobility, for example. The customers of Alma Media's digital services include both companies and consumers. The digital services business model is based on customer fees charged for classified advertising, fees for increased visibility in classified advertising, service sales, revenue streams from service content and/or advertising targeted at the users of the service, subscription fees and licence fees for the use of information systems.

The Group's other services include information services as well as training, event and direct marketing business.

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

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

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

**The cornerstones of our responsibility are: responsible journalism, responsible marketing and digital responsibility.**

### Value creation

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

Alma Media's three business segments - Alma Markets, Alma Talent and Alma Consumer - support each other's growth and together create stability for the Group's business development. Alma

## Value creation model

### RESOURCES AND INPUTS

**EMPLOYEES AND EXPERTISE**
- 1,500* Alma employees – strong digital content and service business competence.

**INTELLECTUAL PROPERTY**
- The Alma brand and businesses' strong media and service brands.
- Customer data.

**FINANCIAL**
- Invested capital MEUR 244.
- Investments MEUR 158 in 2016–2020.

**PARTNER NETWORK**
- Partnerships in content and service development and production as well as customer cooperation in marketing and sales.
- Corporate relations.

**PRODUCTION INPUTS, RAW MATERIALS**
- Operations in 11 countries.
- Multi-channel digital service channels.
- Electricity consumption 10,307 GJ / 2,863 MWh, paper consumption 3,394 tonnes.

* Excluding telemarketers.

### BUSINESS MODEL

MEDIA BUSINESS

SERVICE BUSINESS

CONSUMERS AND ENTERPRISES

ADVERTISERS

BUSINESS PROCESS

Product development → Content production → Sales and marketing → Production and implementation → Customer service → Product development

CUSTOMER INSIGHT

MARKETS | TALENT | CONSUMER

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

### OUTPUTS

**PRODUCTS AND SERVICES**
- Alma's print and digital publications weekly reach approximately 80% of Finns (the 15–74 age group, Kantar TNS, 2019).
- Leading marketplaces in working life in several European countries, strong housing and car verticals in Finland.
- Digital services for businesses.
- Events and training: 350.
- Printed books and e-books: 131.

### RESULTS AND IMPACTS

**CUSTOMERS**
- Consumers: enabling sustainable choices.
- Corporate customers: promoting business growth.

**EMPLOYEES**
- Increasing employee wellbeing and competence.
- Income, total annual wages MEUR 75.

**SHAREHOLDERS**
- Operating result MEUR 43.
- Profit distribution MEUR 25, increasing shareholder value.

**SOCIETY**
- Supporting social development and dialogue through journalism and by promoting digitisation.
- Promoting the vitality and business activities of communities.
- Taxes and employment, taxes MEUR 69.

**PARTNER NETWORK**
- Purchases from partners.

**ENVIRONMENT**
- Greenhouse gas emissions: Scope 1 emissions 275 $tCO_2$-eq, Scope 2 emissions 456 $tCO_2$, and Scope 3 emissions 18,379 $tCO_2$-eq.

**In 2020, the themes of our sustainability efforts were creating a better future for young people, promoting good working life and mitigating climate change.**

Media Group also uses shared functions to pursue synergies between businesses to increase the creation of customer value.

### Description of the management of non-financial information

Alma Media has a systematic sustainability management process that includes the necessary policies, processes, management and organisation as well as competence and communication. The Group develops the sustainability of its operations with a long-term approach based on its Code of Conduct, guidelines and commitments, the objectives outlined in its corporate responsibility programme and its SBT climate targets (science-based targets). Alma Media observes the principles of the UN Global Compact initiative, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and other essential international human rights conventions and recommendations.

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

In 2020, Alma Media's Board of Directors discussed Alma Media's responsibility programme in connection with the reporting of non-financial information. The Group Executive Team discussed sustainability-related projects four times in 2020, including projects related to promoting better working life and mitigating climate change. In 2020, the corporate communications function coordinated and supported the Group-level sustainability projects as well as the business units' own sustainability projects.

The cornerstones of Alma Media's responsibility programme are responsible journalism, responsible marketing and the responsible collection and processing of customer data, in addition to the transparency and ethicality of business and taking the environmental impacts of operations into consideration. Targets have been set for each element of sustainability and their achievement is monitored annually. Further goals of Alma Media's sustainability efforts in 2020 included a better future for young people, promoting good working life and mitigating climate change.

### Sustainable media

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

The key guidelines pertaining to journalism include the Guidelines for Journalists as well as the statements and decisions made by the Council for Mass Media - the self-regulatory body of the Finnish media industry - in response to complaints from the public.

The annual target concerning responsible journalism was achieved during the year. The target set in Alma Media's corporate responsibility programme is that the combined share of Group's media of the condemnatory decisions issued by the Council for Mass Media should not exceed 20 per cent. In 2020, the Council for Mass Media issued 56 decisions based on complaints, with 24 of these decisions being condemnatory. Two of the condemnatory decisions concerned Alma Media's Iltalehti and one concerned Talouselämä, which meant that Alma Media's share of the condemnatory decisions was 12.5%.

The responsibility for the journalistic content of Alma Media's media lies with the Edtors-in-Chief, assisted by editorial supervisors.

The digitalisation of advertising has seen the focus of the development of responsible advertising shift increasingly to ensuring the security of the advertising environment as well as the responsible collection and use of consumer data.

Alma Media develops its digital services in accordance with its information security policy and data protection description and in compliance with the current legislation governing data protection and information security as well as national and international guidelines, with the recommendations and guidelines issued by the European Data Protection Board being the most important among these. In developing the responsibility of its advertising, Alma Media observes the International Chamber of Commerce Code of Advertising and Marketing Communication Practice, the International Advertising Bureau (IAB) guidelines concerning digital advertising and Europe-wide publisher self-regulation principles concerning targeted online advertising (OBA self-regulation). Alma Media's objective is that there are no serious data protection or information security breaches in the online services owned by the company and that no advertisements that are contrary to good advertising practices are published on them. Alma Media was not made aware of any serious data protection or information security breaches in 2020.

During the year under review, the Group's media and services adopted user consent management in accordance with IAB Europe's revised Transparency & Consent Framework v2.0. A Consent Management Platform (CMP) was also implemented in Alma Media's consumer and business services in 2020 to increase the transparency of advertising data towards consumers. This significantly increased consumers' opportunities to influence the collection and use of data. For example, these changes make it possible to display or measure programmatic advertising targeted on a data-driven basis, personalise content and create advertising profiles only for users who have consented to it. Through TCF, Alma Media also approves its partners and the purposes of data use as part of Alma Media's data protection practices and maintains a list of approved partners on its website.

Alma Media has set a target for responsible marketing, according to which its online and mobile services should not feature any advertisements that violate the guidelines of good marketing practices published by the International Chamber of Commerce. During the year under review, Alma Media did not receive any complaints in its operating countries from the authorities that supervise ethics in advertising or the marketing industry's own self-regulatory bodies. During the year, Alma Media's Finnish media sales organisation turned down certain advertising campaigns due to deficiencies observed in their approach to the collection of personal data or because their content was deemed unethical. In a few cases, Alma Media also refused to publish a customer's campaign when the claims of the campaign or the persons featured in the campaign could not be verified. The truthfulness of marketing and preventing the misleading of consumers is a basic condition for campaigns published in the Group's media and services. Content marketing is a form of media marketing that has seen strong growth in recent years, but in which the traditional regulation principles of digital advertising have been ambiguous to some extent. IAB Finland launched a content marketing quality standard programme in 2020, in which Alma Media participated in creating guidelines concerning the quality of content marketing.

Alma Media's media sales and marketing organisation is in charge of the development of responsible marketing together with each brand's marketing organisation.

The management of the business units, together with the ICT organisation and the legal department, are responsible for the technical development of the online services owned by the Group and for ensuring that they comply with data protection and information security recommendations and regulations as well as maintaining the appropriate level of employee competence pertaining to data protection and information security.

### Sustainable media and the impacts of the COVID-19 pandemic in 2020

The information needs emerging from the outbreak of the COVID-19 pandemic in the spring 2020 gave rise to growing

demand for reliable and up-to-date information, which was reflected in significant growth in the audiences of Alma Media's media brands as well as extensive coverage of COVID-19 news to help audiences cope with the crisis.

The pandemic and the restrictions introduced to prevent its spread had a significant negative impact on the economic operating conditions of many companies. During the spring, Kauppalehti compiled together content and advice for SMEs in its series "Survival Package for Entrepreneurs". Alma Media also joined the #vastuullisuusteko project of the Association for Finnish Work, which promoted the buying of Finnish products and services to preserve Finnish jobs and safeguard the future of domestic production. The project was based on the idea that every Finn spending 10 additional euros on Finnish products and services would ensure the preservation of 10,000 Finnish jobs. During the crisis, domestic procurement from local suppliers and service providers was emphasised in all of Alma Media's businesses in Finland. Supporting local alternatives was also reflected in procurement in Alma Media's other operating countries.

## Environmental issues

Alma Media's advanced digital transformation enables more environmental-friendly and resource-efficient operations.

Based on its materiality assessment of sustainability, Alma Media has determined that the Group's strategic decision to invest in digital business has mitigated its short-term and medium-term risks related to climate change. The progress of the digital transformation of the Group's business reduces the greenhouse gas emissions of its own operations and its subcontracting chain. The transition to a low-carbon society creates business opportunities and improves resource efficiency.

Alma Media's media play an important role in mitigating climate change and making society operate in more environmentally friendly ways. The Group's media distribute information on the impacts of climate change, stimulate discussion and promote measures towards more sustainable choices and the growth of sustainable investments. Through its digital services, Alma Media can help consumers choose lower-emission products and services, such as cars or homes. In the field of digital recruitment services, mobile services that highlight job vacancies close to a jobseeker's home and digital platforms are also examples of services that reduce commuting or driving to campuses, thereby supporting the reduction of traffic emissions.

Digital sources now represent nearly 70 per cent of Alma Media's business, or approximately MEUR 160. The Group's digital transformation, which began already in the 2000s, has enabled Alma Media to reduce its emissions as well as optimise delivery routes and production operations with respect to energy consumption and materials. The negative environmental impacts of Alma Media's business have been significantly reduced by the divestment of the regional and primarily print-reliant news media business in Northern Finland, Kainuu, Pirkanmaa and Satakunta, the divestment of the printing and delivery business and concurrent continuous investments in new digital services. The production and distribution of digital content and services is more cost-efficient than print products. The Group's annual capital expenditure under the digital business model amounts to approximately MEUR 3–4. The transition from print to digital has been reflected in improved profitability, with adjusted operating profit growing for five consecutive years in 2015–2019. The production of digital content and services involves substantially lower consumption of materials and electricity. Compared to 2019, for example, Alma Media estimates that the significant decrease in the printing and delivery of print products has reduced the Group's Scope 3 emissions by eight per cent. The cloud services and telecommunication services used for data management in Alma Media's Finnish operations are produced primarily from renewable energy or the emissions are compensated. The more digital business model enables Alma Media to be more resource-efficient and contribute to promoting the circular economy through its media content, for example.

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

To achieve its climate targets, Alma Media will reduce the greenhouse gas emissions of the properties under its control, make energy purchasing as low-emission as possible, engage in closer environmental dialogue with key suppliers, optimise delivery routes and develop the emission calculation practices concerning its business functions and value chain.

In 2020, Alma Media adjusted its reported Scope 1 and Scope 2 figures to account for the divestment of the regional news media and printing business and the outsourcing of delivery operations. The figures for 2016–2019 have also been adjusted to only reflect continuing operations. According to the adjusted figures, the Group achieved its emissions target concerning its own operations (Scope 1 and 2), i.e. real estate and cars, in 2019. The Group nevertheless continued to reduce its emissions in 2020, with Alma Media's combined Scope 1 and Scope 2 emissions falling by 48% compared to the reference year (2016), to 731 tCO2e, calculated using the market-based method.

The reduction in emissions in 2020 concerning real estate was again mainly attributable to the electricity purchasing programme implemented by Alma Media in 2018–2019, which saw all of the Group's properties in Finland switch to zero-emission electricity. The purchasing of hydropower-certified zero-emission electricity continued in 2020. Additionally the Group's head office uses zero-emission district cooling.

In addition to setting science based targets, Alma Media had also set an energy efficiency target for its Finnish properties in its responsibility programme. This target was cancelled during the year under review because the divestment of the regional news media business and printing operations meant that the number of properties under Alma Media's control – and consequently energy consumption – declined significantly in 2020. Furthermore, the premises under the Group's control on the reporting date were leased premises, and no need for significant energy upgrades has been identified from Alma Media's perspective as the tenant.

Alma Media's indirect Scope 3 emissions decreased further during the year as the media sector's trend of declining circulations for print publications continued and readers switched from print to digital media. Emissions were also decreased by the pandemic-related lower use of services resulting from the reduced utilisation rate of transport services, distribution, aviation emissions and business premises. Due to the reduced purchases, the Group's indirect Scope 3 emissions declined to 18,379 tCO2e, representing an 18% (4,127 tCO2e) decrease compared to 2016. Nevertheless, Alma Media maintains its current SBT concerning indirect Scope 3 emissions because the impacts of the COVID-19 pandemic on Alma Media's business, procurement and emissions were of an exceptional nature during the year under review.

The largest financial magazine in the Nordic countries, Talouselämä, published by Alma Talent, was Finland's first journalistic print publication to turn carbon neutral in 2020. The carbon footprint from printing Talouselämä (11.7 tonnes of CO2-eq per issue on average) is fully compensated in cooperation with PunaMusta printing house. The climate project related to the compensation is an afforestation project in Ethiopia.The project partner is Nordic Offset and the project is verified through the Gold Standard certification programme. The delivery of Talouselämä magazine is also carbon neutral, since Posti has compensated the emissions caused by delivery in Finland since 2011 (2.1 tonnes CO2-eq per issue).

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

### Environmental issues and the impacts of the COVID-19 pandemic

Alma Media's emission reductions were significantly influenced starting from the spring of the year under review by the COVID-19 pandemic and the mobility restrictions related to preventing the spread of the virus. As employees switched to remote work, the use of company cars and business travel were significantly reduced. The pandemic also reduced the utilisation rate of properties, which resulted in a slight decrease in electricity consumption. The mobility restrictions imposed to prevent the spread of the COVID-19 pandemic reduced air travel by employees by more than 80 per cent compared to 2019. Emissions were decreased by the lower use of services resulting from the reduced utilisation rate of transport services, distribution, aviation emissions and business premises.

## Employees and social issues

The aim of Alma Media's HR strategy is to support the digital transformation of the company by enhancing the employees' expertise, commitment and well-being as well as by ensuring the availability of suitable employees. The Group is committed to treating its employees fairly and building a diverse and equal work community. The achievement of these objectives is supported by targets related to, among other things, the commitment of new employees, enhancing job satisfaction and the equal and ethical treatment of employees.

The employee-related sustainability targets were achieved in 2020. In the annual QWL employee survey, Alma Media's index score was 83.8% (target: at least 75%). In the survey measuring the employees' willingness to recommend Alma Media as an employer, the score improved to 8.5 from 8.2 in the previous year (annual target: at least 7.5 on a scale of 1–10). The survey was conducted in all units on a group-wide basis.

During the reporting year, Alma Media was not informed of any incidents involving unequal or inappropriate treatment of employees via the secure whistleblowing channel available to the employees, through other internal channels. Alma Media was also not subject to any reprimands or penalties by the authorities due to discrimination.

The HR function is responsible for the development of employee-related matters at Alma Media. Its work is guided by, among other things, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, Alma Media's Code of Conduct and responsibility programme and the business units' non-discrimination, diversity and equality plans, which are updated once every two years. Building an inspiring, inclusive, equal and diverse work community is a shared goal for all Alma Media employees. Development in this area is supported by the Group HR function and supervisors.

Through its recruitment services, Alma Media can promote diversity in the workplace communities of its customer companies. For example, digital peer evaluation services focused on employer image – such as Alma Media's Tunto service and the Atmoskope service of the Czech subsidiary LMC – aim to increase transparency in working life, boost positive change and strengthen constructive corporate cultures. Peer reviews enable jobseekers to verify the level of diversity and non-discrimination in a potential employer's corporate culture, for instance. In Slovakia, Profesia's Help with Heart programme aims to promote the employment of people with reduced work ability and disabilities by providing jobseekers with advice on various employment opportunities on the one hand and providing employers with guidance on increasing the diversity and social engagement of their workplace community on the other hand. On International Women's Day in March, the MojPosao recruitment service in Croatia ran a campaign to promote

## Summary of Alma Media's key sustainability targets

| | KPI | Target | 2020 |
|---|---|---|---|
| **Responsible journalism** | Share of condemnatory decisions issued by the Council for Mass Media | <20% | 12% |
| **Responsible marketing** | The Group's online and mobile services do not feature any advertisements that violate the guidelines of good marketing practices published by the International Chamber of Commerce | 0 | 0 |
| **Digital responsibility** | Share of serious information security or data protection violations in the Group's online services | 0 | 0 |
| **Ethics in business** | Familiarity with the updated Code of Code of Conduct amongst employees | | Will start in 2021 |
| **Good employer** | QWL employee survey | 75% | 83.8% |
| | Employees' willingness to recommend Alma Media as an employer | At least 7.5 on a scale of 1–10 | 8.5 |
| **Environment** | Scope 1 and 2: $CO_2$ emissions arising from the consumption of electricity, district heating and district cooling and the fuel consumption of company cars | -21% 2016–2025 | -48% (683 $tCO_2e$) |
| | Scope 3 Indirect $CO_2$ emissions caused by the subcontracting chain | -10% 2016–2023 | -18% (4,127 $tCO_2e$) |

equality and the position of women in job seeking. The campaign was supported by the Ombudsperson for Gender Equality in Croatia.

### Employees and the impacts of the COVID-19 pandemic

Alma Media immediately implemented special precautions to safeguard the health and well-being of employees in response to the escalation of the COVID-19 pandemic. A special task force was established in Finland in response to the COVID-19 pandemic and tasked with monitoring the COVID-19 situation and the guidelines issued by the authorities and subsequently issuing decisions and guidelines in the company. Starting from March, Alma Media's media content and digital services were produced either primarily remotely or, where the COVID-19 situation permitted it, using a multi-location model in the Group's operations in Finland, which involved some employees working at offices and some from home. Internal communication aimed at employees, regularly updated safety instructions and guidelines pertaining to occupational health and well-being were significantly increased and supervisors were offered support regarding the management of multi-local work. Employee well-being was regularly monitored and the Group provided guidance and services related to mental well-being and the ergonomics of remote work, for example. Alma Media switched to remote work or multi-local work in its other operating countries depending on the epidemic situation in each country during the year.

During the COVID-19 pandemic, several of Alma Media's recruitment services made their services – such as job advertising – available free of charge to health care companies and hospitals.

In Slovakia, Profesia provided its HR services for use free of charge by NGOs and the authorities. The company also collected materials for face masks and assisted with distributing them to hospitals and assisted living facilities. The Czech subsidiary LMC developed Dobro.cz, a digital platform that connected helpers with companies and private individuals in need of assistance during the crisis. The Czech name Dobro refers to the common good. In Croatia, MojPosao made its pulse survey tool, which measures employee well-being, available to its customers free of charge. In addition, MojPosao helped people who lost their jobs due to the pandemic by opening a special section in its job search service to provide guidance to people who were made redundant and help them find new jobs as quickly as possible. MojPosao also organised a large virtual job search event in the spring 2020.

## Ethics in business

Alma Media bears social, economic and environmental responsibility for its operations and does not condone the use of unethical or environmentally or socially unsustainable operating methods by its suppliers and partners. The Group has a zero tolerance policy for corruption, bribery, human rights violations and inhumane working conditions. The Group's Finnish procurement department has implemented a contract template that requires subcontractors to familiarise themselves with Alma Media's responsibility programme and Code of Conduct and agree to comply with their relevant principles and the applicable legislation. At the end of the year under review, Alma Media's Board of Directors approved the Group's updated Code of Conduct. The implementation of the new Code of Conduct will begin in 2021 in Alma Media's operating countries as well as among subcontractors.

Alma Media's employees are required to report any suspicions of misconduct to the authorities, via the Group's Whistleblowing channel or through other internal channels. During the reporting year, Alma Media did not receive any reports from employees regarding unethical conduct, nor was the Group informed of any such incidents by the authorities. The Group's executive management, assisted by the legal department, is responsible for the ethicality of Alma Media's business operations. The Chief Procurement Officer is in charge of the development of Alma Media's responsible procurement policy.

## Risks and risk management

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

Alma Media uses a harmonised risk assessment and reporting model. With regard to risks, Alma Media monitors the development of national, EU-level and international regulations and agreements. In the risk matrix, the risks are prioritised by estimating the impacts in euros and by the probability of the realisation of the risk. In estimating the impacts of the realisation of risks, reputation impacts and environmental impacts are taken into account in addition to the estimated direct euro-denominated impacts. Each business area, function and unit is responsible for the management of risks related to their operations.

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 and a permanent decline in advertising sales. The media industry is undergoing changes following the transformation in media consumption and technological development. An increasingly important source of competitive advantage, but also a strategic risk, in Alma Media's business is the ability to use customer data to improve the product and service offering for advertisers and enrich end user services. Alma Media will manage customer data and behavioural data by centralising customer data repositories and deploying analysis and activation technology, taking regulatory requirements into consideration. As the significance of data in Alma Media's business has increased, the Group's strategic risks also include cyber risks. The regulation of the media sector and the related market practices are becoming stricter. As technology advances and the focus of media consumption shifts to digital channels, Alma Media is responding to the transformation of the operating environment by developing digital products and services for consumers and businesses.

Fluctuating economic cycles are reflected in the development of advertising sales. Advertising sales account for approximately half of the Group's revenue.

The most significant operational risks are disturbances of information technology and communications. A widespread pandemic may have a significant impact on the demand for services and products on the one hand and, on the other hand, it can cause substantial production disruptions in business processes due to significant risks related to employee health.

## Risk management concerning non-financial issues

Alma Media's risk management process also covers responsibility risks whose significance is assessed both in financial terms and in terms of the potential damage caused to the Group's reputation if the risk were to materialise. The Group communicates its responsibility risks and challenges related to the development of corporate responsibility transparently in its stakeholder communications.

## Risks related to the sustainability of media

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

## Environmental risks

Based on its materiality assessment of sustainability, Alma Media has determined that the Group's strategic decision to invest in digital business reduces its risks related to climate change and the environment. In the short term, warmer winters will complicate the harvesting of wood by the paper suppliers that operate as Alma's subcontractors, which may lead to higher paper prices. Increasingly strict national and EU-level climate regulations may also have cost impacts in Alma Media's subcontracting chain. Changes involving paper and delivery costs have an effect on the costs of print publications, for example. Print media accounts for approximately 70 per cent (MEUR 42) of Alma Media's content revenue. In the longer term, increasing extreme weather phenomena caused by climate change are predicted to increase the risk of technical disruptions to digital services in Alma Media's operating countries. Alma Media manages its environmental risks by systematically developing its operations in accordance with the Group's science-based climate targets (SBTs) and by engaging in active environmental dialogue with its key suppliers. The environmental risks associated with purchasing are reduced by Alma Media operating in 11 European countries. The procurement of each country unit is focused on the domestic market or nearby regions, which enables comprehensive oversight of suppliers. The risk of disruptions in the availability of digital services is mitigated by improving operational reliability. Reliability has been improved by moving all of the services that are critical to Alma

Media's business to cloud services. Other server capacity needed by the Group is purchased from modern data centres maintained by subcontractors.

### Social and HR-related risks

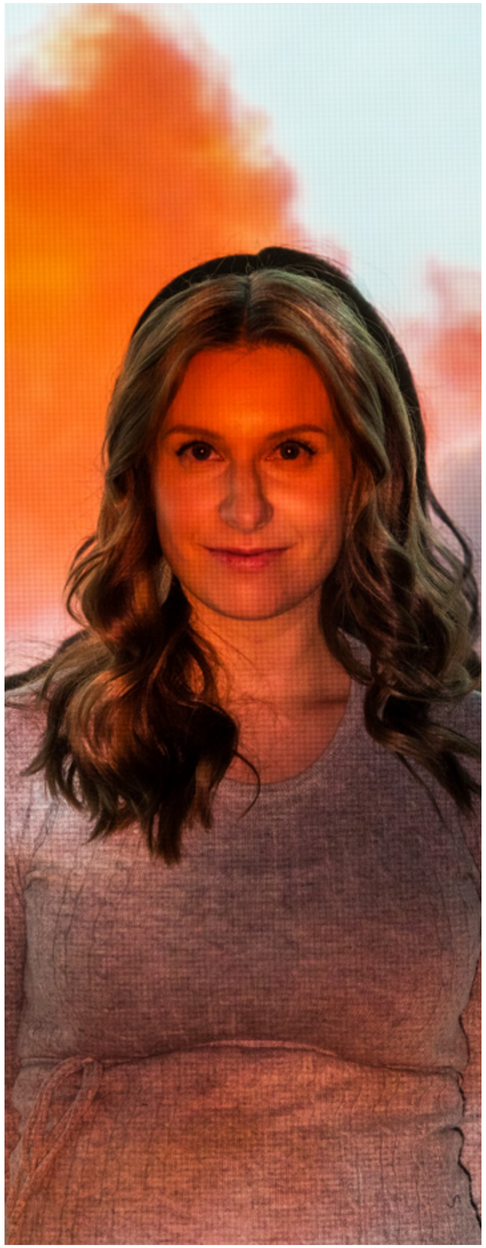
The development of Alma Media's business is highly dependent on the systematic development of employee competence and the Group's ability to attract and retain highly competent and motivated employees. Many of the professional groups that are central to the Group's capacity for renewal and are highly competed in the job market. For this reason, Alma Media considers the failure of maintaining competence, engagement and retention of employees to be its most significant HR-related risk. The Group manages its HR-related risks by taking a long-term approach to the development of its employer branding, recruitment, supervisory work and management. In accordance with its HR strategy, the Group also invests in career guidance and provides employees with diverse opportunities for on-the-job learning and the continuous development of competence. Alma Media assesses its risk management performance by monitoring its progress towards its responsibility targets related to the Group's ability to engage and retain new employees, Alma Media's employer image and the development of a fair and highly functional work community. Progress towards these targets is reported on annually.

### Risks related to unethical business practices and human rights violations

Alma Media has a vast and diverse subcontracting network that ranges from one person entrepreneurs or free lancers engaged in content production to large international corporations. Alma Media has business operations in 11 countries. Ethics violations by the Group's subcontractors or employees could potentially have financial or legal repercussions for Alma Media and they could damage the Group's reputation. To ensure that consistent ethical principles are observed in the Group's business operations, Alma Media takes a systematic and determined approach to the development of its organisational culture and operating methods and strives to minimise risks through reporting and communication, among other things.  The Group requires that all employees complete an e-learning course on the updated Alma Media Code of Conduct. Employees also have access to an anonymous Whistleblowing channel for reporting violations. To prevent risks associated with unethical conduct in the supply chain, Alma Media reserves the right to conduct audits of its suppliers and service providers and requires suppliers to provide documentation on the responsibility of their services and products. When the company signs significant new subcontracting agreements, site visits are made to the production facilities before the final decision of supplier is made to verify the responsibility of the production process. In the Group's procurement operations in Finland, Alma Media's ethical and corporate responsibility principles are documented in an appendix to supplier agreements.

| Risk | Risk definition | Risk mitigating actions |
|---|---|---|
| **STRATEGIC RISKS** | | |
| Change in media consumption and consumer behaviour | Industry transformation following trends in media consumption and technological development. The capacity of product and service development to assess changes in consumer behaviour or invest in the appropriate technological service solutions. | Business development driven by customer needs. Measures to promote digital business competitiveness. Ensuring that content is interesting. Developing the user interfaces of media as well as purchasing paths and payment systems, for example. Sufficient investments and resources in research and development. |
| Change in the competitive landscape, intensifying competition from international platform giants and aggregators | Expansion of international platforms, industry convergence, reduced price competitiveness. Technological solutions and implementations by platform providers that restrict the operations of other companies. | Service business development, active development of the existing business, diversification of revenue sources, geographic diversification of business. |
| Printed and digital media audiences | A significant drop in print subscribers and readers, a drop in online service subscribers and users, a permanent decline in advertising sales and a significant increase in distribution and delivery costs and pressure concerning the pricing of services. | Maintaining and developing an interactive media-reader relationship, customer satisfaction surveys, Alma Media's internal cooperation in content production, content sales, advertising sales, support functions and product development. Distribution partnerships and cooperation with publishers. |
| Customer data | The ability to utilise the growing amount of customer data in delivering better and more targeted service solutions. The capacity of product and service development to anticipate changes in customer needs. Violations of the GDPR or other regulations governing data protection. Data protection violations arising from the management of complex technological systems or inadequate employee competence. | Business development driven by customer needs. Measures to promote digital business competitiveness and data management. Sufficient investments and resources in data management and systems as well as the development of data protection procedures and employee competence. |
| Fluctuating economic cycles | Advertising represents a significant share of revenue and is sensitive to general economic cycles. The significant impact of general macroeconomic development on business, particularly the recruitment business. | Continuous analysis and monitoring of the operating environment, preparedness to implement structural changes as necessary. Organisations' ability to adapt to changing market conditions. Expanding revenue sources towards service and consumer businesses. |
| GDPR and ePrivacy | Interpretations by the authorities regarding the practical application of the GDPR, the upcoming ePrivacy Regulation and potential legislative changes concerning taxation. | Internal training, monitoring legislation and the regulatory interpretations of the authorities, building processes for legally required changes in the organisation. |
| Cyber risks | The risk of being targeted by information security attacks and data theft. | Contingency plans and risk management actions, ensuring sufficient competencies, insurance. |
| Competence | Technological development and the demands of new technology increase the risk of obtaining and maintaining sufficient competencies and achieving employee commitment. | HR strategy, committing key personnell, additional resource allocation and trainee programmes, employee well-being. |

| Risk | Risk definition | Risk mitigating actions |
|---|---|---|
| **OPERATIONAL RISKS** | | |
| Disturbances of information technology and communications | Reliability of information networks. | Contingency plans, decentralised server solutions, cloud computing, ensuring sufficient competencies. |
| **FINANCIAL RISKS** | | |
| Interest and foreign exchange risks | A change in an interest rate or currency exchange rate causes a significant impact on the company's profit or balance sheet position. | Treasury policy and the hedging principles defined therein. |
| Refinancing risk | The company is unable to renew maturing financing agreements. | Treasury policy, financing plan and agreements, sufficiently long maturity of loans, sufficient equity ratio. |
| Liquidity risk | The company is unable to cover its maturing obligations in the short term. | Treasury policy, financing limit agreements of sufficient size. |
| **RISKS RELATED TO THE REPORTING OF NON-FINANCIAL INFORMATION** | | |
| Risks related to journalism | The erosion of the appreciation and reliability of media content. Monitoring and managing editorial content is challenging in the digital environment. | Developing editorial teams' practices and employee competence. Reader satisfaction surveys, customer contacts and feedback. Participation in journalism industry events and organisations. |
| Risks related to marketing | Diminishing reliability as an advertising environment. Publishing advertising that is contrary to good marketing practices or disrupts the reading experience. Ethical risks related to digital marketing, such as programmatic buying, including partner risks, providing a safe brand environment as a publisher. Technological risks. | Customer satisfaction surveys, customer contacts and feedback. Developing marketing practices and employee competence. Technology acquisition. |



## Changes in Group structure in 2020

Changes in Group structure are described in the strategy section of the Report by the Board of Directors as well as in the notes to the consolidated financial statements, in Note 4.2 Subsidiaries, Note 4.3 Business combinations and 4.4 Associated companies.

## Annual General Meeting 2020

Alma Media Corporation's Annual General Meeting (AGM) held on 29 April 2020, with special arrangements, confirmed the financial statements for 2019 and released the members of the Board of Directors and the President and CEO from liability. The AGM decided that a dividend of EUR 0.40 per share shall be paid for the financial year 2019.

Peter Immonen, Esa Lager, Alexander Lindholm, Petri Niemisvirta, Jorma Ollila, Päivi Rekonen and Catharina Stackelberg-Hammarén were elected as Board members. In its constitutive meeting after the AGM, the Board of Directors elected Jorma Ollila as its Chairman and Petri Niemisvirta as its Vice Chairman.

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

The Board of Directors has assessed that, with the exception of Peter Immonen, Esa Lager, Alexander Lindholm and Jorma Ollila, the members of the Board are independent of the company and its significant shareholders. Peter Immonen is a member of the Board of Mariatorp Oy, Esa Lager is a member of the Board of Ilkka-Yhtymä Oyj, Alexander Lindholm is the CEO of Otava Group and Jorma Ollila has been a member of the Board of Otava Ltd. for ten consecutive years in 2019 (a relationship with a significant shareholder pursuant to subsection j) of Recommendation 10 of the Corporate Governance Code).

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

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

### Remuneration of Board members

In accordance with the proposal of the Shareholders' Nomination Committee, the Annual General Meeting decided that the remuneration be kept unchanged, and that the following annual remuneration be paid to the members of the Board of Directors for the term of office ending at the close of the Annual General Meeting 2021: to the Chairman of the Board of Directors, EUR 62,500 per year; to the Vice Chairman, EUR 40,000 per year, and to members EUR 32,500 per year.

In addition, the Chair of the Board of Directors and the Chair of the Audit Committee will be paid a fee of EUR 1,500, the Chair of the Nomination and Compensation Committee a fee of EUR 1,000, the Deputy Chairs of the committees a fee of EUR 700 and members a fee of EUR 500 for those Board and Committee meetings that they attend. The travel expenses of Board members will be compensated in accordance with the company's travel policy.

The attendance fees for each meeting are:

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

The members of the Board shall, as decided by the Annual General Meeting, acquire a number of Alma Media Corporation shares corresponding to approximately 40 per cent of the full amount of the annual remuneration for Board members, taking into account tax deduction at source, at the trading price on the regulated market arranged by the Helsinki Stock Exchange. Members of the Board are required to arrange the acquisition of the shares within two weeks of the release of the first quarter 2020 interim report or, if this is not possible due to insider trading regulations, as soon as possible thereafter. If it is not possible to acquire the shares by the end of 2020 for a reason such as pending insider transactions, the annual remuneration shall be paid in cash. Shares acquired in this way cannot be transferred until the recipient's membership on the Board has ended. The company is liable to pay any asset transfer taxes which may arise from the acquisition of shares.

### Authorisation to the Board of Directors to repurchase own shares

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots. The maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The shares shall be acquired using the company's non-restricted shareholders' equity through trading on a regulated market arranged by Nasdaq Helsinki Ltd and in accordance with its rules and instructions, for which reason the acquisition is directed, in other words, the shares will be purchased otherwise than in proportion to the shareholders' current holdings. The price paid for the shares shall be based on the price of the company share on the regulated market, so that the minimum price of purchased shares is the lowest market price of the share quoted on the regulated market during the term of validity of the authorisation and the maximum price, correspondingly, the highest market price quoted on the regulated market during the term of validity of the authorisation. Shares can be purchased for the purpose of improving the company's capital structure, financing or carrying out corporate acquisitions or other arrangements, implementing incentive schemes for the management or key employees or to be otherwise transferred or cancelled. The authorisation is valid until the following AGM, but not later than 30 June 2021.

### Authorisation to the Board of Directors to decide on the transfer of own shares

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

The authorisation is valid until the following AGM, but not later than 30 June 2021. This authorisation overrides the share issue authorisation granted at the Annual General Meeting of 15 March 2019.

### Authorisation to the Board of Directors to decide on a share issue

The AGM authorised the Board of Directors to decide on a share issue. A maximum of 16,500,000 shares may be issued on the basis of this authorisation. The maximum number of shares issuable under the authorisation corresponds to approximately 20 per cent of the company's entire share capital. The share issue can be implemented by issuing new shares or by transferring treasury shares. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more lots. The Board can use the authorisation for developing the capital structure of the company, widening the ownership base, financing or executing acquisitions or other arrangements, or for other purposes decided on by the Board. The authorisation cannot, however, be used to implement incentive schemes for the management or key employees of the company.

The authorisation is valid until the following AGM, but not later than 30 June 2021. This authorisation overrides the corresponding share issue authorisation granted at the AGM of 15 March 2019, but not the share issue authorisation proposed above.

### Donations

The AGM authorised the Board to decide on donations amounting to no more than a total of EUR 50,000 to universities in 2020–2021, with the more detailed conditions of the donations to be decided by the Board of Directors.

### Dividends

In accordance with the proposal of the Board of Directors, the AGM resolved that a dividend of EUR 0.40 per share be paid for the financial year 2019. The dividend was paid to shareholders registered in Alma Media Corporation's shareholder register maintained by Euroclear Finland

Ltd on the record date, 4 May 2020. The dividend payment was made on 11 May 2020.

## The Alma Media Share

In 2020, altogether 4,481,318 Alma Media shares were traded at the NASDAQ Helsinki Stock Exchange, representing 5.4% 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, 30 December 2020, was EUR 8.92. The lowest quotation during the review period was EUR 5.82 and the highest EUR 9.30. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 734.9. Alma Media Corporation holds a total of 121,011 of its own 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 500 990 shares in the company on 31 December 2020, representing 0.6% of the total number of shares and votes.

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

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

| 20 PRINCIPAL SHAREHOLDERS ON 31 DECEMBER 2020 | PCS | % OF SHARE AND VOTES |
|---|---|---|
| 1. Otava Oy | 23,922,845 | 29.04 |
| 2. Mariatorp Oy | 15,675,473 | 19.03 |
| 3. Ilkka-Yhtymä Oyj | 8,993,473 | 10.92 |
| 4. Varma Mutual Pension Insurance Company | 5,327,994 | 6.47 |
| 5. Ilmarinen Mutual Pension Insurance Company | 2,177,095 | 2.64 |
| 6. Elo Mutual Pension Insurance Company | 2,132,405 | 2.59 |
| 7. Sr Nordea Nordic Small Cap | 1,866,756 | 2.27 |
| 8. C. V. Åkerlundin Mediasäätiö Sr | 1,182,871 | 1.44 |
| 9. Veljesten Viestintä Oy | 851,500 | 1.03 |
| 10. Keskisuomalainen Oyj | 782,497 | 0.95 |
| 11. Häkkinen Matti Juhani | 733,090 | 0.89 |
| 12. Sr Evli Suomi Select | 642,000 | 0.78 |
| 13. Koskinen Riitta Inkeri | 360,681 | 0.44 |
| 14. Sinkkonen Raija Irmeli | 333,431 | 0.40 |
| 15. Danilostock Oy | 330,000 | 0.40 |
| 16. Elite Alfred Berg Suomi Fokus Sr | 269,961 | 0.33 |
| 17. Tallberg Marianne | 237,250 | 0.29 |
| 18. Telanne Kai Markus | 213,651 | 0.26 |
| 19. Tampereen Tuberkuloosisäätiö Sr | 210,000 | 0.25 |
| 20. Sr Taaleritehdas Mikro Markka | 200,000 | 0.24 |
| **Total** | **66,442,973** | **80.65** |
| Nominee-registered | 4,717,689 | 5.73 |
| Other* | 11,222,520 | 13.62 |
| **Total** | **82,383,182** | **100** |

* Alma Media Corporation owns a total of 121,011 of its own shares, representing 0.15 per cent of the total number of the company's shares and related votes.

## Flagging notices

On 15 May 2020, Alma Media received a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act from Mariatorp Oy (Business ID 2690035-7) and Heikki Herlin, according to which Heikki Herlin has control over Mariatorp Oy following the division of the estate of Niklas Herlin on 14 May 2020. Mariatorp Oy and Heikki Herlin jointly have a 19.04% holding of the shares and votes in Alma Media.

## Corporate Governance Statement for 2020

In 2020, Alma Media Corporation applied the Finnish Corporate Governance Code 2020 for listed companies 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: www.almamedia.fi/en/investors/governance/corporate-governance

## Remuneration policy and remuneration report

In accordance with the EU Shareholder Rights Directive, Alma Media has published its Remuneration Policy, which documents the principles of the remuneration of the Group's governing bodies and the key terms applicable to service contracts on 14 February 2020. The remuneration policy of the governing bodies was presented to Alma Media's Annual General Meeting on 29 April 2020 and it was approved without a vote.

The 2020 remuneration report for the Group's governing bodies, produced in compliance with the EU Shareholder Rights Directive (SHRD) and the Finnish Corporate Governance Code for listed companies, will be discussed at the Annual General Meeting to be held on 24 March 2021.

## Operating environment in 2021

The global COVID-19 pandemic continues to influence and create uncertainty for economic development in 2021. The national economies of Finland and Alma Media's other operating countries are nevertheless expected to recover compared to 2020.

In the prevailing exceptional circumstances, the consumption of digital content and services has grown significantly in general. The COVID-19 pandemic is expected to lead to permanent changes in consumer behaviour and to accelerate the demand for digital services. As a result, the structural transformation of the media sector is expected to continue and further intensify. Data, analytics, machine learning and automation will become increasingly important, which calls for increasing investments in technology. The areas of digital advertising that are again expected to see the fastest growth are search engine, social media, mobile and video advertising as well as content marketing.

## Outlook for 2021

The uncertainty in Alma Media's operating environment is continuing due to the COVID-19 pandemic in 2021. In 2021, Alma Media expects its full-year revenue and adjusted operating profit for continuing operations to remain at the previous year's level. In 2020, the full-year revenue of the Group's continuing operations was MEUR 230.2 and the adjusted operating profit was MEUR 45.4.

## Dividend proposal to the Annual General Meeting

On 31 December 2020, the Group's parent company had distributable funds totalling EUR 137,958,899 (148,403,121). Alma Media's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.30 per share (2019: EUR 0.40 per share) be paid for the financial year 2020. The dividend will be paid to shareholders who are registered in Alma Media Corporation's shareholder register maintained by Euroclear Finland Ltd on the record date, 26th of March 2021. The Board of Directors proposes that the dividend be paid on 6th of April 2021. Based on the number of outstanding shares on the closing date 31 December 2020, the dividend payment totals EUR 24,678,651 (32,913,355).

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

## Key figures describing economic development

Key figures are calculated applying IFRS recognition and measurement principles.

| INCOME STATEMENT CONTINUING OPERATIONS | | IFRS 2020 | Change % | IFRS 2019 | Change % | IFRS 2018 | Change % | IFRS 2017 | Change % | IFRS 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | MEUR | 230.2 | -8.0 | 250.2 | -1.8 | 254.7 | -30.7 | 367.3 | 4.0 | 353.2 |
| Digital revenue | MEUR | 158.9 | -4.7 | 166.7 | 3.2 | 161.5 | 3.1 | 156.6 | 17.3 | 133.5 |
| % of revenue | % | 69.0 | | 66.6 | | 63.4 | | 42.6 | | 37.8 |
| Operating profit/loss | MEUR | 43.1 | -13.0 | 49.5 | 4.4 | 47.5 | 1.9 | 46.6 | 74.0 | 26.8 |
| % of revenue | % | 18.7 | | 19.8 | | 18.6 | | 12.7 | | 7.6 |
| Adjusted operating profit | MEUR | 45.4 | -8.2 | 49.4 | 3.8 | 47.6 | -6.8 | 51.1 | 45.2 | 35.2 |
| % of revenue | % | 19.7 | | 19.8 | | 18.7 | | 13.9 | | 10.0 |
| Adjusted items* | MEUR | -2.3 | -2,196.5 | 0.1 | -178.9 | 0.1 | -97.0 | 4.5 | -46.4 | 8.4 |
| Profit before tax | MEUR | 42.2 | -13.8 | 49.0 | 1.8 | 48.1 | 4.8 | 45.9 | 81.2 | 25.4 |
| Adjusted profit before tax | MEUR | 44.5 | -9.0 | 48.9 | 1.3 | 48.3 | -4.3 | 50.4 | 49.5 | 33.7 |
| Profit for the period | MEUR | 33.3 | -17.8 | 40.5 | 5.8 | 38.2 | 4.1 | 36.7 | 85.0 | 19.9 |
| Share of profit of associated companies | MEUR | 0.1 | -78.4 | 0.5 | 272.0 | -0.3 | 147.5 | 0.7 | -30.5 | 0.9 |
| Net financial expenses | MEUR | 1.0 | -8.7 | 1.1 | -208.8 | -1.0 | -177.0 | 1.3 | -45.8 | 2.4 |
| Net financial expenses % | % | 0.4 | | 0.4 | | -0.4 | | 0.3 | | 0.7 |
| | | | | | | | | | | |
| Profit for the period, discontinued operations | MEUR | 65.8 | 702.7 | 8.2 | | 9.7 | | | | |
| Profit for the period | MEUR | 99.1 | 103.6 | 48.7 | | 47.9 | | | | |

* The adjusted items are specified in more detail on page 12 of the Report by the Board of Directors.

| BALANCE SHEET* | | IFRS 2020 | Change % | IFRS 2019 | Change % | IFRS 2018 | Change % | IFRS 2017 | Change % | IFRS 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance sheet total | MEUR | 333.9 | -16.7 | 400.9 | 16.0 | 345.6 | 3.5 | 333.8 | 2.1 | 327.0 |
| Interest-bearing net debt | MEUR | -9.1 | | 23.7 | | 2.0 | | 40.2 | | 57.1 |
| Interest-bearing liabilities | MEUR | 38.9 | -57.1 | 90.8 | 76.2 | 51.5 | -16.0 | 61.3 | -23.7 | 80.4 |
| Non-interest-bearing liabilities | MEUR | 90.5 | -15.9 | 107.6 | 0.3 | 107.2 | -6.1 | 114.2 | 5.2 | 108.6 |

| OTHER INFORMATION, CONTINUING OPERATIONS | | IFRS 2020 | Change % | IFRS 2019 | Change % | IFRS 2018 | Change % | IFRS 2017 | Change % | IFRS 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Average no. of employees, excl. telemarketers | | 1,497 | -2.1 | 1,530 | 1.2 | 1,512 | 5.2 | 1,437 | -27.1 | 1,972 |
| Telemarketers on average | | 335 | 10.2 | 304 | -7.2 | 328 | 7.2 | 306 | -73.7 | 1,162 |
| Capital expenditure | MEUR | 91.4 | 620.0 | 12.7 | -41.7 | 21.8 | -1.8 | 22.2 | 122.0 | 10.0 |
| Capital expenditure, % of revenue | % | 39.7 | | 5.1 | | 8.6 | | 6.0 | | 2.8 |
| Research and development costs | MEUR | 4.6 | 8.1 | 4.3 | -1.0 | 4.3 | -13.7 | 5.0 | -0.3 | 5.0 |
| Research and development costs, % of revenue | % | 2.0 | | 1.7 | | 1.7 | | 1.4 | | 1.4 |

| KEY FIGURES | | IFRS 2020 | Change % | IFRS 2019 | Change % | IFRS 2018 | Change % | IFRS 2017 | Change % | IFRS 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on equity (ROE) | % | 48.7 | 94.7 | 25.0 | -10.0 | 27.8 | 12.0 | 24.8 | 66.3 | 14.9 |
| Return on investment (ROI) | % | 37.4 | 96.5 | 19.0 | -11.6 | 21.6 | 23.6 | 17.5 | 73.4 | 10.1 |
| Equity ratio, % | % | 63.1 | | 54.1 | | 57.5 | | 50.9 | | 45.7 |
| Gearing | % | -4.5 | | 11.7 | | 1.5 | | 25.4 | | 41.4 |

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

| PER SHARE DATA | | IFRS 2020 | IFRS 2019 | IFRS 2018 | IFRS 2017 | IFRS 2016 |
|---|---|---|---|---|---|---|
| Earnings per share, basic | EUR | 1.13 | 0.51 | 0.51 | 0.39 | 0.20 |
| Earnings per share, diluted | EUR | 1.11 | 0.50 | 0.50 | 0.39 | 0.20 |
| Earnings per share, continuing operations, basic | EUR | 0.33 | 0.41 | 0.39 | | |
| Earnings per share, discontinued operations, basic | EUR | 0.80 | 0.10 | 0.12 | | |
| Cash flow from operating activities per share | EUR | 0.68 | 0.87 | 0.68 | 0.63 | 0.51 |
| Shareholders' equity per share | EUR | 2.23 | 2.09 | 1.94 | 1.66 | 1.44 |
| Dividend per share | EUR | 0.30* | 0.40 | 0.35 | 0.24 | 0.16 |
| Payout ratio | % | 26.5 | 78.0 | 69.2 | 61.5 | 78.2 |
| Effective dividend yield | % | 3.4 | 5.0 | 6.3 | 3.3 | 3.2 |
| P/E Ratio | | 7.9 | 15.5 | 10.9 | 18.4 | 24.6 |
| Highest share price | EUR | 9.30 | 8.10 | 8.14 | 7.50 | 5.45 |
| Lowest share price | EUR | 5.82 | 5.48 | 5.10 | 4.88 | 2.95 |
| Share price on 31 December | EUR | 8.92 | 7.96 | 5.54 | 7.20 | 5.03 |
| Market capitalisation | MEUR | 734.9 | 655.8 | 456.4 | 592.3 | 414.4 |
| Turnover of shares, total | KPC | 4,481 | 3,464 | 19,644 | 5,795 | 14,088 |
| Relative turnover of shares, total | % | 5.4 | 4.2 | 23.9 | 7.0 | 17.1 |
| Average no. of shares (1,000 shares), basic | KPC | 82,262 | 82,283 | 82,147 | 82,223 | 82,383 |
| Average no. of shares (1,000 shares), diluted | KPC | 83,692 | 83,673 | 83,219 | 83,147 | 82,383 |
| Adjusted no. of shares on 31 December | KPC | 82,383 | 82,383 | 82,383 | 82,383 | 82,383 |

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

## Calculation of key figures

| | | |
|---|---|---|
| Return on shareholders' equity, % (ROE) | Profit for the period / Shareholders' equity + non-controlling interest (average during the year) | x 100 |
| Return on investment, % (ROI) | Profit for the period + interest and other financial expenses / Balance sheet total - non-interest-bearing debt (average during the year) | x 100 |
| Equity ratio, % | Shareholders' equity + non-controlling interest / Balance sheet total - advances received | x 100 |
| Operating profit | Profit before tax and financial items | |
| EBITDA | Operating profit excluding depreciation, amortisation and impairment losses | |
| Online sales, % of revenue | Online sales / Revenue | x 100 |
| Basic earnings per share, 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 owners 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 illustrate the operative development of its business and improve comparability between reporting periods. The Alternative Performance Measures are reported in addition to IFRS key figures.

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

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

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

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

# Consolidated comprehensive income statement

| MEUR | Note | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 1.1, 1.2 | **230.2** | **250.2** |
| Other operating income | 1.2 | 3.3 | 0.6 |
| Change in inventories of finished products | | -0.1 | 0.1 |
| Materials and services | 1.3 | 32.6 | 38.3 |
| Expenses arising from employee benefits | 1.3, 1.4 | 93.3 | 97.4 |
| Depreciation, amortisation and impairment | 2.1, 2.2 | 15.8 | 16.7 |
| Other operating expenses | 1.3 | 48.7 | 48.9 |
| **Operating profit** | 1.1 | **43.1** | **49.5** |
| Finance income | 3.1 | 0.3 | 0.3 |
| Finance expenses | 3.1 | 1.3 | 1.3 |
| Share of profit of associated companies | 4.4 | 0.1 | 0.5 |
| **Profit before tax** | | **42.2** | **49.0** |
| Income tax | 5.1, 5.2 | -9.0 | -8.6 |
| **Profit from continuing operations** | | **33.3** | **40.5** |
| | | | |
| Profit form discontinued operations | | 65.8 | 8.2 |
| Profit for the period | | 99.1 | 48.7 |
| | | | |
| **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 | -0.2 |
| Changes in the fair value of equity instruments measured at fair value through other comprehensive income | | | |
| Tax on items that are not later transferred to be recognised through profit or loss | | | |
| Items that may later be transferred to be recognised through profit or loss | | | |
| Translation differences | | 0.6 | 0.1 |
| Other comprehensive income for the year, net of tax | | 0.7 | -0.1 |
| **Total comprehensive income for the year, net of tax** | | **99.8** | **48.5** |

| MEUR | Note | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|---|---|---|
| **Profit for the period attributable to** | | | |
| Owners of the parent company | | 93.3 | 42.2 |
| Non-controlling interest | | 5.7 | 6.4 |
| **Total comprehensive income for the period attributable to:** | | | |
| Owners of the parent company | | 94.1 | 42.1 |
| Non-controlling interest | | 5.7 | 6.4 |
| **Distribution of total comprehensive income** | | | |
| Continuing operations | | 34.0 | 40.3 |
| Discontinued operations | | 65.8 | 8.2 |
| | | | |
| **Earnings per share calculated from the profit for the period attributable to the parent company shareholders, continuing operations (€)** | | | |
| Earnings per share (basic) | | 0.33 | 0.41 |
| Earnings per share (diluted) | | 0.33 | 0.40 |
| | | | |
| **Earnings per share calculated from the profit for the period attributable to the parent company shareholders (€)** | | | |
| Earnings per share (basic) | 3.9 | 1.13 | 0.51 |
| Earnings per share (diluted) | 3.9 | 1.11 | 0.50 |

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

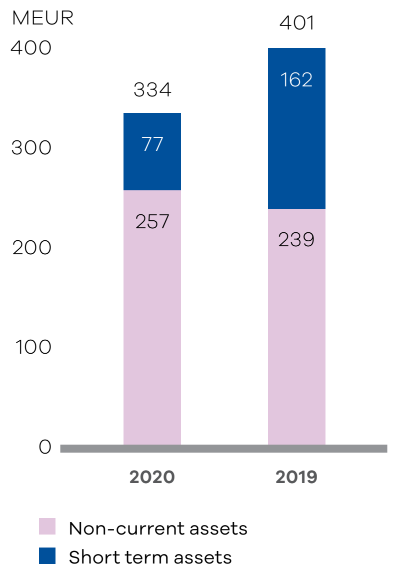
No items allocated to the discontinued operations are included in the comprehensive income items.

# Consolidated balance sheet

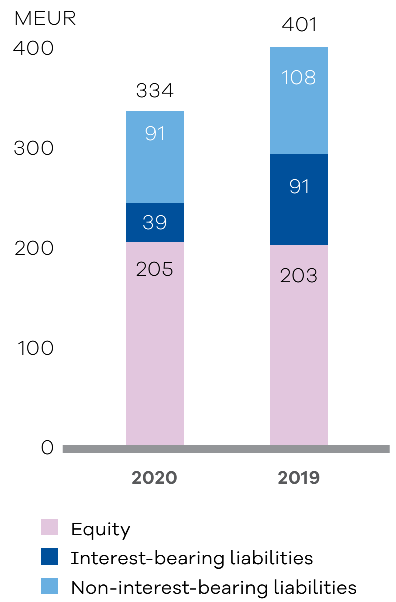
| MEUR | Note | 31.12.2020 | 31.12.2019 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Goodwill | 2.1 | 150.7 | 130.3 |
| Other intangible assets | 2.1 | 55.1 | 54.3 |
| Tangible assets | 2.2 | 2.4 | 3.5 |
| Right-of-use assets | 2.2 | 38.2 | 43.9 |
| Shares in associated companies | 2.2 | 6.6 | 3.2 |
| Pension receivables, defined benefit plans | | 0.0 | 0.0 |
| Other non-current financial assets | | 3.9 | 3.3 |
| Deferred tax assets | 5.2 | 0.3 | 0.4 |
| | | **257.2** | **238.9** |
| **Current assets** | | | |
| Inventories | 3.7 | 0.6 | 0.7 |
| Tax receivables | | 1.0 | 1.5 |
| Trade and other receivables | | 27.1 | 28.0 |
| Other current financial assets | 3.2 | 0.0 | 0.0 |
| Cash and cash equivalents | 3.2 | 48.0 | 48.4 |
| | | **76.7** | **78.6** |
| Assets classified as held for sale | | | 83.3 |
| | | | |
| **Assets, total** | | **333.9** | **400.9** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 45.3 | 45.3 |
| Share premium reserve | | 7.7 | 7.7 |
| Translation differences | | 0.0 | -0.5 |
| Invested non-restricted equity fund | | 19.1 | 19.1 |
| Retained earnings | | 111.4 | 100.5 |
| **Equity attributable to owners of the parent** | 3.9 | **183.6** | **172.1** |
| Non-controlling interest | | 21.0 | 30.4 |
| **Total equity** | | **204.6** | **202.5** |
| | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 5.2 | 11.5 | 11.1 |
| Pension liabilities | 3.6 | 0.7 | 0.8 |
| Provisions | 1.3 | 0.0 | 0.4 |
| Lease liabilities | 3.3 | 31.9 | 36.9 |
| Non-current financial liabilities | 3.3 | 13.6 | 2.1 |
| | | **57.8** | **51.3** |

| MEUR | Note | 31.12.2020 | 31.12.2019 |
|---|---|---|---|
| **Current liabilities** | | | |
| Advances received | | 9.9 | 12.5 |
| Income tax liability | | 3.4 | 2.5 |
| Provisions | 1.3 | 0.0 | 0.1 |
| Lease liabilities | 3.3 | 7.0 | 7.4 |
| Current financial liabilities | 3.3 | 2.8 | 1.6 |
| Trade and other payables | 3.7 | 48.5 | 50.6 |
| | | **71.6** | **74.7** |
| | | | |
| Liabilities related to assets classified as held for sale | | | 72.4 |
| | | **71.6** | **147.0** |
| | | | |
| **Liabilities, total** | | **129.4** | **198.4** |
| | | | |
| **Equity and liabilities, total** | | **333.9** | **400.9** |

Balance sheet, Assets




Balance sheet, Equity & liabilities

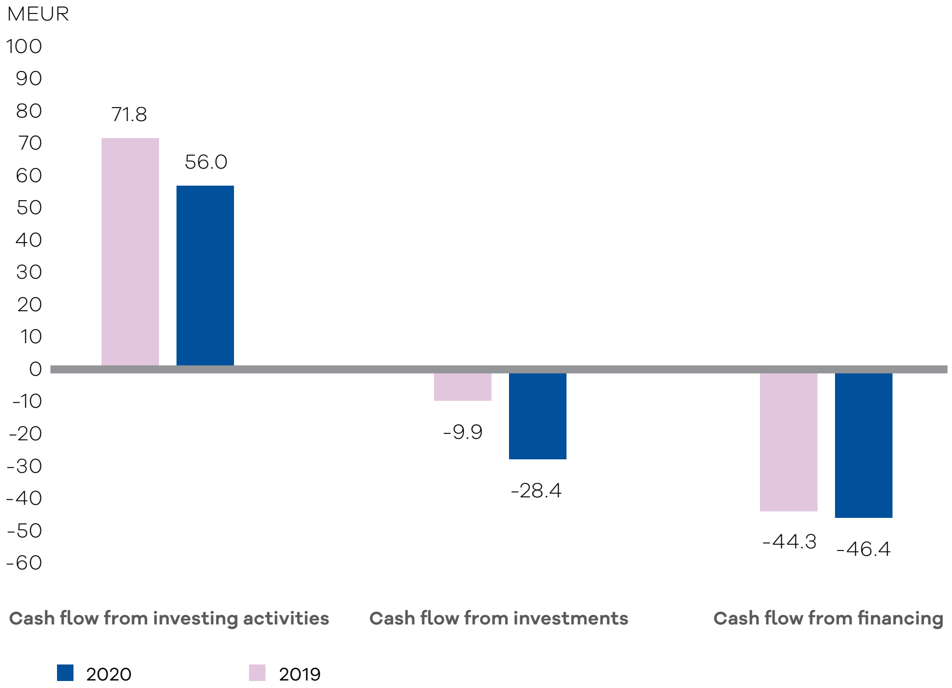


# Consolidated cash flow statement

| MEUR | Note | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit for the period | | 99.0 | 48,7 |
| Adjustments | | -39.6 | 35,2 |
| Change in working capital | | 5.8 | 2,0 |
| Dividend received | | 0.2 | 0,4 |
| Interest received | | 0.1 | 0,1 |
| Interest paid | | -1.5 | -2,2 |
| Taxes paid | | -8.1 | -12,4 |
| **Net cash flow from operating activities** | | **56.0** | **71,8** |
| | | | |
| **Investing activities** | | | |
| Acquisitions of tangible assets | | -0.9 | -0,8 |
| Acquisitions of intangible assets | | -2.2 | -0,7 |
| Proceeds from sale of tangible and intangible assets | | 0.0 | 0,0 |
| Other investments | | -0.6 | |
| Proceeds from sale of available-for-sale financial assets | | 0.0 | 0,8 |
| Business acquisitions less cash and cash equivalents at the time of acquisition | | -72.5 | -15,4 |
| Repayment of loan receivables | | 0.3 | |
| Proceeds from sale of businesses less cash and cash equivalents at the time of sale | | 51.1 | 6,2 |
| Acquisition of associated companies | | -4.0 | |
| Proceeds from sale of associated companies | 4.4 | 0.4 | |
| **Investing activities** | | **-28.4** | **-9,9** |

| MEUR | Note | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|---|---|---|
| **Cash flow before financing activities** | | **27.6** | **61,9** |
| | | | |
| **Financing activities** | | | |
| Acquisition of own shares | | -1.5 | |
| Payments of lease liabilities | | -7.4 | -11,6 |
| Dividends paid | 3.9 | -37.6 | -32,7 |
| **Financing activities** | | **-46.4** | **-44,3** |
| | | | |
| Change in cash and cash equivalent funds increase (+) decrease (-) | | **-18.9** | **17,6** |
| **Cash and cash equivalents at beginning of period** | 3.2 | **67.1** | **49,5** |
| Effect of change in foreign exchange rates | | -0.2 | -0,1 |
| **Cash and cash equivalents at end of period** | 3.2 | **48.0** | **67,1** |

Cash flow from investing activities



## Further details for the statement of cash flow

| MEUR | Note | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|---|---|---|
| **Operating activities** | | | |
| **Adjustments:** | | | |
| Depreciation, amortisation and impairment | 2 | 15.8 | 21.9 |
| Share of profit of associated companies | 4.4 | -0.1 | -0.5 |
| Capital gains (losses) on the sale of fixed assets and other investments | | -63.5 | 0.6 |
| Financial income and expenses | 3.1 | 1.4 | 2.2 |
| Income tax | 5.1 | 10.9 | 10.7 |
| Change in provisions | 1.3 | -1.6 | -0.2 |
| Other adjustments | | -2.5 | 0.6 |
| **Adjustments, total** | | **-39.6** | **35.2** |
| | | | |
| **Change in working capital:** | | | |
| Change in trade receivables | | -1.5 | 3.1 |
| Change in inventories | | -0.3 | 0.4 |
| Change in trade payables | | 7.5 | -1.5 |
| **Change in working capital, total** | | **5.8** | **2.0** |
| | | | |
| **Investing activities** | | | |
| Investments financed through finance leases | | | |
| Gross capital expenditure, payment-based* | | -3.7 | 1.5 |
| Sold and purchased business operations, non-payment-based | | -17.7 | 10.2 |
| **Investments, total** | | **-21.4** | **11.6** |

* Excluding investments of acquired business.

# Consolidated statement of changes in equity

Attributable to equity holders of the parent

| MEUR | Note | Share capital | Share premium reserve | Foreign currency translation reserve | Invested non-restricted equity fund | Retained earnings | Equity attributable to the owners of parent | Minority interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Total equity 1.1.2019** | | **45.3** | **7.7** | **-0.6** | **19.1** | **88.7** | **160.2** | **26.6** | **186.8** |
| Profit for the period | | | | | | 42.2 | 42.2 | 6.4 | 48.7 |
| Other comprehensive income | | | | | | -0.2 | -0.2 | | -0.2 |
| Translation differences | | | | 0.0 | | | 0.0 | 0.0 | 0.1 |
| Transactions with equity holders | | | | | | | | | |
| Dividends paid by parent | | | | | | -28.8 | -28.8 | | -28.8 |
| Dividends paid by subsidiaries | | | | | | | | -3.9 | -3.9 |
| Share-based payment transactions | | | | | | 0.6 | 0.6 | 0.0 | 0.6 |
| Change in ownership in subsidiaries | | 0.0 | 0.0 | 0.0 | | -2.0 | -2.0 | 1.2 | -0.8 |
| **Total equity 31.12.2019** | 3.9 | **45.3** | **7.7** | **-0.5** | **19.1** | **100.5** | **172.1** | **30.4** | **202.5** |
| | | | | | | | | | |
| **Total equity 1.1.2020** | | **45.3** | **7.7** | **-0.5** | **19.1** | **100.5** | **172.1** | **30.4** | **202.5** |
| Profit for the period | | | | | | 93.3 | 93.3 | 5.7 | 99.1 |
| Other comprehensive income | | | | | | 0.2 | 0.2 | | 0.2 |
| Translation differences | | | | 0.6 | | | 0.6 | -0.4 | 0.2 |
| Transactions with equity holders | | | | | | | | | |
| Dividends paid by parent | | | | | | -32.9 | -32.9 | | -32.9 |
| Dividends paid by subsidiaries | | | | | | | | -4.6 | -4.6 |
| Acquisition of own shares | | | | | | -1.5 | -1.5 | | -1.5 |
| Share-based payment transactions | | | | | | -0.3 | -0.3 | | -0.3 |
| Change in ownership in subsidiaries | | | | | | -47.9 | -47.9 | -10.2 | -58.1 |
| **Total equity 31.12.2020** | 3.9 | **45.3** | **7.7** | **0.0** | **19.1** | **111.4** | **183.6** | **21.0** | **204.6** |

# Accounting principles used in the consolidated financial statements

## Basic information on the group

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

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

The Board of Directors approved the financial statements for disclosure on 16 February 2021. 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 2020 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 millions of euros.

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

## Impact of standards adopted during 2019

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

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

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

Lessor accounting will not be subject to significant changes. Alma Media has no significant leases in which the Group is the lessor. The concepts of agreements processed as off-balance sheet liabilities and the concepts used in IFRS 16 are somewhat different from each other, which is why the number of agreements recognised on the balance sheet may differ from the number of off-balance sheet liabilities. The lease contracts recognised on the balance sheet are mainly for business premises and cars. Leases for IT equipment, on the other hand, are treated as off-balance sheet obligations, unlike previously.

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

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

## Translation of items denominated in foreign currencies

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

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

## Operating profit and EBITDA

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

## Adjusted items

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

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

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

## Accounting principles requiring management's judgement

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

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

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

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

## Key sources of estimation uncertainty

The estimates made in conjunction with preparing the financial statements are based on the management's best assessments on the reporting period end date. The estimates are based on prior experience, as well as future assumptions that are considered to be the most likely on the balance sheet date with regard to issues such as the expected development of the Group's economic operating environment in terms of sales and cost levels. The Group monitors the realisation of estimates and assumptions, as well as changes in the underlying factors, on a regular basis in cooperation with the business units, using both internal and external sources of information. Any changes to these estimates and assumptions are entered in the accounts for the period in which the estimate or assumption is adjusted and for all periods thereafter.

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

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

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

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

Other estimates: Other management estimates relate mainly to other assets, such as the current nature of receivables and capitalised R&D costs, to tax risks, to determining pension obligations and to the utilisation of tax assets against future taxable income. The impacts of the coronavirus epidemic and restriction measures set to prevent its spread on Alma Media's business operations, especially on advertisement sales and client invoicing of the recruitment business, were assessed in 2020.

# Notes to the consolidated financial statements

## 1. Segments and operating profit

### 1.1 Information by segment

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

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

Segment information is based on internal management reporting, which has been prepared in accordance with IFRS.

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, MojPosao.net and Monster.cz are reported in the Alma Markets segment. The segment includes several online services: the housing-related services Etuovi.com and Vuokraovi.com, the travel portal Gofinland.fi and the automotive services Autotalli.com, Autosofta, Autojerry.fi, Websales, Webrent and Tukkuautot.fi. Also reported in this segment is Talosofta, 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.

Alma Talent's business includes subscription-based digital content media as well as digital data, content and marketplace services. In addition to the leading financial media brand Kauppalehti, Alma Talent's financial and professional media include Talouselämä, Tekniikka & Talous and Arvopaperi. Alma Talent Services offers professionals and businesses a comprehensive range of content related to company information, real estate information, law, financial management, competence development, leadership and marketing services.

Alma Consumer publishes the print and online editions of the national news media Iltalehti. The online services Etua.fi, Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported 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 ten other European countries, principally the Czech Republic and Slovakia. The Alma Talent segment's business operations are located in Finland, the Baltic countries and Sweden. The Alma Consumer segment operates 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 2020 and 2019:

## Revenue

| MEUR | 2020 | % | 2019 | % |
|---|---|---|---|---|
| Segments, Finland, continuing operations | 158.4 | 61.6 | 161.8 | 47.2 |
| Segments, Finland, discontinued operations | 27.1 | 10.5 | 92.2 | 26.9 |
| Segments, other countries | 71.8 | 27.9 | 88.5 | 25.8 |
| **Total** | **257.3** | **100.0** | **342.5** | **100.0** |

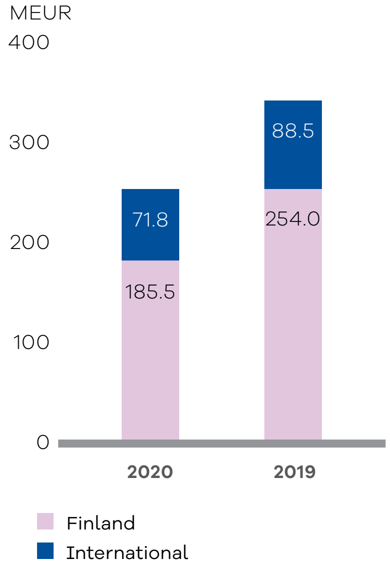
## Operating profit

| MEUR | 2020 | % | 2019 | % |
|---|---|---|---|---|
| Segments, Finland, continuing operations | 26.3 | 23.6 | 27.1 | 44.4 |
| Segments, Finland, discontinued operations | 68.1 | 61.3 | 11.4 | 18.8 |
| Segments, other countries | 23.3 | 20.9 | 29.6 | 48.6 |
| Segments total | 117.7 | 105.8 | 68.2 | 111.8 |
| Non-allocated | -6.5 | -5.8 | -7.2 | -11.8 |
| **Total** | **111.2** | **100.0** | **61.0** | **100.0** |

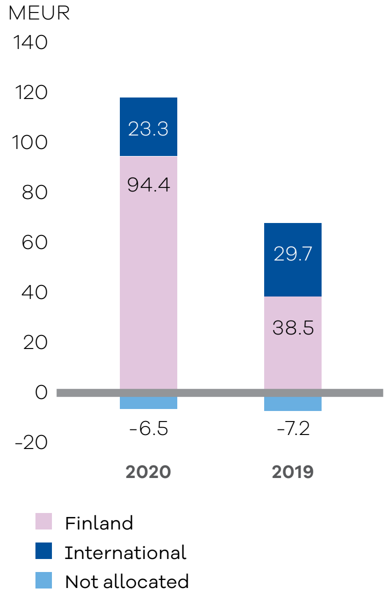
## Assets

| MEUR | 2020 | % | 2019 | % |
|---|---|---|---|---|
| Finland, continuing operations | 216.2 | 64.7 | 212.8 | 53.1 |
| Finland, classified as held for sale | 0.0 | 0.0 | 83.3 | 20.8 |
| Other countries | 118.1 | 35.4 | 136.3 | 34.0 |
| Eliminations | -0.4 | -0.1 | -31.6 | -7.9 |
| **Total** | **333.9** | **100.0** | **400.9** | **100.0** |

## Revenue




## Operating profit



## Revenue

| MEUR | Alma Markets | Alma Talent | Alma Consumer | Segments, total | Non-allocated items and eliminations | Group |
|---|---|---|---|---|---|---|
| **Financial year 2020** | | | | | | |
| Revenue | | | | | | |
| External revenue | 87.8 | 89.5 | 42.3 | 201.6 | 28.6 | 230.2 |
| Inter-segment revenue | 0.5 | 5.6 | 2.1 | 26.1 | -26.1 | 0.0 |
| **Segments total** | **88.3** | **95.1** | **44.4** | **227.7** | **2.5** | **230.2** |
| | | | | | | |
| **Financial year 2019** | | | | | | |
| Revenue | | | | | | |
| External revenue | 100.2 | 95.8 | 119.5 | 315.5 | 26.9 | 342.5 |
| Inter-segment revenue | -0.2 | 7.1 | 23.4 | 30.3 | -30.3 | |
| **Total** | **100.0** | **102.9** | **142.9** | **345.8** | **-3.4** | **342.5** |

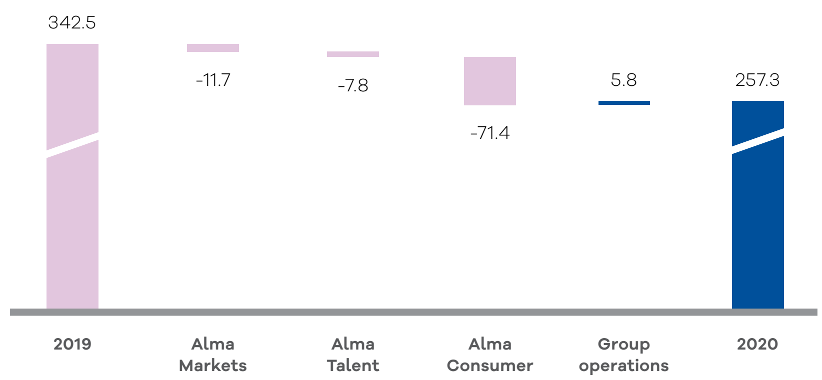
| MEUR | 2020 | 2019 |
|---|---|---|
| Reportable segments total, including discontinued operations | 254.8 | 345.8 |
| Non-allocated operations | 2.5 | -3.4 |
| Group total, including discontinued operations | 257.3 | 342.5 |
| Discontinued operations | 27.1 | 92.2 |
| **Continuing operations total** | **230.2** | **250.2** |

## Profit for the period

| MEUR | Alma Markets | Alma Talent | Alma Consumer | Segments, total | Discontinued operations | Non-allocated items and eliminations | Group |
|---|---|---|---|---|---|---|---|
| **Financial year 2020** | | | | | | | |
| EBITDA excluding adjusted items | 35.3 | 20.4 | 5.6 | 61.4 | 1.5 | -0.5 | 62.3 |
| Depreciation, amortisation and impairment | -4.6 | -4.2 | -0.8 | -9.5 | 0.0 | -6.0 | -15.5 |
| Operating profit excluding adjusted items | 30.7 | 16.2 | 4.9 | 51.9 | 1.5 | -6.5 | 46.8 |
| Adjusted items | 0.9 | -3.2 | 0.0 | -2.3 | 66.7 | 0.0 | 64.2 |
| Operating profit/loss | 31.6 | 13.1 | 4.9 | 49.6 | 68.1 | -6.5 | 111.2 |
| Share of profit of associated companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net financial expenses | 0.3 | 0.0 | -0.1 | 0.2 | -0.5 | -1.1 | -1.4 |
| **Profit before tax and appropriations** | **32.0** | **13.1** | **4.8** | **49.9** | **67.7** | **-7.6** | **109.6** |
| Income tax | | | | | -1.9 | -9.0 | -10.9 |
| **Profit for the period, including discontinued operations** | 32.0 | 13.1 | 4.8 | 49.9 | 65.8 | -16.6 | **99.1** |
| **Profit for the period, discontinued operations** | | | | | | | **65.8** |
| **Profit for the period, continuing operations** | | | | | | | **33.3** |

### Change in revenue, 2019–2020

MEUR



## Profit for the period

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

### Change in adjusted operating profit, 2019–2020

MEUR


## Assets and liabilities

| MEUR | Alma Markets | Alma Talent | Alma Consumer | Segments, total | Assets classified as held for sale | Non-allocated items and eliminations | Group |
|---|---|---|---|---|---|---|---|
| **Financial year 2020** | | | | | | | |
| Assets | 105.7 | 116.6 | 10.4 | 232.7 | | 94.6 | 327.3 |
| Investments in associated companies and joint ventures | 6.6 | 0.0 | | 6.6 | | | 6.6 |
| **Assets, total** | **112.3** | **116.6** | **10.4** | **239.3** | | **94.6** | **333.9** |
| **Liabilities, total** | **28.6** | **38.8** | **5.8** | **73.1** | | **56.3** | **129.4** |
| Capital expenditure | 12.0 | 25.4 | 0.0 | 37.4 | | 54.1 | 91.4 |
| | | | | | | | |
| **Financial year 2019** | | | | | | | |
| Assets | 105.0 | 98.1 | 62.4 | 265.5 | 83.3 | 132.2 | 397.7 |
| Investments in associated companies and joint ventures | 3.1 | 0.0 | | 3.1 | | 0.1 | 3.2 |
| **Assets, total** | **108.1** | **98.1** | **62.4** | **268.6** | **83.3** | **132.3** | **400.9** |
| **Liabilities, total** | **35.7** | **26.9** | **60.8** | **123.3** | **72.4** | **75.0** | **198.4** |
| Capital expenditure, including assets classified as held for sale | 6.8 | 0.4 | 4.6 | 11.9 | | 1.0 | 12.9 |
| Capital expenditure, assets classified as held for sale | | | | | | | 0.2 |
| Capital expenditure, continuing operations | | | | | | | 12.7 |

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

Liabilities not allocated to segments are financial and tax liabilities.

## 1.2 Operating income

### 1.2.1 Revenue

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

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

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

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

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

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

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

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

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

| 2020 MEUR | Alma Markets | Alma Talent | Alma Consumer | Segments, total | Discontinued operations | Non-allocated items and eliminations | Group |
|---|---|---|---|---|---|---|---|
| **Content revenue (recognised over time)** | | **43.8** | **15.3** | **59.1** | **15.9** | **0.0** | **74.9** |
| Content revenue, print | | 26.8 | 15.2 | 42.0 | 13.3 | | 55.3 |
| Content revenue, digital | | 17.0 | 0.1 | 17.1 | 2.6 | | 19.6 |
| **Advertising revenue (recognised over time)** | **78.5** | **24.8** | **25.4** | **128.7** | **7.9** | **-0.1** | **136.5** |
| Advertising revenue, print | | 9.6 | 2.0 | 11.6 | 6.9 | -0.6 | 18.0 |
| Advertising revenue, digital | 78.5 | 15.2 | 23.4 | 117.2 | 1.0 | 0.4 | 118.6 |
| **Service revenue*** | **9.8** | **26.5** | **3.7** | **40.0** | **3.3** | **2.6** | **45.9** |
| **Total** | **88.3** | **95.1** | **44.4** | **227.7** | **27.1** | **2.5** | **257.3** |

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

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

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

### 1.2.2 Other operating income

| MEUR | 2020 | 2019 |
|---|---|---|
| Gains on sale of non-current assets, continuing operations | 0.9 | 0.4 |
| Gains on sale of non-current assets, discontinued operations | | 0.0 |
| Proceeds on sale related to incremental acquisition | 1.6 | |
| Other operating income, continuing operations | 0.8 | 0.2 |
| Other operating income, discontinued operations | 65.9 | 0.1 |
| **Total** | **69.2** | **0.7** |

## 1.3 Operating expenses

### 1.3.1 Materials and services

| MEUR | 2020 | 2019 |
|---|---|---|
| Purchases during period | 3.5 | 11.5 |
| Change in inventories | -0.4 | 0.4 |
| **Use of materials and supplies** | **3.2** | **11.8** |
| External services | 41.6 | 46.6 |
| **Total** | **44.7** | **58.4** |
| **Materials and services, discontinued operations** | **12.1** | **20.1** |
| **Materials and services, continuing operations** | **32.6** | **38.3** |

### 1.3.2 Research and development costs

The Group's research and development costs in 2020 totalled MEUR 4.6 (4.3). MEUR 3.2 (3.4) was recognised in the income statement and development costs of MEUR 1.4 were capitalised on the balance sheet in 2020 (MEUR 1.0). There were capitalised research and development costs totalling MEUR 2.0 on the balance sheet on 31 December 2020 (1.3).

| MEUR | 2020 | 2019 |
|---|---|---|
| Wages, salaries and fees. continuing operations | 75.1 | 76.8 |
| Wages, salaries and fees, discontinued operations | 8.3 | 31.1 |
| Pension costs – defined contribution plans, continuing operations | 9,1 | 10.4 |
| Pension costs – defined contribution plans, discontinued operations | 0.7 | 5.2 |
| Pension costs – defined benefit plans | | 0.0 |
| Share-based payment transaction expense | 0.9 | 1.5 |
| Other employee expenses, continuing operations | 8.2 | 8.7 |
| Other employee expenses, discontinued operations | 0.2 | 1.0 |
| **Total** | **102.5** | **134.7** |

## 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.

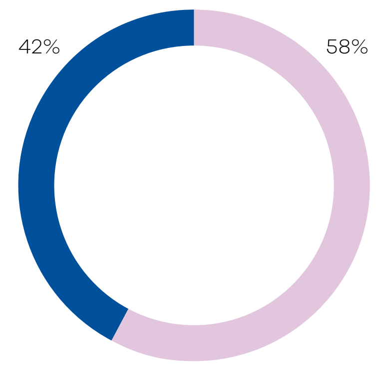
Short-term employee benefits include salaries and benefits in kind, annual holidays and bonuses. Other long-term benefits include, for example, a celebration, holiday or remuneration based on a long period of service. Benefits paid in connection with dismissal are benefits that are paid due to the termination 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.

| **Average number of employees, calculated as full-time employees (excl. telemarketers)** | **2020** | **2019** |
|---|---|---|
| Alma Markets | 702 | 686 |
| Alma Talent | 456 | 489 |
| Alma Consumer | 184 | 187 |
| Discontinued operations | 175 | 362 |
| Group functions | 156 | 167 |
| **Total** | **1 672** | **1,892** |
| Additionally, the total number of telemarketers in continuing operations was, on average: | 335 | 304 |
| Additionally, the total number of delivery staff in discontinued operations was, on average: | | 840 |

Personnel




## 1.3.4 Other operating expenses

Specification of other operating expenses by category:

| **MEUR** | **2020** | **2019** |
|---|---|---|
| Information technology and telecommunication | 24.1 | 26.0 |
| Business premises | 2.2 | 3.2 |
| Sales and marketing | 13.8 | 19.7 |
| Administration and experts | 5.9 | 7.8 |
| Other employee costs | 3.8 | 7.7 |
| Other expenses | 2.3 | 2.9 |
| **Total** | **52.2** | **67.3** |
| **Other operating expenses, continuing operations** | **48.7** | |
| **Other operating expenses, discontinued operations** | **3.5** | **18.4** |

### 1.3.5 Audit expenses

| EUR 1,000 | 2020 | 2019 |
|---|---|---|
| Companies belonging to the PricewaterhouseCoopers chain | | |
| Audit | 252.7 | 266.0 |
| Reporting and opinions | 1.0 | 6.0 |
| Tax consultation | 11.7 | 32.0 |
| Other | 109.4 | 27.0 |
| **Total** | **374.7** | **331.0** |

The non-audit services provided by PricewaterhouseCoopers Oy for Alma Media Group companies in the financial period 2020 totalled EUR 121 thousand (a total of EUR 65 thousand in the financial period 2019).

### 1.3.6 Provisions

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

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

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

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

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

| MEUR | Restructuring provision | Other provisions, continuing operations | Total |
|---|---|---|---|
| 1.1.2020 | 0,5 | 0,4 | 0,9 |
| Increase in provisions | | | |
| Provisions employed | -0,5 | -0,4 | -0,9 |
| **31.12.2020** | **0,0** | **0,0** | **0,0** |
| | | | |
| Current | 0,0 | | 0,0 |

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 2021.

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

## 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 | 2020 | 2019 |
|---|---|---|
| Salaries and other short-term employee benefits | 1 170.1 | 717.1 |
| Post-employment benefits | 447.1 | 370.6 |
| Share-based payment transaction expense | 249.7 | 354.3 |
| **Total** | **1 866.9** | **1,442.0** |

The figures in the table are presented on an accrual basis. In 2020, the salary and benefits paid to the President and CEO of the Group totalled EUR 2,217,229 (in 2019 EUR 1,482,335).

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. The supplementary pension contribution of the President and CEO's fixed annual salary is 37% of the annual salary, which is calculated by adding a computational share of 50% of the maximum incentive to the overall salary. 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 | 2020 | 2019 |
|---|---|---|
| Salaries and other short-term employee benefits | 2 432.8 | 2,053.8 |
| Benefits paid in connection with dismissal | | |
| Post-employment benefits | 759.9 | 713.1 |
| Share-based payment transaction expense | 450.9 | 673.2 |
| **Total** | **3 643.6** | **3,440.1** |

The figures in the table are presented on an accrual basis. In 2020, the salary and benefits paid to the other members of the Group Executive Team totalled EUR 4,077,914 (in 2019 EUR 3,587,859).

### Board of Directors of Alma Media Corporation and benefits paid to its members

| EUR 1,000 | 2020 | 2019 |
|---|---|---|
| Jorma Ollila, Chairman | 88 | 90 |
| Petri Niemisvirta, Deputy Chairman, Chairman | 55 | 57 |
| Catharina Von Stackelberg-Hammarén, Deputy Chairman | 43 | 46 |
| Peter Immonen, member | 44 | 48 |
| Esa Lager, member | 49 | 49 |
| Alexander Lindholm, member | 43 | 45 |
| Päivi Rekonen, member | 55 | 57 |
| Matti Korkiatupa, member (until 15 March 2019) | | 2 |
| Heike Tyler, member (until 15 March 2019) | | 3 |
| **Total** | **378** | **396** |

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 | 2020 | 2019 |
|---|---|---|
| Salaries and other short-term employee benefits | 3 981 | 3,166.9 |
| Post-employment benefits | 1 207 | 1,083.6 |
| Share-based payment transaction expense | 701 | 1,027.6 |
| **Total** | **5 889** | **5,278.1** |

## 1.4.2 Share-based payments

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

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

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

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

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

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

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

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

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

The Annual General Meeting of Alma Media Corporation held on 15 March 2019 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.

In February 2020, the Board of Directors of Alma Media Corporation decided on the commencement of a new period under the long-term share-based incentive scheme for senior management (LTI 2019 I). The Board of Directors further decided on the commencement of a new period under the performance-based share-based incentive scheme aimed at middle management and selected key employees. The incentive schemes were established and originally announced in December 2018.

Principal terms and conditions of the performance share plan:

| Instrument | Matching share plan LTI 2020 | Performance share plan LTI 2020 |
|---|---|---|
| AGM date/Date of issuing | 18.12.2018 | 18.12.2018 |
| Maximum number of shares | 390,000 | 226,000 |
| Dividend adjustment | No | No |
| Initial allocation date | 8.5.2020 | 8.5.2020 |
| Performance period begins | 1.1.2020 | 1.1.2020 |
| Performance period ends | 31.12.2022 | 31.12.2022 |
| Vesting date | 28.2.2023 | 28.2.2023 |
| Maximum contractual life, years | 2.8 | 2.8 |
| Remaining contractual life, years | 2.2 | 2.2 |
| Maximum number of people entitled to participate | 9 | 53 |
| Payment method | Cash & share | Cash & share |

| Instrument | Performance matching share plan TSR LTI 2015 II | Performance matching share plan LTI 2015 III | Performance matching share plan TSR LTI 2015 III |
|---|---|---|---|
| AGM date/Date of issuing | 12.2.2015 | 12.2.2015 | 12.2.2015 |
| Maximum number of shares | 166,000 | 182,510 | 182,510 |
| Dividend adjustment | No | No | No |
| Initial allocation date | 17.3.2016 | 30.6.2017 | 30.6.2017 |
| Performance period begins | 1.1.2016 | 1.1.2017 | 1.1.2017 |
| Performance period ends | 31.3.2021 | 31.3.2020 | 31.3.2022 |
| Vesting date | 31.3.2021 | 31.3.2020 | 31.3.2022 |
| Maximum contractual life, years | 5.0 | 2.8 | 4.8 |
| Remaining contractual life, years | 0.2 | | 1.2 |
| Maximum number of people entitled to participate | 20 | | 21 |
| Payment method | Cash & share | Cash & share | Cash & share |

| Instrument | Matching share plan LTI 2019 | Performance share plan LTI 2019 | Performance matching share plan TSR LTI 2015 I |
|---|---|---|---|
| AGM date/Date of issuing | 18.12.2018 | 18.12.2018 | 12.2.2015 |
| Maximum number of shares | 375,000 | 310,000 | 153,100 |
| Dividend adjustment | No | No | No |
| Initial allocation date | 28.3.2019 | 28.3.2019 | 17.6.2015 |
| Performance period begins | 1.1.2019 | 1.1.2019 | 1.1.2015 |
| Performance period ends | 31.12.2021 | 31.12.2021 | 31.3.2020 |
| Vesting date | 28.2.2022 | 28.2.2022 | 31.3.2020 |
| Maximum contractual life, years | 2.9 | 2.9 | 4.8 |
| Remaining contractual life, years | 1.2 | 1.2 | |
| Maximum number of people entitled to participate | 9 | 37 | |
| Payment method | Cash & share | Cash & share | Cash & share |

| Instrument | Fixed matching share plan LTI 2015 IV | Performance matching share plan LTI 2015 IV | Performance matching share plan TSR LTI 2015 IV |
|---|---|---|---|
| AGM date/Date of issuing | 12.2.2015 | 12.2.2015 | 12.2.2015 |
| Maximum number of shares | 203,000 | 203,000 | 203,000 |
| Dividend adjustment | No | No | No |
| Initial allocation date | 7.5.2018 | 7.5.2018 | 7.5.2018 |
| Performance period begins | 1.1.2018 | 1.1.2018 | 1.1.2018 |
| Performance period ends | 31.3.2020 | 31.3.2021 | 31.3.2023 |
| Vesting date | 31.3.2020 | 31.3.2021 | 31.3.2023 |
| Maximum contractual life, years | 2.0 | 3.8 | 4.8 |
| Remaining contractual life, years | | 1.2 | 2.2 |
| Maximum number of people entitled to participate | | 32 | 32 |
| 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 | 7.28 |
| Share price at end of period, EUR | 8.92 |
| Dividend yield assumption, EUR | 0.77 |
| Fair value on 31 December 2020, MEUR | 2.2 |

| **Changes during share plan period** | | | | | | |
|---|---|---|---|---|---|---|
| **1.1.2020** | **Matching share plan LTI 2020** | **Performance share plan LTI 2020** | **Matching share plan LTI 2019** | **Performance share plan LTI 2019** | **Performance matching share plan TSR LTI 2015 I** | **Performance matching share plan TSR LTI 2015 II** |
| Outstanding at the beginning of the reporting period, pcs | | | 375,000 | 286,000 | 103,500 | 132,500 |
| **Changes during the period** | | | | | | |
| Granted during the period | 344,316 | 219,000 | | | | |
| Lost during the period | | | | 58,000 | 838 | 6,500 |
| Earned during the period | | | | | 102,662 | |
| **31.12.2020** | | | | | | |
| Outstanding at the end of the period | 344,316 | 219,000 | 375,000 | 228,000 | | 126,000 |

| **Changes during share plan** | | | | | | |
|---|---|---|---|---|---|---|
| **1.1.2020** | **Performance matching share plan LTI 2015 III** | **Performance matching share plan TSR LTI 2015 III** | **Fixed matching share plan LTI 2015 IV** | **Performance matching share plan LTI 2015 IV** | **Performance matching share plan TSR LTI 2015 IV** | **Total** |
| Outstanding at the beginning of the reporting period, pcs | 151,010 | 151,010 | 161,298 | 161,298 | 161,298 | 1,682,914 |
| **Changes during the period** | | | | | | |
| Granted during the period | | | | | | 563,316 |
| Lost during the period | 78,003 | 11,200 | 4,000 | 12,310 | 12,310 | 183,161 |
| Earned during the period | 73,007 | | 157,298 | | | 332,967 |
| **31.12.2020** | | | | | | |
| Outstanding at the end of the period | | 139,810 | | 148,988 | 148,988 | 1,730,102 |

## Effect of the share-based incentive programme on the financial year's result and financial position

| **MEUR** | **2020** | **2019** |
|---|---|---|
| Costs for the financial year, share-based payments | 0.9 | 1.5 |
| Liability arising from share-based payments, 31 December 2020 | | |
| Estimate of cash component | 3.4 | 3.9 |

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

## 2.1 Intangible assets and goodwill

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

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

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

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

| MEUR | Intangible rights | Other intangible assets | Advances, intangible | Goodwill | Total |
|---|---|---|---|---|---|
| **Financial year 2020** | | | | | |
| Acquisition cost 1 Jan | **120.2** | **1.8** | **0.8** | **148.7** | **271.5** |
| Increases | 0.6 | 0.0 | 1.2 | | 1.8 |
| Acquisitions of business operations | 10.8 | 0.4 | 0.0 | 26.5 | 37.7 |
| Decreases | -8.6 | -1.1 | 0.0 | -22.1 | -31.8 |
| Exchange differences | -1.2 | 0.0 | 0.0 | -0.8 | -2.0 |
| Transfers between items | 1.0 | 0.0 | -1.0 | 0.0 | 0.0 |
| **Acquisition cost 31 Dec** | **122.7** | **1.1** | **1.1** | **152.3** | **277.2** |
| | | | | | |
| Accumulated depreciation, amortisation and impairments 1 Jan | **66.2** | **1.6** | **0.0** | **6.7** | **74.5** |
| Accumulated depreciation in decreases and transfers | -3.7 | -1.1 | 0.0 | -5.0 | -9.8 |
| Depreciation for the financial year | 7.2 | 0.1 | 0.0 | 0.0 | 7.3 |
| Amortisation and impairments | 0.3 | 0.0 | 0.0 | 0.0 | 0.3 |
| Exchange differences | -0.7 | 0.0 | 0.0 | 0.0 | -0.8 |
| **Accumulated depreciation, amortisation and impairments 31 Dec** | **69.3** | **0.6** | **0.0** | **1.7** | **71.5** |
| Book value 1 Jan | **54.0** | **0.2** | **0.8** | **142.0** | **197.0** |
| **Book value 31 Dec** | **53.6** | **0.4** | **1.1** | **150.7** | **205.8** |

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

## Allocation of intangibles with indefinite lives to cash-generating units

The book value of intangible assets includes intangible rights totalling MEUR 37.0 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 | 2020 | 2019 |
|---|---|---|
| **Alma Markets** | | |
| Mediapartners | 2.8 | 2.6 |
| Recruitment | 15.0 | 14.9 |
| **Alma Markets total** | **17.8** | **17.5** |
| | | |
| **Alma Talent** | | |
| Alma Talent Finland | 16.5 | 13.8 |
| Alma Talent Sweden | 0.3 | 3.0 |
| **Alma Talent total** | **16.8** | **16.8** |
| | | |
| **Alma Consumer** | **2.5** | **2.5** |
| | | |
| **Assets classified as held for sale** | | **0.4** |
| | | |
| **Assets with indefinite lives, total** | **37.0** | **37.2** |

## Allocation of goodwill to business operations

| MEUR | 2020 | 2019 |
|---|---|---|
| A significant amount of goodwill has been allocated to the following cash-generating units | | |
| **Alma Markets** | | |
| Mediapartners | 23.3 | 21.8 |
| Recruitment | 44.9 | 43.3 |
| **Alma Markets total** | **68.2** | **65.1** |
| | | |
| **Alma Talent** | | |
| Alma Talent Finland | 70.8 | 52.4 |
| Alma Talent Sweden | 5.9 | 7.1 |
| **Alma Talent total** | **76.7** | **59.4** |
| | | |
| **Alma Consumer** | **5.6** | **5.6** |
| | | |
| **Assets classified as held for sale** | | **11.7** |
| | | |
| **Non-allocated goodwill** | **0.1** | **0.1** |
| | | |
| **Total goodwill** | **150.7** | **142.0** |

## Impairment testing of goodwill and intangibles with indefinite lives

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

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

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

The Group's business, advertising sales in particular, is very dependent on business cycles. A significant portion of the Group's revenue is generated from advertising sales. Advertising sales correlate with changes in GDP, and changes in advertising sales are largely intensified at cyclical turns. Investments in advertising have been low in Finland in relation to the level of GDP in 2011–2020, even in international comparison. Alma Media estimates that advertising investments will grow in the domestic market. The growth assumptions for revenue and costs used in the value in use calculations are presented in the table below.

According to its strategy, the Group has invested in the development of digital products and services. Digital services account for almost 70% of the Group's revenue. In digital services, the realised changes are larger and the future growth assumptions higher than in average advertising investments. With regard to the printing business, moderate revenue change assumptions have been used in impairment testing.

The discount rate used in impairment testing has been determined using geographical (country) and business-specific weighted average cost of capital (WACC) separately for both publishing & newspapers and digital business segments. The discount rate is determined net of taxes. The WACC consists of the required return on equity and the-required return on debt after corporate taxes (net of taxes as adjusted for final presentation purposes). Elements of WACC have been determined for impairment testing by an independent third-party analyst.

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

Changes from 2019:
No changes were made to the Alma Markets, Alma Talent and Alma Consumer segments' tested units. The new businesses acquired in the Alma Markets and Alma Consumer segments are included in the tested businesses. The divestment of the business operations in Sweden has been taken into account in the Alma Talent segment.

## Discount rates used in impairment testing

| Financial year 2020 | Country | Revenue growth assumption, % | Cost growth assumption, % | WACC before taxes, % | Business operations |
|---|---|---|---|---|---|
| **Alma Markets** | | | | | |
| Mediapartners | Finland | 2.2 | 2.5 | 9.2 | Digital |
| Recruitment business | Finland, Czech Republic, Baltic countries, Slovakia | 4.1 | 2.3 | 11.4 | Digital |
| **Alma Talent** | | | | | |
| Alma Talent Finland | Finland | 1.7 | 1.7 | 9.3 | Publishing, Digital, Service |
| Alma Talent Sweden | Sweden | 2.3 | 4.3 | 9.3 | Publishing, Digital, Service |
| **Alma Consumer** | Finland | 0.0 | -0.2 | 7.4 | Publishing, Digital |

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

### Impairment losses and their allocation

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

In the previous financial year the Group did not recognise impairment losses.

### 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 27% 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 46% and 53%. 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 64 compared to 2019. The decline is especially attributable to the weakened profitability of the recruitment business due to the coronavirus epidemic and the increase of the WACC discount rate level particularly in Finland and the Czech Republic. It is estimated that the recruitment business will recover and the profit performance improve in the coming years. The book value of the assets of the Alma Markets segment on the reporting date was MEUR 95.93. 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 43% 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 43% 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 6.11 compared to 2019. This is based on the improved profitability of business operations. Based on the sensitivity analysis performed, the Alma Talent business does not include a significant risk of future impairment.

The aggregate book values of the Alma Consumer segment were approximately 21% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use was approximately 52% in the calculations. 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 7 compared to 2019. The profitability of the business has been reduced in 2020 due to the decline of advertisement sales caused by the coronavirus epidemic. It is estimated that the advertisement sales will recover and the profit performance improve in the coming years. Based on the sensitivity analysis performed, the Alma Consumer business does not include a significant risk of future impairment.

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

## 2.2 Property, plant and equipment

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

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

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

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

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

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

| MEUR | Land and water areas | Buildings and structures | Machinery and equipment | Other tangible assets | Advance payments and purchases in progress | Total |
|---|---|---|---|---|---|---|
| **Financial year 2020** | | | | | | |
| Acquisition cost 1 Jan | **0.1** | **79.7** | **52.5** | **1.6** | **0.0** | **133.9** |
| Increases | | 0.9 | 0.1 | 0.2 | 0.2 | 1.4 |
| Decreases | -0.1 | -23.3 | -50.3 | -0.5 | 0.0 | -74.3 |
| Exchange differences | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers between items | | | 0.0 | | 0.1 | |
| **Acquisition cost 31. Dec** | **0.0** | **57.3** | **2.5** | **1.3** | **0.0** | **61.3** |
| | | | | | | |
| Accumulated depreciation, amortisation and impairment 1 Jan | | **21.6** | **21.3** | **0.4** | | **43.3** |
| Accumulated depreciation in decreases | | -8.4 | -22.1 | -0.3 | 0.0 | -30.8 |
| Depreciation for the financial year | | 6.9 | 1.1 | 0.1 | 0.0 | 8.1 |
| Exchange differences | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Accumulated depreciation, amortisation and impairments 31 Dec** | | **20.2** | **0.3** | **0.1** | **0.0** | **20.7** |
| | | | | | | |
| Book value 1 Jan | **0.1** | **58.0** | **31.2** | **1.3** | **0.0** | **90.6** |
| **Book value 31 Dec** | | **37.1** | **2.1** | **1.2** | **0.0** | **40.6** |

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

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

| MEUR | Buildings | Machinery and equipment | Total |
|---|---|---|---|
| **Financial year 2020** | | | |
| Acquisition cost 1 Jan | **76.5** | **47.4** | **124.0** |
| Increase | 0.9 | 0.1 | 1.0 |
| Decreases | -21.3 | -46.1 | -67.4 |
| **Acquisition cost 31 Dec** | **56.1** | **1.4** | **57.5** |
| | | | |
| Accumulated depreciation 1 Jan | **18.6** | **19.6** | **38.2** |
| Accumulated depreciation in decreases | -7.0 | -19.9 | -26.9 |
| Depreciation for the financial year | 7.5 | 0.6 | 8.1 |
| **Accumulated depreciation 31 Dec** | **19.1** | **0.2** | **19.3** |
| | | | |
| **Book value 31 Dec** | **37.1** | **1.2** | **38.2** |
| | | | |
| **Financial year 2019** | | | |
| Acquisition cost 1 Jan | 24.1 | 52.7 | 76.8 |
| IFRS 16 increase | 52.4 | 2.5 | 54.9 |
| Decreases | | -7.7 | -7.7 |
| **Acquisition cost 31 Dec** | **76.5** | **47.4** | **124.0** |
| | | | |
| Accumulated depreciation 1 Jan | 7.2 | 22.6 | 29.7 |
| IFRS 16 depreciation | 7.6 | 0..9 | 8.5 |
| Accumulated depreciation in decreases | 2.8 | -6.6 | -3.8 |
| Depreciation for the financial year | 1.0 | 2.7 | 3.7 |
| **Accumulated depreciation 31 Dec** | **18.6** | **19.6** | **38.2** |
| | | | |
| **Book value 31 Dec** | **57.9** | **27.9** | **85.8** |
| **Book value 31 Dec. classified as held for sale** | **15.2** | **26.6** | **41.9** |
| **Book value 31 Dec. continuing operations** | **42.7** | **1.2** | **43.9** |

# 3. Capital structure and financial expenses

## 3.1 Financial income and expenses

Financial income presented by categories

| MEUR | 2020 | 2019 |
|---|---|---|
| Interest income on held to maturity investments, continuing operations | 0.1 | 0.1 |
| Interest income on held to maturity investments, discontinued operations | 0.0 | 0.0 |
| Fair value gain on items recognised at fair value through profit or loss | | |
| Change in the fair value of contingent consideration liabilities | | 0.2 |
| Change in the fair value of interest rate and foreign currency derivatives | 0.1 | -0.2 |
| Dividend income from assets measured at fair value through other comprehensive income | 0.2 | 0.2 |
| **Total** | **0.4** | **0.3** |

Financial expenses presented by categories

| MEUR | 2020 | 2019 |
|---|---|---|
| Interest expenses from interest-bearing debts measured at amortised cost, continuing operations | 0.3 | 0.1 |
| Interest expenses from interest-bearing debts measured at amortised cost, discontinued operations | 0.0 | 0.0 |
| Interest expenses from leases recognised on the balance sheet and measured at amortised cost, continuing operations | 0.6 | 0.7 |
| Interest expenses from leases recognised on the balance sheet and measured at amortised cost, discontinued operations | 0.5 | 1.1 |
| Foreign exchange gains (loans and receivables), continuing operations | 0.3 | 0.4 |
| Foreign exchange losses (loans and receivables), discontinued operations | 0.0 | 0.0 |
| Other financial expenses | 0.1 | 0.1 |
| **Total** | **1.8** | **2.5** |

## 3.2 Financial assets

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

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

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

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

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

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

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

### 3.2.1 Other financial assets

| MEUR | Balance sheet values 2020 | Balance sheet values 2019 |
|---|---|---|
| **Non-current financial assets** | | |
| Available-for-sale financial assets | | 0.0 |
| Unquoted share investments, continuing operations | 3.9 | 3.3 |
| Unquoted share investments, assets classified as held for sale | | 0.1 |
| Loan receivables, continuing operations | | 0.0 |
| Loan receivables, assets classified as held for sale | | 0.3 |
| **Financial assets, total** | **3.9** | **3.7** |
| | | |
| **Current financial assets** | | |
| Investments held to maturity | | |
| Commodity derivative | | 0.0 |
| **Total** | | **0.0** |
| | | |
| **Financial assets, total** | **3.9** | **3.7** |

Unquoted share investments are presented in the following table:

| MEUR | 2020 | 2019 |
|---|---|---|
| At beginning of period | 3.4 | 3.6 |
| Other increases | 0.7 | 0,0 |
| Decreases | 0.2 | 0.2 |
| | | 3.4 |
| Transfers to assets held for sale | | 0.1 |
| **At end of period, continuing operations** | **3.9** | **3.3** |

### 3.2.2 Cash and cash equivalents

| MEUR | 2020 | 2019 |
|---|---|---|
| Cash and bank accounts, continuing operations | 48.0 | 48.4 |
| Cash and bank accounts, assets classified as held for sale | | 18.7 |
| **Total** | **48.0** | **67.1** |

## 3.3 Financial liabilities

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

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

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

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

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

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Until 2018, leases for tangible assets in which the Group holds a significant share of the risks and rewards incidental to their ownership were classified as either finance leases or operating leases. From 1 January 2019, operating leases and finance leases are no longer differentiated between. The change moved off-balance sheet obligations to the balance sheet and thus increased the amount of property, plant and equipment as well as liabilities. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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

The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate.

The incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environ-ment with similar terms, security and conditions. Alma Media has defined its incremental borrowing rate as 1.5% based on recently acquired external financing.

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

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

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

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

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

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

The group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated compar-atives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. As a result, nearly all leases except short-term leases with a term of less than 12 months and leases of low-value assets were transferred to the balance sheet as right-of-use assets.

Operating leases and finance leases will no longer be differentiated between. The change moved off-balance sheet obligations to the balance sheet and thus increased the amount of property, plant and equipment as well as liabilities. Lessor accounting will not be subject to significant changes.

The concepts of agreements processed as off-balance sheet liabilities and the concepts used in IFRS 16 are somewhat different from each other, which is why the number of agreements recognised on the balance sheet may differ from the number of off-balance sheet liabilities.

The lease contracts recognised on the balance sheet are mainly for business premises and cars.

Leases for ICT equipment, on the other hand, are treated as off-balance sheet obligations, unlike previously.

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

| MEUR | 2020 | 2019 |
|---|---|---|
| **FINANCIAL LIABILITIES** | | |
| **Non-current financial liabilities** | | |
| Financial liabilities measured at amortised cost | | |
| Non-current lease liabilities, continuing operations | 31.9 | 36.9 |
| Non-current lease liabilities, classified as held for sale | | 42.1 |
| Liabilities recognised at fair value through profit or loss | | |
| Commodity derivative | | |
| Contingent consideration liabilities arising from the acquisition of business operations | 13.6 | 2.0 |
| Other liabilities, continuing operations | 0.0 | 0.1 |
| Other liabilities, discontinued operations | | 0.0 |
| **Total** | **45.5** | **81.1** |
| | | |
| **Current financial liabilities** | | |
| Based on amortised cost | | |
| Lease liabilities, continuing operations | 7.0 | 7.4 |
| Lease liabilities, classified as held for sale | | 4.3 |
| Other interest-bearing liabilities | | 0.0 |
| Liabilities recognised at fair value through profit or loss | 2.8 | 1.6 |
| Foreign currency derivatives | 0.0 | 0.1 |
| Commodity derivatives | | |
| Interest rate derivatives | | |
| Contingent consideration liabilities arising from the acquisition of business operations | 2.7 | 1.5 |
| **Total** | **9.8** | **13.3** |
| | | |
| **Financial liabilities total** | **55.3** | **94.4** |

The Group's financial liabilities are denominated in euro and carry a variable interest rate. At the end of 2020, the Group's interest-bearing liabilities consisted entirely of lease liabilities. The hedging of the interest rate risk is described in more detail in Note 3.8 Financial risks.

The average interest rate of the Group's financial liabilities in 2020 was 2.1% (2.9% in 2019).

Reconciliation of net debt

| MEUR | Cash and cash equiva-lents | Lease liabilities within one year | Lease liabi-lities after one year | Loans within one year | Loans after one year | Total |
|---|---|---|---|---|---|---|
| Net debt 1 Jan 2020 | **48.4** | **7.4** | **36.9** | | | **-4.1** |
| Cash flows | -0.4 | -7.4 | | | | -7.0 |
| Acquisitions – lease lia-bilities and incentives | | | | | | |
| Increase in IFRS 16 lease liability | | | 2.0 | | | 2.0 |
| Exchange rate adjustments | | | | | | |
| Other non-cash changes | | 7.0 | -7.0 | | | |
| **Net debt 31 Dec 2020** | **48.0** | **7.0** | **31.9** | | | **-9.1** |
| | | | | | | |
| Net debt 1 Jan 2019 | 49.5 | 4.2 | 47.3 | 0.0 | | 2.0 |
| Cash flows | 17.6 | -11.6 | 0.0 | | | -29.4 |
| Acquisitions – lease lia-bilities and incentives | | | | | | |
| Increase in IFRS 16 lease liability | 0.0 | 8.0 | 42.9 | | | 50.9 |
| Exchange rate adjustments | -0.1 | -0.1 | 0.0 | | | 0.2 |
| Other non-cash changes | 0.0 | 11.2 | -11.2 | | | 0.0 |
| **Net debt 31 Dec 2019** | **48.4** | **7.4** | **36.9** | **0.0** | | **23.7** |

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

| MEUR | 2020 | 2019 |
|---|---|---|
| **Level 1** | | |
| Commodity derivatives | 0.0 | 0.0 |
| **Level 2** | | |
| Interest rate derivatives | 0.0 | |
| Foreign currency derivative | | 0.1 |
| **Level 3** | | |
| Contingent consideration liabilities arising from the acquisition of business operations | 16.3 | 1.5 |
| Shares measured at fair value through comprehensive income | 3.9 | 3.4 |

**Level 1** includes the quoted (unadjusted) prices of identical liabilities in active markets.
The fair values of **Level 2** instruments are, to a significant degree, based on inputs other than the quoted prices included in Level 1, but nevertheless on data that can be either directly or indirectly verified for the asset or liability in question.
**Level 3** includes inputs concerning liabilities that are not based on observable market data (unobservable inputs).

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

There is a total of MEUR 16.3 in contingent liabilities arising from acquisitions on the balance sheet on 31 December 2020 (MEUR 3.5 on 31 December 2019). The contingent consideration liabilities arose from acquisitions of business operations and were based on the acquired businesses' result in 2020–2024.

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 | 2020 | 2019 |
|---|---|---|
| Commodity derivatives (electricity forwards) | | |
| Fair value | 0.0 | 0.0 |
| Value of underlying instruments | 0.1 | 0.2 |
| Foreign currency derivatives | | |
| Fair value | 0.0 | -0.1 |
| Value of underlying instruments | 6.0 | 4.5 |

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

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

Maturities of lease liabilities

| MEUR | 2020 | 2019 |
|---|---|---|
| **Lease liabilities – total minimum lease payments** | | |
| 2020 | | |
| 2021 | 7.5 | 13.8 |
| 2022 | 6.9 | 13.4 |
| 2023 | 6.1 | 11.1 |
| 2024 | 5.6 | 26.3 |
| 2025 | 5.3 | 7.3 |
| Later | 9.8 | 29.1 |
| **Total** | **41.1** | **101.0** |
| | | |
| **Lease liabilities – present value of minimum lease payments** | | |
| 2020 | | |
| 2021 | 7.3 | 12.6 |
| 2022 | 6.7 | 12.1 |
| 2023 | 5.8 | 9.9 |
| 2024 | 5.1 | 25.2 |
| 2025 | 4.9 | 6.2 |
| Later | 9.1 | 24.8 |
| **Total** | **38.9** | **90.8** |
| | | |
| **Financial expenses accruing in the future** | **2.2** | **10.2** |

## 3.4 Other leases

As a result of the adoption of IFRS 16, nearly all leases except short-term leases with a term of less than 12 months and leases of low-value assets were transferred to the balance sheet as right-of-use assets. In addition, the adoption the standard resulted in leases for ICT equipment being treated as off-balance sheet liabilities in the beginning of January 2019, unlike in previous financial years.

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

The Group as lessee

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

| MEUR | 2020 | 2019 |
|---|---|---|
| Within one year | 0.3 | 0.9 |
| Within 1–5 years | 0.4 | 0.5 |
| After 5 years* | | |
| **Total** | **0.7** | **1.4** |

The Group as lessor

Minimum rental payments receivable based on other non-cancellable leases

| MEUR | 2020 | 2019 |
|---|---|---|
| Within one year | 0.8 | 0.0 |
| Within 1–5 years | 0.9 | |
| **Total** | **1.7** | **0.0** |

## 3.5 Commitments and contingencies

| MEUR | 2020 | 2019 |
|---|---|---|
| Collateral provided on behalf of associated companies | | 0.9 |
| Other commitments | 0.1 | 0.2 |
| **Total** | **0.1** | **1.1** |

## 3.6 Pension obligations

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

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

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

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

Present value of obligations and fair value of assets

| MEUR | 2020 | 2019 |
|---|---|---|
| Present value of unfunded obligations | 0.7 | 1.0 |
| Present value of funded obligations | 0.4 | 4.5 |
| Fair value of assets | -0.3 | -4.3 |
| **Pension liability** | **0.7** | **1.2** |

The defined benefit pension obligation on the balance sheet is determined as follows:

| MEUR | 31.12.2020 | 31.12.2019 |
|---|---|---|
| Present value of obligations at start of period | 5.5 | 5.6 |
| The divestment of the business operations | -3.7 | |
| Service cost during period | 0.0 | 0.0 |
| Interest cost | | 0.1 |
| Actuarial gains and losses | -0.5 | 0.3 |
| Payments of defined benefit obligations | -0.3 | -0.5 |
| **Present value of funded obligations at end of period** | **1.1** | **5.5** |
| | | |
| Fair value of plan assets at start of period | 4.3 | 4.5 |
| The divestment of the business operations | -3.5 | |
| Interest income | | 0.0 |
| Actuarial gains and losses | -0.3 | 0.1 |
| Incentive payments paid | 0.1 | 0.1 |
| Payments of defined benefit obligations | -0.2 | -0.5 |
| **Fair value of plan assets at end of period** | **0.3** | **4.3** |
| | | |
| **Defined benefit pension liabilities** | **0.7** | **1.2** |
| | | |
| Net pension liability | | |
| Pension liability | 0.7 | 1.2 |
| Pension asset | 0.0 | 0.0 |
| **Net pension liability** | **0.7** | **1.2** |

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 | 2020 | 2019 |
|---|---|---|
| Service cost during period | 0.0 | 0.0 |
| Interest cost | | 0.1 |
| Interest income | | 0.0 |
| Actuarial gains and losses and adjustments | -0.2 | 0.2 |
| **Total** | **-0.2** | **0.2** |

Changes in liabilities shown on balance sheet

| MEUR | 2020 | 2019 |
|---|---|---|
| At beginning of period | 1.2 | 1.1 |
| The divestment of the business operations | -0.2 | |
| Incentive payments paid | -0.1 | -0.1 |
| Pension expense in income statement | 0.0 | 0.0 |
| Comprehensive income for the period | -0.2 | 0.2 |
| **Defined benefit pension liabilities on the balance sheet** | **0.7** | **1.2** |

A similar investment is expected to be made in the plan in 2020 as in 2019.

Sensitivity analysis of the pension plan

| MEUR | Present value of pension obligation | Change in present value of pension obligation, % |
|---|---|---|
| Change of +0.5%-p in the discount rate | 1.0 | -15.0 |
| Change of +0.5%-p in the salary increase assumption | 0.4 | 3.2 |
| Change of +0.5%-p in the pension increase rate | 1.1 | 8.1 |

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:

| % | 2020 | 2019 |
|---|---|---|
| Discount rate | 0.5 | |
| Future salary increase assumption | 2.3 | 2.2 |
| Inflation assumption | 1.1 | 1.0 |
| Future increase in pension benefit | 1.4 | 1.3 |

The duration of the pension plan is 7–9 years. The duration was calculated based on a discount rate of 0.5% (0%).

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 | 2020 | 2019 |
|---|---|---|
| Materials and supplies, continuing operations | 0.0 | 0.0 |
| Materials and supplies, discontinued operations | | 2.1 |
| Finished products, continuing operations | 0.6 | 0.7 |
| Finished products, discontinued operations | | 0.0 |
| **Total** | **0.6** | **2.8** |

## 3.7.2 Trade and other receivables

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

| 31.12.2020 MEUR | Current | 5–30 days past due | 31–120 days past due | 121–180 days past due | More than 180 days past due | Total |
|---|---|---|---|---|---|---|
| Expected loss rate | 0.14 % | 0.92 % | 3.43 % | 32.99 % | 100 % | |
| Gross carrying amount – trade receivables | 20.5 | 0.6 | 0.8 | 0.1 | 0.7 | 22.7 |
| Loss allowance | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 0.8 |

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

| MEUR | 2020 | 2019 |
|---|---|---|
| Trade receivables, continuing operations | 21.7 | 23.3 |
| Trade receivables, discontinued operations | | 4.8 |
| Receivables from associated companies | 0.0 | 0.0 |
| **Total** | 21.7 | 28.1 |
| | | |
| Receivables from others | | |
| Prepaid expenses and accrued income, continuing operations | 4.7 | 3.0 |
| Prepaid expenses and accrued income, discontinued operations | | 0.6 |
| Other receivables, continuing operations | 0.6 | 1.7 |
| Other receivables, discontinued operations | | 0.0 |
| **Total** | **5.4** | **5.3** |
| | | |
| **Receivables, total** | **27.1** | **33.5** |

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 | 2020 | 2019 |
|---|---|---|
| Trade payables, continuing operations | 5.0 | 3.8 |
| Trade payables, discontinued operations | | 1.0 |
| Owed to associated companies | | |
| Trade payables | 0.0 | 0.0 |
| Accrued expenses and prepaid income, continuing operations | 37.9 | 40.4 |
| Accrued expenses and prepaid income, discontinued operations | | 7.6 |
| Other liabilities, continuing operations | 5.5 | 6.2 |
| Other liabilities, discontinued operations | | 1.7 |
| **Total** | **48.5** | **61.0** |

## 3.8 Financial risks

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

Alma Media categorises its financial risks as follows:

### Interest rate risk

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

The Group's interest-bearing debt totalled MEUR 38.9 (93.6) on 31 December 2020. The interest-bearing liabilities consist of lease liabilities defined in accordance with IFRS 16, for which the computational interest rate is fixed and the amount of the liability is primarily based on the contractual obligations pertaining to leases for business premises. An increase of one percentage point in the interest rate would increase the Group's finance expenses by MEUR 0.4. The Group's net debt amounted to MEUR -9.1 (23.7) on 31 December 2020.

### 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, the Swedish krona and the United States dollar. 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 50% share of the cash flow accrued during the next two years.

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

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

## Commodity risk

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

The Group has hedged its electricity purchases as follows: the price level of electricity purchases for the following 12 months are hedged at 70–100%, and the price level of electricity purchases for the following 12–24 months is hedged at 35–85%. Electricity prices for the following 25–36 months are hedged at 0–40%. In 2020, the Group divested the regional news media business and printing business, which significantly decreased the amount of electricity used as well as the electricity costs. As a result, the Group has mainly discontinued the use of electricity derivatives in 2020. The Group had open electricity forwards on the balance sheet date. The values of these open electricity forwards are described in more detail in Note 3.3.

## Capital management risks

Liquidity management:
Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 31 December 2020. 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 2020. In addition to the commercial paper programme, the company may use the existing financing limit agreements for financing the need for working capital.

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

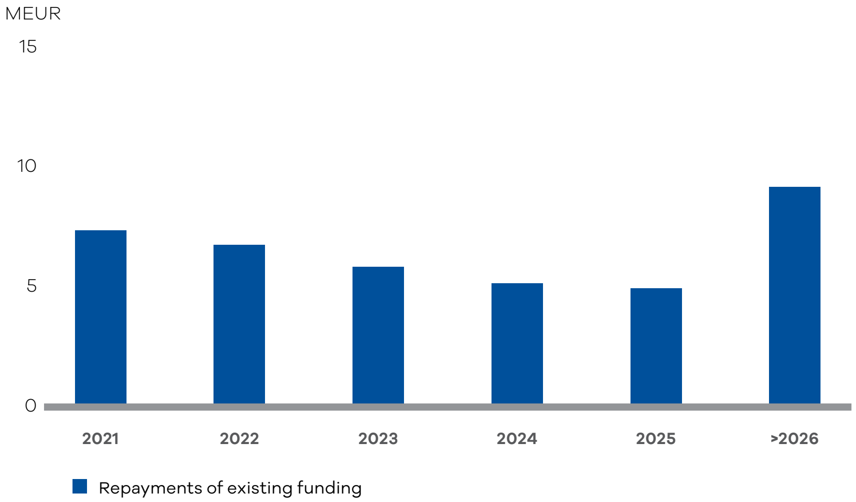
The table describes the maturity distribution of the Group's interest-bearing debts:

| MEUR | Balance sheet value | 0–6 months | 6 months–1 year | 1–2 years | 2–5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Lease liabilities | 38.9 | 3.7 | 3.7 | 6.7 | 15.9 | 9.1 |
| Foreign currency derivative | 0.0 | 0.0 | 0.0 | | | |
| **Total** | **39.0** | **3.7** | **3.7** | **6.7** | **15.9** | **9.1** |

## 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

Maturity structure of outstanding debt



significant amount. During the financial period, impairment losses of MEUR 0.3 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 2020 and 2019 as well as an itemisation of net debt and changes therein during the financial periods in question.

Reconciliation of net debt

| MEUR | 2020 | 2019 |
|---|---|---|
| Interest-bearing long-term liabilities, continuing operations | 31.9 | 36.9 |
| Interest-bearing long-term liabilities, discontinued operations | | 42.1 |
| Short-term interest-bearing liabilities, continuing operations | 7.0 | 7.4 |
| Short-term interest-bearing liabilities, discontinued operations | | 4.3 |
| Cash and cash equivalents, continuing operations | 48.0 | 48.4 |
| Cash and cash equivalents, discontinued operations | | 18.7 |
| Net debt | -9.1 | 23.7 |
| | | |
| Total equity | 204.6 | 202.5 |
| Gearing, % | -4.5 % | 11.7% |
| Equity ratio, % | 63,1 % | 54.1% |

## 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 2020.

| | Total number of shares | Share capital, MEUR | Share premium fund, MEUR | Invested non-restricted equity fund, MEUR |
|---|---|---|---|---|
| 1.1.2020 | 82 383 182 | 45.3 | 7.7 | 19.1 |
| **31.12.2020** | **82 383 182** | **45.3** | **7.7** | **19.1** |

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

### Book-entry securities system

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

Own shares

Alma Media Corporation owns a total of 121,011 of its own shares, representing 0.15 per cent of the total number of the company's shares and related votes. The total registered number of Alma Media's shares is 82,383,182, which entitle to 82,383,182 votes.

Translation differences

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

Share premium reserve

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

Distributable funds

The distributable funds of the Group's parent company totalled EUR 137,958,899 on 31 December 2020.

Dividend policy

Alma Media updated its long-term financial targets on 3 December 2018. According to the targets, the company aims to pay on average more than 50% of the profit for the period in dividends or capital repayments over the long term.

Redemption of shares

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

### 3.9.1 Earnings per share

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

| MEUR | 2020 | 2019 |
|---|---|---|
| Profit attributable to ordinary shareholders of parent | 93.3 | 42.2 |
| | | |
| **Number of shares (1,000 pcs)** | | |
| Weighted average number of shares for basic earnings per share | 82,262 | 82,283 |
| Incentive schemes | 1,430 | 1,389 |
| Diluted weighted average number of outstanding shares | 83,693 | 83,673 |
| | | |
| Earnings per share (basic) | 1.13 | 0.51 |
| Earnings per share (diluted) | 1.11 | 0.50 |
| EPS, basic, continuing operations | 0.33 | 0.41 |
| EPS, basic, discontinued operations | 0.80 | 0.10 |

# 4. Consolidation

## 4.1 General principles of consolidation

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

## 4.2 Subsidiaries

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

| Company | | Holding, % 2020 | Holding, % 2019 | Share of votes, % 2020 | Share of votes, % 2019 |
|---|---|---|---|---|---|
| Parent company Alma Media Corporation | Finland | | | | |
| Alma Career Oy | Finland | 83.3 | 83.3 | 83.3 | 83.3 |
| Alma Career, spletno oglasevanje d.o.o | Slovenia | 83.3 | 83.3 | 83.3 | 83.3 |
| Alma Media Suomi Oy | Finland | 100.0 | 100.0 | 100.0 | 100.0 |
| Alma Mediapartners Oy | Finland | 100.0 | 65.0 | 100.0 | 65.0 |
| Alma Talent Oy | Finland | 100.0 | 100.0 | 100.0 | 100.0 |
| CV-Online Estonia OÜ | Estonia | 83.3 | 83.3 | 83.3 | 83.3 |
| Digitaalinen asuntokauppa DIAS Oy | Finland | 80.5 | | 80.5 | |
| Etua Oy | Finland | 60.0 | 60.0 | 60.0 | 60.0 |
| Karenstock Oy | Finland | 100.0 | 100.0 | 100.0 | 100.0 |
| Kolektiv d.o.o | Bosnia Herzegovina | 83.3 | 30.0 | 83.3 | 30.0 |
| Kotikokki.net Oy | Finland | 65.0 | 65.0 | 65.0 | 65.0 |
| LMC s.r.o | Czech Republic | 83.3 | 83.3 | 83.3 | 83.3 |
| Monster Career CZ s.r.o. | Czech Republic | 83.3 | 83.3 | 83.3 | 83.3 |
| Monster Polska SP. Z.o.o. | Poland | 83.3 | 83.3 | 83.3 | 83.3 |
| Müügimeistrite A/S | Estonia | 92.0 | 92.0 | 92.0 | 92.0 |
| Objektvision AB | Sweden | 100.0 | 100.0 | 100.0 | 100.0 |
| Profesia s.r.o | Slovakia | 83.3 | 83.3 | 83.3 | 83.3 |
| Profesia s.r.o | Czech Republic | 83.3 | 83.3 | 83.3 | 83.3 |
| Rantapallo Oy | Finland | 79.0 | 79.0 | 79.0 | 79.0 |
| SIA CV-Online Latvia | Latvia | 83.3 | 83.3 | 83.3 | 83.3 |
| Suoramarkkinointi Mega Oy | Finland | 100.0 | 100.0 | 100.0 | 100.0 |
| TAU On-line d.o.o | Croatia | 83.3 | 83.3 | 83.3 | 83.3 |
| Telemarket SIA | Latvia | 96.0 | 96.0 | 96.0 | 96.0 |
| UAB CV-Online LT | Lithuania | 83.3 | 83.3 | 83.3 | 83.3 |
| Workania Magyarország Kft. | Hungary | 83.0 | 83.0 | 83.0 | 83.0 |

| Company | | Holding, % 2020 | Holding, % 2019 | Share of votes, % 2020 | Share of votes, % 2019 |
|---|---|---|---|---|---|
| **Subsidiaries merged with other Group companies during the financial year:** | | | | | |
| Suomen Tukkuautot Oy | Finland | 100.0 | 65.0 | 100.0 | 65.0 |
| Muuttomaailma Oy | Finland | 100.0 | 16.3 | 100.0 | 16.3 |
| | | | | | |
| **Subsidiaries divested during the financial year** | | | | | |
| Alma Media Kustannus Oy | Finland | | 100.0 | | 100.0 |
| Alma Manu Oy | Finland | | 100.0 | | 100.0 |
| Alma Talent AB | Sweden | | 100.0 | | 100.0 |
| Alma Talent Ekonomi AB | Sweden | | 100.0 | | 100.0 |
| Alma Talent Juridik AB | Sweden | | 100.0 | | 100.0 |
| Alma Talent Media AB | Sweden | | 100.0 | | 100.0 |
| Alma Talent Teknik AB | Sweden | | 100.0 | | 100.0 |
| Edlegio AB | Sweden | | 70.0 | | 70.0 |

Itemisation of significant non-controlling interests in the Group:

| Subsidiary | Finland | Holding, %* 2020 | Holding, %* 2019 |
|---|---|---|---|
| Alma Career Oy sub-group | Finland | 16.66 | 16.66 |
| Alma Mediapartners Oy sub-group | Finland | | 35 |

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

Alma Media Corporation acquired Arena Partnes Oy's 35 per cent minority shareholding in Alma Mediapartners Oy. The price of the share transaction was EUR 53.0 million. With the transaction, Alma Mediaparters is fully owned by Alma Media.

| MEUR | 2020 |
|---|---|
| Carrying amount of non-controlling interests acquired | 11.1 |
| Consideration paid to non-controlling interests | 53.0 |
| Excess of consideration paid recognised in the transactions with non-controllilng interests reserve within equity | 41.9 |

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

| | Alma Career sub-group | |
|---|---|---|
| MEUR | 2020 | 2019 |
| Current assets | 53.9 | 75.7 |
| Non-current assets | 48.0 | 44.1 |
| Current liabilities | 22.2 | 28.4 |
| Non-current liabilities | 0.2 | 0.1 |
| Revenue | 62.8 | 74.7 |
| Expenses | -41.3 | -42.5 |
| Operating profit | 18.8 | 28.6 |
| Share of profit allocated to Alma Media Corporation's owners (IFRS) | 10.5 | 17.7 |
| Share of profit allocated to non-controlling interest (IFRS) | 2.7 | 4.1 |
| Dividends paid to non-controlling interest | 3.7 | 3.3 |
| Net cash flow from operating activities | 12.2 | 25.4 |
| Net cash flows from/(used in) investing activities | -7.9 | -0.5 |
| Financing activities | -4.2 | -21.4 |

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

## 4.3 Business combinations

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

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

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

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

### Acquisitions in 2020

The Group carried out the following acquisitions in 2020:

| | Business | Acquisition date | Acquired share | Group share |
|---|---|---|---|---|
| **Alma Markets -segment** | | | | |
| Kolektiv Ltd | Online service | 9 January 2020 | 70% | 83% |
| Muuttomaailma Oy | Online service | 25 February 2020 | 75% | 65% |
| **Alma Talent -segment** | | | | |
| Digitaalinen asuntokauppa DIAS Oy | Online service | 30 December 2020 | 80,5% | 80,5% |

## Alma Markets

Consideration:

| MEUR | Fair value |
|---|---|
| Consideration, settled in cash | 3.7 |
| Contingent consideration | 0.7 |
| Fair value of acquisition achieved in stages | 1.7 |
| **Total consideration** | **6.1** |

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

| MEUR | Fair value |
|---|---|
| Tangible assets | 0.1 |
| Intangible assets | 1.5 |
| Trade and other receivables | 0.3 |
| Cash and cash equivalents | 0.6 |
| **Total assets acquired** | **2.6** |
| | |
| Deferred tax liabilities | 0.2 |
| Trade payables and other payables | 0.4 |
| **Total liabilities acquired** | **0.6** |
| | |
| **Acquired identifiable net assets at fair value, total** | **1.9** |
| **Group's share of net assets** | **1.5** |
| | |
| **Minority interest** | **0.4** |
| | |
| **Goodwill** | **4.6** |

## Alma Talent

Consideration:

| MEUR | Fair value |
|---|---|
| Consideration, settled in cash | 15.0 |
| Contingent consideration | 8.0 |
| Fair value of acquisition achieved in stages | 1.1 |
| **Total consideration** | **24.1** |

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

| MEUR | Fair value |
|---|---|
| Tangible assets | |
| Intangible assets | 8.9 |
| Trade and other receivables | 0.2 |
| Cash and cash equivalents | 1.1 |
| **Total assets acquired** | **10.3** |
| | |
| Deferred tax liabilities | 1.7 |
| Trade payables and other payables | 1.0 |
| **Total liabilities acquired** | **2.7** |
| | |
| **Acquired identifiable net assets at fair value, total** | **7.6** |
| **Group's share of net assets** | **6.1** |
| | |
| **Minority interest** | **1.5** |
| | |
| **Goodwill** | **18.0** |

## Acquisitions in 2019

The Group carried out the following acquisitions in 2019:

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

## Alma Markets

Consideration:

| MEUR | Fair value |
|---|---|
| Consideration, settled in cash | 3.9 |
| Contingent consideration | 1.9 |
| Fair value of acquisition achieved in stages | |
| **Total consideration** | **5.8** |

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

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

## Alma Consumer

Consideration:

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

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

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

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

Consideration paid for acquisitions - cash flow

| MEUR | 2020 | 2019 |
|---|---|---|
| Paid cash less acquired cash | | |
| Cash consideration | 18.7 | 7.1 |
| Asset transfer tax and transaction costs | 0.4 | 0.2 |
| Contingent considerations paid during the financial year | 2.0 | 8.6 |
| Less acquired amounts | | |
| Cash | 1.7 | 0.4 |
| **Net cash flow - capital expenditure** | **19.4** | **15.4** |

## 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 | 2020 | 2019 |
|---|---|---|
| **Investments in associated companies and joint ventures** | | |
| At beginning of period | 3.2 | 4.1 |
| Increases | 4.0 | |
| Decreases | -0.7 | -1.2 |
| Share of results | 0.4 | 0.5 |
| Capital repayments received | | |
| Dividends received | | -0.2 |
| Impairment | -0.3 | |
| **At end of period** | **6.6** | **3.2** |

## Further information on associated companies

Goodwill arising from associated companies on the balance sheet on 31 December 2020 totalled MEUR 3.2 (MEUR 1.0).

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

| MEUR | Alma Markets | Alma Talent | Other associated companies |
|---|---|---|---|
| **The year 2020** | | | |
| Current assets | 4.1 | 0.0 | |
| Non-current assets | 4.8 | 0.0 | |
| Current liabilities | 0.9 | | |
| Non-current liabilities | 0.8 | | |
| Revenue | 6.0 | 0.1 | |
| Profit/loss for the period | 1.8 | 0.0 | |
| Other comprehensive income | | | |
| | | | |
| **Reconciliation between associated companies' and joint ventures' financial information and the balance sheet value recognised by the Group:** | | | |
| Associated company's net assets | 7.1 | 0.0 | 0.1 |
| Group's share of net assets | 1.8 | 0.0 | 0.1 |
| Goodwill | 3.2 | | |
| Other adjustments | 1.1 | | |
| | | | |
| Associated companies' balance sheet value on the consolidated balance sheet | 6.5 | 0.0 | 0.1 |
| | | | |
| Receivables from associated companies | | | |
| Owed to associated companies | | | |
| Dividends and capital repayments received from associated company during the period | | | |

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

| Associated companies | Segment | Holding, % | Share of votes, % |
|---|---|---|---|
| Bolt Group Oy | Alma Markets | 21.1 | 21.1 |
| Conseco Press | Alma Talent | 40.0 | 40.0 |
| Infostud 3 d.o.o. | Alma Markets | 25.0 | 25.0 |
| Kytöpirtti Oy | Non-allocated | 43,2 | 43,2 |
| Media Metrics Finland Oy | Alma Markets | 25.0 | 25.0 |
| Vrabotuvanje Online | Alma Markets | 30.0 | 30.0 |

## Changes in holdings in associated companies in 2020

In January 2020, Alma Media Group acquired the entire share capital of Kolektiv Ltd. Alma Mediapartners Oy, a subsidiary of Alma Media, acquired the remaining share capital to become the full owner of Muuttomaailma Oy in February 2020. In December 2020, Alma Media sold its 35 per cent shareholding in Arena Interactive Oy to Arena Partners Oy for a price of EUR 0.4 million.

## 4.5 Related party transactions

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

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

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

Related party transactions – associated companies

| MEUR | 2020 | 2019 |
|---|---|---|
| Sales of goods and services | 0.0 | 0.2 |
| Purchases of goods and services | 0.3 | 0.5 |
| Trade, loan and other receivables | 0.0 | 0.0 |
| Trade payables | 0.0 | 0.0 |

Related party transactions – principal shareholders

| MEUR | 2020 | 2019 |
|---|---|---|
| Sales of goods and services | 0.1 | 0.1 |
| Purchases of goods and services | 0.1 | 0.0 |
| Trade, loan and other receivables | 0.0 | 0.0 |
| Trade payables | 0.0 | 0.0 |

Related party transactions – corporations where management exercises influence

| MEUR | 2020 | 2019 |
|---|---|---|
| Sales of goods and services | 0.1 | 0.0 |
| Purchases of goods and services | 0.1 | |
| Trade, loan and other receivables | 0.0 | 0.0 |
| Trade payables | 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 | 2020 | 2019 |
|---|---|---|
| Current income tax charge, continuing operations | 8.7 | 10.8 |
| Current income tax charge, discontinued operations | 2.7 | 2.0 |
| Adjustments in respect of current income tax of previous years, continuing operations | 0.3 | -1.1 |
| Adjustments in respect of current income tax of previous years, discontinued operations | 0.0 | 0.0 |
| Deferred taxes, continuing operations | 0.0 | -1.1 |
| Deferred taxes, discontinued operations | -0.8 | 0.1 |
| **Total** | **10.9** | **10.7** |

Reconciliation of tax expenses in the income statement and tax calculated on the parent company's tax rate (20.0%):

| MEUR | 2020 | 2019 |
|---|---|---|
| Profit before tax, continuing operations | 42.2 | 49.0 |
| Profit before tax, discontinued operations | 67.7 | 10.4 |
| Share of result of associated companies | -0.1 | -0.5 |
| **Total** | **109.8** | **58.8** |
| | | |
| Tax calculated on the parent company's tax rate of 20.0% | 22.0 | 11.8 |
| Impact of varying tax rates of foreign subsidiaries | -0.1 | -0.1 |
| Tax-free income | -12.6 | -0.1 |
| Non-tax-deductible expenses | 1.4 | 0.2 |
| Items from previous periods | | |
| Use of previously non-entered deferred tax assets | | -1.0 |
| Unrecognised deferred tax asset from the confirmed tax losses | 0.1 | 0.0 |
| Recognition of previously unrecognised deferred tax assets on the balance sheet | | |
| Other items | -0.1 | 0.0 |
| **Tax recognised in the income statement** | **10.9** | **10.7** |
| **Tax recognised in the income statement, continuing operations** | **9.0** | **8.6** |
| **Tax recognised in the income statement, discontinued operations** | **1.9** | **2.2** |

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 2020

| MEUR | 31.12.2019 | Recognised in income statement | Recognised in equity | Acquired/sold subsidiaries | 31.12.2020 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Provisions | 0.3 | 0.0 | | -0.3 | 0.1 |
| Pension benefits | 0.2 | 0.0 | 0.0 | -0.2 | 0.0 |
| Deferred depreciation | 0.2 | 0.0 | | -0.1 | 0.0 |
| Other items* | 0.9 | -1.0 | 0.0 | 0.1 | -0.1 |
| **Total** | **1.6** | **-1.0** | **0.0** | **-0.6** | **0.0** |
| | | | | | |
| Taxes, net | -0.1 | | | | 0.2 |
| Deferred tax assets on balance sheet | 0.4 | | | | 0.3 |

| MEUR | 31.12.2019 | Recognised in income statement | Recognised in equity | Acquired/sold subsidiaries | 31.12.2020 |
|---|---|---|---|---|---|
| **Deferred tax liabilities** | | | | | |
| Accumulated depreciation differences | 0.3 | -0.1 | | | 0.2 |
| Business combinations | 11.2 | -1.0 | -0.8 | 1.3 | 10.7 |
| Retained earnings of subsidiary companies | 0.3 | 0.1 | | | 0.4 |
| Other items | 0.1 | -0.1 | | -0.1 | -0.1 |
| **Total** | **11.9** | **-1.0** | **-0.8** | **1.2** | **11.3** |
| | | | | | |
| Taxes, net | -0.1 | | | | 0.2 |
| Deferred tax liabilities on balance sheet | 11.1 | | | | 11.5 |

No deferred tax asset has been calculated on the confirmed losses of Group companies: MEUR 0.2 for operations in Finland and MEUR 0.4 for international operations. Utilisation of this tax asset requires that the normal operations of such companies would generate taxable income. The losses expire in 2023, at the latest.

Changes in deferred taxes during 2019

| MEUR | 31.12.2018 | Recognised in income statement | Recognised in equity | Acquired/sold subsidiaries | 31.12.2019 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Provisions | 0.4 | -0.1 | 0.0 | | 0.3 |
| Pension benefits | 0.2 | 0.0 | 0.0 | | 0.2 |
| Deferred depreciation | 0.2 | 0.0 | 0.0 | | 0.2 |
| Other items* | 1.0 | -0.3 | 0.0 | | 0.9 |
| **Total** | **1.8** | **-0.2** | **0.0** | | **1.6** |
| | | | | | |
| Taxes, net | -0.3 | | | | -0.1 |
| Deferred tax assets on balance sheet | 1.5 | | | | 1.5 |
| | | | | | |
| **Deferred tax liabilities** | | | | | |
| Accumulated depreciation differences | 0.3 | 0.0 | 0.0 | | 0.3 |
| Business combinations | 11.7 | -1.1 | 0.0 | 0.6 | 11.2 |
| Retained earnings of subsidiary companies | 0.4 | -0.1 | | | 0.3 |
| Other items | 0.1 | 0.0 | 0.0 | | 0.1 |
| **Total** | **12.5** | **-1.2** | **0.0** | **0.6** | **11.9** |
| | | | | | |
| Taxes, net | -0.3 | | | | -0.1 |
| Deferred tax liabilities on balance sheet | 12.2 | | | | 11.8 |
| Deferred tax liabilities on balance sheet, continuing operations | | | | | 11.1 |
| Deferred tax liabilities on balance sheet, classified as held for sale | | | | | 0.6 |

## 5.3 Discontinued operations

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

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

On 11 February 2020, Alma Media announced it will sell its regional news media business and printing operations to Sanoma Media Finland. The businesses to be divested were previously reported primarily under the Alma Consumer segment. The transaction is subject to customary closing conditions, including approval by the Finnish Competition and Consumer Authority. The Finnish Competition and Consumer Authority issued its approval for the transaction on 19 March 2020 and the transaction was finalised on 30 April 2020.

Alma Media has applied the provisions of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation and recognition of the divestment of the regional news media business and printing operations. Alma Media has classified the businesses as assets held for sale and reports them as discontinued operations in the 2020 and 2019 financial statements.

The consolidated income statement presents the discontinued operations separately from continuing operations and the figures for the comparison period have been adjusted accordingly. The assets and liabilities associated with the discontinued operations are presented as separate line items on the balance sheet.

## Income statement for discontinued operations

| MEUR | 1 Jan–30 Apr 2020 | 1 Jan–30 Dec 2019 |
|---|---|---|
| Revenue | 27.1 | 92.2 |
| Other operating income | 8.0 | 0.2 |
| Expenses | -26.5 | -75.8 |
| Depreciation, amortisation and impairment | 0.0 | -5.2 |
| Net financial expenses | -0.5 | -1.1 |
| Profit before tax | 8.1 | 10.4 |
| **Income tax** | **-1.9** | **-2.2** |
| **Profit from discontinued operations after tax** | **6.2** | **8.2** |
| **Gain on sale of the subsidiary after income tax** | **59.6** | |
| **Profit from discontinued operations** | **65.8** | **8.2** |
| | | |
| **Details of the sale of the subsidiary** | | |
| **Consideration received or receivable** | **79.1** | |
| **Transaction costs** | **-1.6** | |
| **Carrying amount of net assets sold** | **-17.9** | |
| **Gain on sale** | **59.6** | |

## Cash flows of discontinued operations

| MEUR | 2020 | 2019 |
|---|---|---|
| Net cash flow from operating activities | 6.3 | 13.2 |
| Cash flow from investing activities | 52.2 | 6.2 |
| Cash flow from financing activities | -9.5 | -10.5 |

## The carrying amounts of assets and liabilities as at the date of sale (30 April 2020) were:

| MEUR | 30 April 2020 |
|---|---|
| Tangible assets and right-of-use assets | 44.0 |
| Goodwill | 11.7 |
| Other intangible assets | 0.7 |
| Other non-current assets | 0.1 |
| Non-current receivables | 0.0 |
| Deferred tax assets | 1.0 |
| Inventories | 2.5 |
| Trade and other receivables | 4.5 |
| Cash and cash equivalents | 24.6 |
| **Total assets included in the category of assets held for sale** | **89.3** |

| MEUR | 30 April 2020 |
|---|---|
| Interest-bearing long-term liabilities | 40.7 |
| Deferred tax liabilities | 0.7 |
| Pension liabilities | 0.2 |
| Other non-current liabilities | 0.0 |
| Interest-bearing short-term liabilities | 4.4 |
| Advances received | 12.8 |
| Income tax liability | 1.9 |
| Provisions | 0.4 |
| Trade payables and other current liabilities | 10.3 |
| **Total liabilities transferred to the category of assets held for sale** | **71.4** |
| | |
| **Net Assets** | **17.9** |

The following assets were reclassified as held for sale in relation to the discontinued operations at 31 December 2019:

| MEUR | 2019 |
|---|---|
| Tangible assets and right-of-use assets | 43.2 |
| Goodwill | 11.7 |
| Other intangible assets | 0.7 |
| Other non-current assets | 0.0 |
| Non-current receivables | 0.3 |
| Deferred tax assets | 1.0 |
| Inventories | 2.1 |
| Trade and other receivables | 5.5 |
| Cash and cash equivalents | 18.7 |
| **Total assets included in the category of assets held for sale** | **83.3** |

The following liabilities were reclassified as held for sale in relation to the discontinued operations at 31 December 2019:

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

Transactions between continuing operations and discontinued operations have been eliminated in accordance with IFRS 10. The intragroup sales of printing and other services by the discontinued operations to the continuing operations amounted to MEUR 1.7 (1.4). These items have been eliminated from the revenue of the discontinued operations and the corresponding expenses have been eliminated from the expenses of the discontinued operations.

The amount of MEUR 0.7 (0.7) has been deducted from the expenses of the discontinued operations and these expenses have been transferred to the profit for continuing operations. These expenses consist of the fixed expenses of support services that are expected to continue to be borne by the continuing operations following the divestment.

In addition, the expenses allocated to discontinued operations include an estimated incentive bonus totalling MEUR 0.6 for the successful transfer of the divested business to the buyer after a transitional service period.

## 5.4 Events after the balance sheet date

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

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

On 7 January 2021, Alma Media announced that LMC s.r.o, a subsidiary of Alma Career Oy and a leading recruitment service company in the Czech Republic, has acquired the Czech start-up Quantiq s.r.o. The company's SaaS-based recruitment service Techloop.io is targeted at IT professionals and businesses. Established in 2016, Quantic's revenue in 2020 was approximately MEUR 0.3.

# Parent company income statement (FAS)

| EUR | Note | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|---|---|---|
| Revenue | 6.1 | 26,468,657 | 30,991,666 |
| Other operating income | 6.2 | 111,167 | 224,652 |
| Materials and services | 6.3 | 21,395 | 69,160 |
| Expenses arising from employee benefits | 6.4 | 10,482,016 | 11,148,986 |
| Depreciation and write-downs | 6.5 | 1,054,318 | 1,352,033 |
| Other operating expenses | 6.6, 6.7, 6.8 | 20,768,706 | 25,278,429 |
| **Operating profit (loss)** | | **-5,746,612** | **-6,632,291** |
| Financial income and expenses | 6.9 | 17,827,954 | 9,584,549 |
| **Profit before appropriations and taxes** | | **12,081,342** | **2,952,258** |
| Appropriations | 6.10 | 11,735,592 | 23,255,902 |
| Income tax | 6.11 | -1,020,457 | -2,235,668 |
| **Profit for the period** | | **22,796,477** | **23,972,492** |

# Parent company balance sheet (FAS)

| EUR | Note | 31.12.2020 | 31.12.2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 6.12 | 1,280,099 | 2,036,278 |
| Property, plant and equipment | 6.13 | 1,294,746 | 1,216,300 |
| Investments | | | |
| Holdings in Group companies | 6.14 | 304,850,728 | 330,192,583 |
| Other investments | | 1,959,947 | 3,832,780 |
| **Non-current assets, total** | | **309,385,520** | **337,277,942** |
| | | | |
| **Current assets** | | | |
| Current receivables | 6.15 | 22,951,372 | 30,350,567 |
| Cash and cash equivalents | | 28,306,219 | 49,349,066 |
| **Current assets, total** | | **51,257,590** | **79,699,633** |
| | | | |
| **Assets, total** | | **360,643,111** | **416,977,576** |

| EUR | Note | 31.12.2020 | 31.12.2019 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | | 45,292,112 | 45,292,112 |
| Share premium reserve | | 119,295,759 | 119,295,759 |
| Other reserves | | 5,357,269 | 5,357,269 |
| Invested non-restricted equity fund | | 110,756,338 | 110,756,338 |
| Retained earnings (loss) | | 4,708,762 | 14,090,395 |
| Profit for the period (loss) | | 22,796,477 | 23,972,492 |
| **Total equity** | 6.16 | **308,206,717** | **318,764,365** |
| **Accumulated appropriations** | 6.17 | **186,052** | **481,644** |
| **Provisions** | 6.18 | | **4,808** |
| | | | |
| **Liabilities** | | | |
| Non-current liabilities | 6.19 | **577,168** | **2,631,830** |
| Current liabilities | 6.20 | **51,673,174** | **95,094,929** |
| **Liabilities, total** | | **52,250,342** | **97,726,758** |
| | | | |
| **Shareholders' equity and liabilities, total** | | **360,643,111** | **416,977,576** |

# Parent company cash flow statement (FAS)

| EUR | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit for the period | 22,796,477 | 23,972,492 |
| Depreciation and write-downs | 1,354,318 | 1,352,033 |
| Gains on sale of non-current assets | 9,988 | -35,930 |
| Net financial expenses (income statement) | -18,127,954 | -9,688,023 |
| Income tax | 1,020,457 | 2,235,668 |
| Change in provisions | -4,808 | 0 |
| Other adjustments | -12,330,847 | -22,409,903 |
| Change in working capital: | | |
| Change in trade receivables and other receivables | -631,211 | 343,908 |
| Change in trade payables and other payables | -1,628,026 | -503,865 |
| Dividend received | 21,635,740 | 18,780,767 |
| Interest received | 29,092 | 52,925 |
| Interest expenses paid and other finance expenses | -582,724 | -145,669 |
| Taxes paid | -726,950 | -4,584,441 |
| **Cash flow from operating activities** | **12,813,553** | **9,369,962** |
| | | |
| **Capital expenditure** | | |
| Business acquisitions less cash and cash equivalents at the time of acquisition | -53,000,000 | -3,197,932 |
| Proceeds from sale of businesses less cash and cash equivalents at the time of sale | 52,791,600 | 0 |
| Acquisitions of tangible assets | -151,300 | 0 |
| Acquisitions of intangible assets | -225,285 | -67,419 |
| Other investments | -7,093 | 0 |
| Repayment of loan reciveables | 0 | 0 |
| Proceeds of sale of available-for-sale financial assets | 50,000 | 483,820 |
| Acquisition and sale of associated companies | 2,372,945 | 15,000 |
| **Net cash flows from/(used in) investing activities** | **1,830,868** | **-2,766,531** |
| | | |
| **Cash flow before financing activities** | **14,644,420** | **10,028,884** |
| **Financing activities** | | |

| EUR | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|---|---|
| Acquisitions of own shares | -1,464,407 | 0.0 |
| Change in interest-bearing receivables | -24,551,991 | 2,129,971 |
| Group contributions received and paid | 23,270,000 | 31,984,000 |
| Dividends paid | -32,940,868 | -28,799,185 |
| **Net cash flows from/(used in) financing activities** | **-35,687,267** | **5,314,786** |
| | | |
| **Change in cash and cash equivalent funds (increase +/decrease -)** | **-21,042,847** | **11,918,217** |
| | | |
| Cash and cash equivalents at beginning of period | 49,349,066 | 37,430,849 |
| Cash and cash equivalents at end of period | 28,306,219 | 49,349,066 |

# Accounting principles used in the parent company's financial statements

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

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

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

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

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

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

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

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

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

## Other employee benefits
The parent company has long-term share-based incentive schemes for key management in effect. 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 | 2020 | 2019 |
|---|---|---|
| Finland | 26.5 | 31.0 |
| **Total** | **26.5** | **31.0** |

## 6.2 Other operating income

| MEUR | 2020 | 2019 |
|---|---|---|
| Gains on the sale of assets | | 0.2 |
| Other income | 0.1 | 0.0 |
| **Total** | **0.1** | **0.2** |

## 6.3 Materials and services

| MEUR | 2020 | 2019 |
|---|---|---|
| Materials and services | 0.0 | 0.1 |
| **Total** | **0.0** | **0.1** |

## 6.4 Employee expenses

| MEUR | 2020 | 2019 |
|---|---|---|
| Wages, salaries and fees | 8.6 | 9.0 |
| Pension expenses | 1.2 | 1.4 |
| Other payroll-related expenses | 0.7 | 0.8 |
| **Total** | **10.5** | **11.1** |
| | | |
| Average number of employees | 100 | 113 |
| | | |
| **Salaries and bonuses paid to management** | | |
| President and CEO | 1.2 | 0.7 |
| Other members of the Group Executive Team | 2.4 | 2.1 |
| Members of the Board of Directors | 0.4 | 0.4 |
| **Total** | **4.0** | **3.2** |

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

## 6.5 Depreciation and write-downs

| MEUR | 2020 | 2019 |
|---|---|---|
| Depreciation on tangible and intangible assets | 1.1 | 1.4 |
| **Total** | **1.1** | **1.4** |

## 6.6 Other operating expenses

| MEUR | 2020 | 2019 |
|---|---|---|
| Information technology and telecommunication | 10.5 | 10.7 |
| Business premises | 6.3 | 8.5 |
| Other expenses | 4.0 | 6.0 |
| **Total** | **20.8** | **25.3** |

## 6.7 Auditors' fees

| 1000 EUR | 2020 | 2019 |
|---|---|---|
| Audit | 252.7 | 266.0 |
| Reporting and opinions | 1.0 | 6.0 |
| Tax consultation | 11.7 | 32.0 |
| Other | 109.4 | 27.0 |
| **Total** | **374.7** | **331.0** |

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

## 6.8 Research and development costs

The Group's research and development costs in 2020 totalled EUR 140 000 (EUR 699,939 in 2019). No development costs were capitalised on the balance sheet in 2020 (EUR 409,939 in 2019).

## 6.9 Financial income and expenses

| MEUR | 2020 | 2019 |
|---|---|---|
| **Dividend income** | | |
| From Group companies | 21.6 | 18.5 |
| From associated companies | | 0.2 |
| From others | 0.0 | 0.0 |
| **Total** | **21.6** | **18.8** |
| | | |
| **Other interest and financial income** | | |
| From Group companies | 0.9 | 0.1 |
| Fair value gain on financial assets at fair value through profit or loss | | -0.1 |
| From others | 0.0 | 0.0 |
| **Total** | **0.9** | **-0.1** |
| | | |
| **Impairment for non-current investments** | | |
| Impairment on shares in Group companies | | -9.0 |
| Impairment of non-current investments | -0.3 | |
| **Total** | **-0.3** | **-9.0** |
| | | |
| **Interest expenses and other financial expenses** | | |
| To Group companies | -3.8 | 0.0 |
| To others | -0.3 | -0.2 |
| **Total** | **-4.1** | **-0.2** |
| | | |
| **Foreign exchange rate gains/losses** | | |
| Foreign exchange rate gains and losses | -0.3 | 0.0 |
| | | |
| **Financial income and expenses, total** | **17.8** | **9.6** |

## 6.10 Appropriations

| MEUR | 2020 | 2019 |
|---|---|---|
| Difference between planned depreciation and depreciation made for tax purposes | 0.3 | 0.0 |
| Group contribution | 11.4 | 23.3 |
| **Total** | **11.7** | **23.3** |

## 6.11 Income tax

| MEUR | 2020 | 2019 |
|---|---|---|
| Income tax from regular business operations | -1.0 | -2.2 |
| **Total** | **-1.0** | **-2.2** |

## 6.12 Intangible assets

| MEUR | Intangible rights | Advance payments | Total |
|---|---|---|---|
| **Financial year 2020** | | | |
| Acquisition cost 1 Jan | 6.1 | | 6.1 |
| Increases | 0.2 | | 0.2 |
| Decreases | | | |
| Transfers between items | | | |
| **Acquisition cost 31 Dec** | **6.3** | | **6.3** |
| | | | |
| Accumulated depreciation and write-downs 1 Jan | 4.0 | | 4.0 |
| Accumulated depreciation in decreases | | | |
| Depreciation for the financial year | 1.0 | | 1.0 |
| **Accumulated depreciation 31 Dec** | **5.0** | | **5.0** |
| | | | |
| **Book value 31.12.2020** | **1.3** | | **1.3** |

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

## 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 2020** | | | | | | |
| Acquisition cost 1 Jan | | 0.5 | 0.1 | 1.0 | | 1.7 |
| Increases | | | | 0.2 | | 0.2 |
| Decreases | | | | 0.0 | | 0.0 |
| **Acquisition cost 31 Dec** | | **0.5** | **0.1** | **1.2** | | **1.8** |
| | | | | | | |
| Accumulated depreciation 1 Jan | | | | | | |
| Accumulated depreciation in decreases | | 0.3 | 0.1 | 0.1 | | 0.5 |
| Depreciation for the financial year | | 0.0 | 0.0 | 0.1 | | 0.1 |
| **Accumulated depreciation 31 Dec** | | **0.3** | **0.1** | **0.1** | | **0.5** |
| | | | | | | |
| **Book value 31.12.2020** | | **0.2** | **0.0** | **1.1** | | **1.3** |
| | | | | | | |
| Balance sheet value of machinery and equipment 31.12.2020 | | 0.3 | | | | |
| | | | | | | |
| **Financial year 2019** | | | | | | |
| Acquisition cost 1 Jan | | 0.6 | 0.2 | 1.5 | | 2.3 |
| Increases | | | | | | |
| Decreases | | -0.1 | 0.0 | -0.5 | | -0.6 |
| **Acquisition cost 31 Dec** | | **0.5** | **0.1** | **1.0** | | **1.7** |
| | | | | | | |
| Accumulated depreciation 1 Jan | | 0.4 | 0.1 | 0.5 | | 1.0 |
| Accumulated depreciation in decreases | | -0.1 | 0.0 | -0.5 | | -0.6 |
| Depreciation for the financial year | | 0.0 | 0.0 | 0.1 | | 0.1 |
| **Accumulated depreciation 31 Dec** | | **0.3** | **0.1** | **0.1** | | **0.5** |
| | | | | | | |
| **Book value 31.12.2019** | | **0.3** | **0.0** | **1.0** | | **1.2** |
| | | | | | | |
| Balance sheet value of machinery and equipment 31.12.2019 | | 0.3 | | | | |

## 6.14 Investments

| MEUR | Shares Group companies | Shares associated companies | Shares other | Total |
|---|---|---|---|---|
| **Financial year 2020** | | | | |
| Acquisition cost 1 Jan | 569.4 | 3.4 | 0.9 | 573.7 |
| Increases | 64.8 | 0.0 | 0.0 | 64.8 |
| Decreases | -201.8 | -2.3 | -0.1 | -204.1 |
| Transfers between items | | | | |
| **Acquisition cost 31 Dec** | **432.4** | **1.2** | **0.8** | **434.4** |
| | | | | |
| Accumulated depreciation, amortisation and impairments 1 Jan | 239.2 | 0.5 | 0.0 | 239.7 |
| Accumulated depreciation in decreases and transfers | -111.7 | -0.8 | 0.0 | -112.5 |
| Amortisation and impairments | | 0.3 | | 0.3 |
| **Accumulated depreciation, amortisation and impairments 31 Dec** | **127.6** | **0.0** | **0.0** | **127.6** |
| | | | | |
| **Book value 31.12.2020** | **304.9** | **1.2** | **0.8** | **306.8** |
| | | | | |
| **Financial year 2019** | | | | |
| Acquisition cost 1 Jan | 581.4 | 4.8 | 1.1 | 587.4 |
| Increases | 5.2 | | | 5.2 |
| Decreases | -18.4 | -0.2 | -0.3 | -18.8 |
| Transfers between items | 1.2 | -1.2 | | |
| **Acquisition cost 31 Dec** | **569.4** | **3.4** | **0.9** | **573.7** |
| | | | | |
| Accumulated depreciation, amortisation and impairments 1 Jan | 248.6 | 0.5 | 0.0 | 249.1 |
| Accumulated depreciation in decreases and transfers | -18.4 | 0.0 | | -18.4 |
| Amortisation and impairments | 9.0 | 0.0 | | 9.0 |
| **Accumulated depreciation, amortisation and impairments 31 Dec** | **239.2** | **0.5** | **0.0** | **239.7** |
| | | | | |
| **Book value 31.12.2019** | **330.2** | **3.0** | **0.8** | **334.0** |

Parent company holdings in Group companies and associated companies

| Company | Registered office | Holding % | Share of votes, % | Group holding % |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| Alma Career Oy | Helsinki, Finland | 83.34 | 83.34 | 83.34 |
| Alma Media Suomi Oy | Helsinki, Finland | 100.00 | 100.00 | 100.00 |
| Alma Mediapartners Oy | Helsinki, Finland | 100.00 | 100.00 | 100.00 |
| Etua Oy | Helsinki | 60.00 | 60.00 | 60.00 |
| Karenstock Oy | Helsinki, Finland | 100.00 | 100.00 | 100.00 |
| Alma Talent Oy | Helsinki, Finland | 100.00 | 100.00 | 100.00 |
| Kotikokki.net Oy | Helsinki, Finland | 65.00 | 65.00 | 65.00 |
| Objektvision AB | Stockholm, Sweden | 100.00 | 100.00 | 100.00 |
| Rantapallo Oy | Helsinki, Finland | 79.00 | 79.00 | 79.00 |
| | | | | |
| **Associated companies** | | | | |
| Infostud 3 d.o.o. | Serbia | 25.00 | 25.00 | 25.00 |
| Kytöpirtti Oy | Seinäjoki, Finland | 43.20 | 43.20 | 43.20 |

## 6.15 Receivables

| MEUR | 2020 | 2019 |
|---|---|---|
| **Current receivables** | | |
| Receivables from Group companies | | |
| Trade receivables | | 0.0 |
| Loan receivables* | 19.1 | 27.3 |
| Loan receivables | | 0.0 |
| Prepaid expenses and accrued income | 0.6 | 1.1 |
| **Total** | 19.7 | **28.4** |
| | | |
| **Receivables from others** | | |
| Trade receivables | 0.6 | 0.0 |
| Other receivables | 0.0 | 0.1 |
| Prepaid expenses and accrued income** | 2.6 | 1.8 |
| **Total** | **3.2** | **1.9** |
| | | |
| **Current receivables, total** | **23.0** | **30.4** |

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

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

## 6.16 Shareholders' equity

| MEUR | 2020 | 2019 |
|---|---|---|
| **Restricted shareholders' equity** | | |
| | | |
| Share capital 1 Jan | 45.3 | 45.3 |
| Share capital 31 Dec | 45.3 | 45.3 |
| | | |
| Share premium reserve 1 Jan | 119.3 | 119.3 |
| Share premium reserve 31 Dec | 119.3 | 119.3 |
| | | |
| Other reserves 1 Jan | 5.4 | 5.4 |
| Other reserves 31 Dec | 5.4 | 5.4 |
| | | |
| **Restricted shareholders' equity total** | **169.9** | **169.9** |
| | | |
| **Non-restricted shareholders' equity** | | |
| Invested non-restricted equity fund 1 Jan | 110.8 | 110.8 |
| Invested non-restricted equity fund 31 Dec | 110.8 | 110.8 |
| | | |
| Retained earnings 1 Jan | 38.1 | 42.0 |
| Cancellation of unpaid dividends | | |
| Dividend payment | -32.9 | -28.8 |
| Acquisition of own shares | -1.5 | |
| Disposal of own shares | 1.1 | 0.9 |
| **Retained earnings 31 Dec** | **4.7** | **14.1** |
| | | |
| Profit for the period | 22.8 | 24.0 |
| | | |
| **Non-restricted shareholders' equity total** | **138.3** | **148.8** |
| | | |
| **Total equity** | **308.2** | **318.8** |
| | | |

| MEUR | 2020 | 2019 |
|---|---|---|
| **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 | -0.3 | -0.4 |
| Profit from the previous year | 4.7 | 14.1 |
| Profit for the period | 22.8 | 24.0 |
| **Total** | **138.0** | **148.4** |

## 6.17 Appropriations

| MEUR | 2020 | 2019 |
|---|---|---|
| Difference between planned depreciation and depreciation made for tax purposes | 0.2 | 0.5 |

## 6.18 Provisions

The mandatory provisions were reversed during the financial year 2020 (2019: EUR 4,808.17).

## 6.19 Non-current liabilities

| MEUR | 2020 | 2019 |
|---|---|---|
| Other non-current liabilities | 0.6 | 2.6 |
| **Total** | **0.6** | **2.6** |
| | | |
| Debt due after five years | | |
| Other non-current liabilities | 0.1 | 0.2 |

## 6.20 Current liabilities

| MEUR | 2020 | 2019 |
|---|---|---|
| Trade payables | 1.4 | 1.1 |
| **Total** | **1.4** | **1.1** |
| | | |
| Liabilities to Group companies | | |
| Trade payables | 0.0 | 0.0 |
| Other liabilities | 43.0 | 90.2 |
| Accrued expenses and prepaid income | 0.1 | |
| **Total** | **43.0** | **90.2** |
| | | |
| Liabilities to associated companies | | |
| Other liabilities | | |
| **Total** | | |
| | | |
| To others | | |
| Provisions | | 0.0 |
| Other current liabilities | 2.8 | 0.7 |
| Accrued expenses and prepaid income | 4.5 | 3.1 |
| **Total** | **7.2** | **3.9** |
| | | |
| **Current liabilities total** | **51.7** | **95.1** |

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

## 6.21 Commitments and contingencies

| MEUR | 2020 | 2019 |
|---|---|---|
| **Collateral for own commitments** | | |
| Guarantees | 2.5 | 0.6 |
| **Collateral for others** | | |
| Guarantees | | 0.9 |
| **Other own commitments** | | |
| Rental commitments – within one year | 5.4 | 7.5 |
| Rental commitments – after one year | 28.9 | 55.5 |
| Rental commitments total | 34.3 | 62.9 |
| | | |
| Other commitments | | 0.2 |
| | | |
| **Total** | | |
| Guarantees | 2.5 | 1.5 |
| Other commitments | 34.3 | 63.1 |
| **Commitments total** | **36.8** | **64.6** |

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 31 December 2020. The company also has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was unused on 31 December 2020.

## 6.22 Derivative contracts

| MEUR | 2020 | 2019 |
|---|---|---|
| **Commodity derivatives (electricity forwards)** | | |
| Fair value* | 0.0 | 0.0 |
| Nominal value | 0.1 | 0.2 |

* 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 137,958,899 on 31 December 2020.

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

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.30 per share (2019: EUR 0.40per share) be paid for the financial year 2020. Based on the number of outstanding shares on the closing date 31 December 2020, the dividend payment totals EUR 24,678,651 (32,913,355).

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, 16 February 2020

**Jorma Ollila**
Chairman of the Board

**Petri Niemisvirta**
Deputy Chairman of the Board

**Esa Lager**
Board member

**Catharina Stackelberg-Hammarén**
Board member

**Peter Immonen**
Board member

**Päivi Rekonen**
Board member

**Alexander Lindholm**
Board member

**Kai Telanne**
President and CEO

AUDITOR'S NOTE

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

Helsinki, 16 February 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

**Markku Launis**
Authorised Public Accountant

# Auditor's Report
**(Translation of the Finnish Original)**

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 2020. 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 2,1 million |
| Group scoping | • We have audited parent company and its subsidiaries in Finland, Czech Republic and Slovakia |
| Key audit matters | • Changes in Group structure and their accounting treatment<br>• Valuation of goodwill and intangibles with indefinite lives<br>• 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 2,1 million

How we determined it
We used 5% of profit before tax to determine overall group materiality

Rationale for the materiality benchmark applied
We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

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 and Slovakia. 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

**Changes in Group structure and their accounting treatment**
Refer to accounting principles of the consolidated financial statements and notes 4.3 and 5.3 in the consolidated financial statements

Several changes have taken place in the Group structure in the financial year ended due to business combinations, business combinations achieved in stages and sale of subsidiaries. In addition, changes have taken place in the non-controlling interests due to acquisition of shares.

In business combinations, the assets and liabilities of the acquiree are measured at fair value at the date of the acquisition which requires management to make estimates.

The business acquisitions may include additional purchase price components and the obligation to redeem the shares of non-controlling interest. These require management estimation for the future profit development of the acquired company as well as the timing of the redemption.

The accounting treatment of changes in control might require the management to remeasure previous share of ownership.

Changes in Group structure and their accounting treatment are a focus area in the audit due to the high level of management judgement involved to the entries.

**How our audit addressed the key audit matter**
Our audit procedures relating to changes in Group structure included:

- For business combinations we considered the purchase agreements, evaluated the valuation principles of the assets and liabilities of the acquiree and the underlying assumptions used, as well as assessed the technical accuracy of the purchase price allocations.
- As part of the audit procedures we have evaluated the values and the proper accounting treatment of the contingent considerations and the redemption liabilities relating to the non-controlling interest.
- For business combinations achieved in stages we considered the change in control and the appropriateness of the accounting treatment.
- For the sale of businesses, we have reviewed the agreements and evaluated the correct accounting treatment and the presentation for the gain or loss on sale.
- Furthermore, we considered the appropriateness of the Group's disclosures in respect of the changes in the Group structure.

### 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 2020 the Group's goodwill balance amounted to EUR 150,7 million and intangible rights with indefinite lives EUR 37 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 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 2020 the holdings in group companies are valued at EUR 304,9 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 7 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.

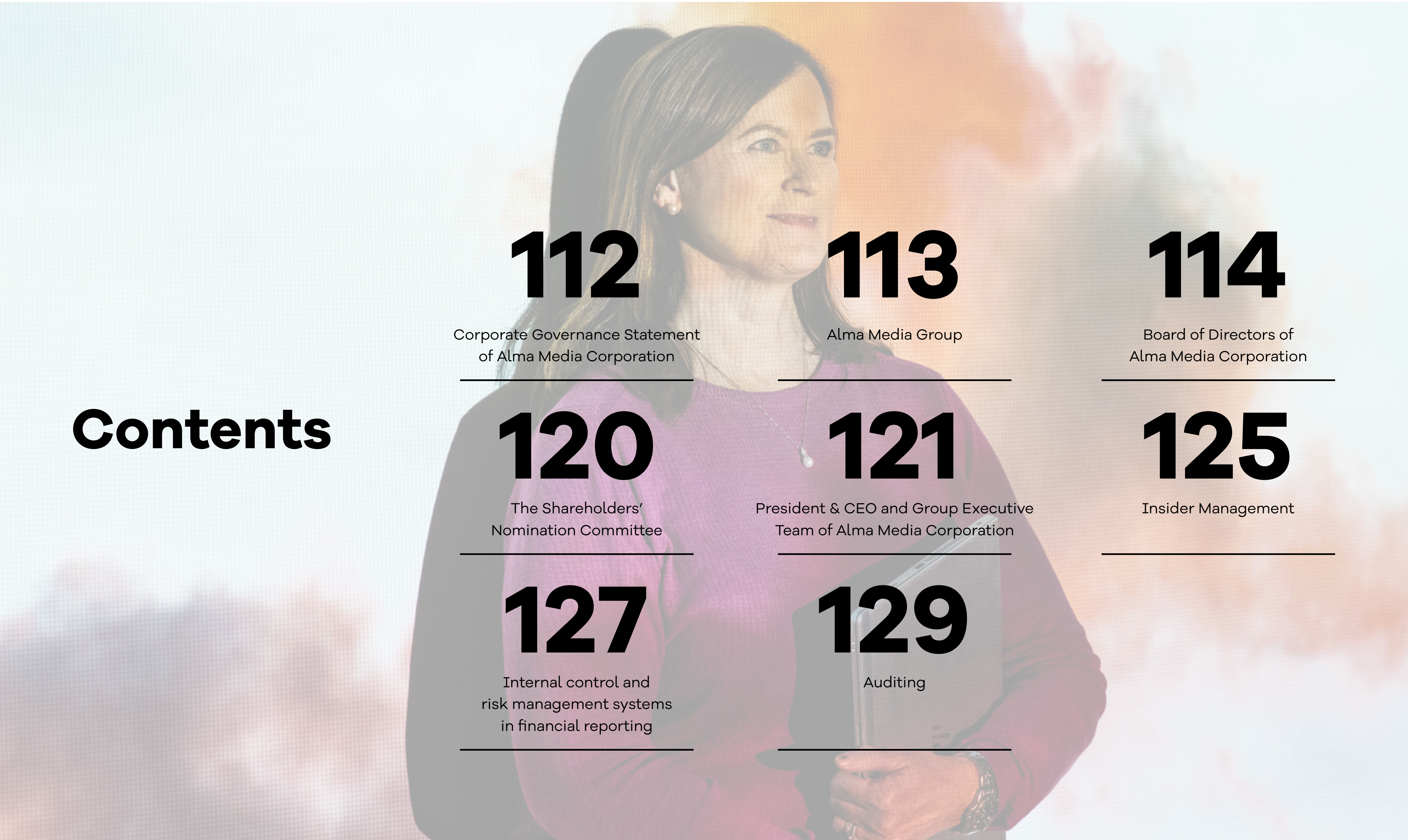
In our opinion
- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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 16 February 2021
PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

# CORPORATE GOVERNANCE STATEMENT 2020



# Contents

# Corporate Governance Statement

In 2020, Alma Media Corporation applied the Finnish Corporate Governance Code 2020 for listed companies, which entered into force on 1 January 2020, 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/en

# Alma Media Group

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

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

Alma Media Group has three reporting segments. The Alma Markets segment consists of the recruitment business as well as digital automotive and housing marketplaces and complementary services. The Alma Talent segment publishes subscription-based digital content media and provides digital data, content and marketplace services for professionals and companies in various industries to support competence development and business growth. The Alma Consumer segment includes the various digital and print news and lifestyle content of the national media Iltalehti.

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

# Board of Directors of Alma Media Corporation

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

The Board Diversity Policy sets out the principles concerning the diversity of the Board of Directors. The principles are available in their entirety on the Alma Media website at 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 2020 elected the following members to the Board of Directors: **Jorma Ollila**, **Peter Immonen**, **Esa Lager**, **Alexander Lindholm**, **Petri Niemisvirta**, **Päivi Rekonen**, **Catharina Stackelberg-Hammarén**. The Chair of the Board of Directors is Jorma Ollila and the Deputy Chair is Petri Niemisvirta.

### Jorma Ollila

Born: 1950
M.Sc. (Soc.), M.Sc. (Econ.), M.Sc. (Eng)
Finnish citizen

### Chair of the Board of Directors

Member of the Board since 2019, member of the Nomination and Compensation Committee

**Essential work experience**

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

**Principal positions of trust**

- Tetra Laval Group: member of the Board 2013–
- TBG AG: member of the Board 2016–
- Perella Weinberg Partners: advisory partner 2014–
- Miltton Group Oy: Chair of the Board 2015–
- Xinova LLC: Chairman of the Board 2016–
- The Finnish Innovation Fund Sitra: member of the Board 2020–

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

**Shareholding on 31 December 2020**
18,106 Alma Media Corporation shares

## Petri Niemisvirta

Born: 1970
LL.M.
Finnish citizen

Mandatum Life Insurance Company Limited: Managing Director and member of the Group Executive Committee of Sampo plc
Deputy Chair 2019–, Chair 2018, Deputy Chair 2011–2018, member of the Board 2011–, member of the Audit Committee

**Essential work experience**

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

**Principal positions of trust**

- Mandatum Life: member of the Board 2019–
- World Wide Fund for Nature, Finland: member of the Council 2018–
- Topdanmark A/S: Member of the Board 2017–
- Kaleva Mutual Insurance Company: Member of the Board 2013–, Chair of the Board 2014–
- Varma Mutual Pension Insurance Company: member of the Board 2014–
- BenCo Insurance Holding B.V.: member of the Board 2009–2020
- Finance Finland (FFI): member of the Board 2019–, Chair of the Life Insurance Executive Committee 2019–, member 2017–2018, Chair 2015–2016, member 2011–2014, Chair 2007–2010
- Confederation of Finnish Industries EK, Finance and Tax Commission: member 2017–, Chair 2015–2016

Independent of the company and its significant shareholders

**Shareholding on 31 December 2020**
23,937 Alma Media Corporation shares

## Peter Immonen

Born: 1959
M.Sc. (Econ.)
Finnish citizen

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

**Essential work experience**

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

**Principal positions of trust**

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

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

**Shareholding on 31 December 2020**
3,088 Alma Media Corporation shares

## Esa Lager

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

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

**Essential work experience**

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

**Principal positions of trust**

- Stockmann Oyj: member of the Board 2017–
- SATO Oyj: member of the Board 2016–, Chair of the Board 2015–2016, Deputy Chair of the Board 2014–2015
- Ilkka-Yhtymä Oyj: member of the Board 2011–, Deputy Chair of the Board 2014–
- Terrafame Oy: member of the Board 2015–
- GRK Infra Oy: member of the Board 2020–

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

**Shareholding on 31 December 2020**
16,913 Alma Media Corporation shares

## Alexander Lindholm

Born: 1969
BBA
Finnish citizen

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

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

**Principal positions of trust**
- Otava Ltd: member of the Board 2008–
- Yhtyneet Kuvalehdet Oy/Otavamedia Ltd: member of the Board/Chair 2008–
- Otava Publishing Company Ltd: Chair of the Board 2010–
- Suomalainen Kirjakauppa Ltd: Chair of the Board 2011–
- Nettix Oy: Chair of the Board 2016–
- Kirjavälitys Oy: Chair of the Board 2013–

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

**Shareholding on 31 December 2020**
3,088 Alma Media Corporation shares

## Päivi Rekonen

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

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

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

**Principal positions of trust**
- F-Secure Corporation: member of the Board 2017–
- Efecte Plc: member of the Board 2018–
- Konecranes Corporation: member of the Board 2018–
- UNOPS: member of Strategy Advisory Board 2018–
- SEBA Bank: Chair of the Board 2020–

Independent of the company and its significant shareholders

**Shareholding on 31 December 2020**
3,088 Alma Media Corporation shares

## Catharina Stackelberg-Hammarén

Born: 1970
M.Sc. (Econ.)
Finnish citizen

Founder and Executive Chairman, Marketing Clinic Oy
Member of the Board 2009–, Member of the Nomination and Compensation Committee

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

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

Independent of the company and its significant shareholders

**Shareholding on 31 December 2020**
24,779 Alma Media Corporation shares

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

## Tasks and responsibilities of the Board of Directors

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

The duties of the Board of Directors include:

- confirming the Group's strategy and objectives, monitoring their implementation, and, if required, initiating corrective action
- considering and approving the interim reports and financial statements
- approving strategically significant corporate and real estate acquisitions and disposals as well as investments according to separate investment instructions
- deciding on the Alma Media Corporation's capital financing programmes and operations according to a separate treasury policy
- approving the dividend policy and submitting a dividend proposal to the Annual General Meeting
- annually reviewing the main risks associated with the company's operations and the management of these risks; if necessary, giving the President and CEO instructions on how to deal with them, and, if required, initiating corrective action
- approving the principles for the advance approval of non-audit services provided by the auditor
- appointing and, if required, dismissing the President and CEO
- deciding on the Nomination and Compensation Committee's proposal for the terms of employment of the President and CEO and the other members of the Group Executive Team
- confirming the company's organisation based on the CEO's proposal
- confirming the terms of employment of the CEO's direct subordinates based on the CEO's proposal
- based on the President and CEO's proposal, confirm the appointment and dismissal of the editors-in-chief of newspapers and magazines with significant revenue and circulation
- holding a meeting with the company's auditors at least once a year
- deciding on matters that are exceptional and have wide-ranging consequences
- makes decisions on such activities within the related parties and their transactions that are not part of the company's regular activities or which diverge from normal commercial conditions
- considering other matters that the Chair of the Board and President and CEO have agreed to be included in the agenda for the Board's meeting. Other Board members are also entitled to put a matter before the Board by notifying the Chair of such a matter.
- representing the company and authorising individuals to represent the company, as well as deciding on procurations
- approving the principles underlying the donation of sums to good causes.

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

The Board convenes approximately 12 times a year according to a previously confirmed timetable and, in addition, whenever necessary. Most meetings are connected with the publication of the company's financial statements and interim reports. Part of the meetings are focused on strategy, and at these meetings the Board discusses the Group's future scenarios and confirms the strategy for each strategy period. In 2020, the Board met 18 times. The attendance of each member is shown in the table below.

| Name | Role | Attendance at Board meetings |
|---|---|---|
| Jorma Ollila | Chair | 16/16 |
| Petri Niemisvirta | Deputy Chair | 18/18 |
| Peter Immonen | Member | 18/18 |
| Esa Lager | Member | 18/18 |
| Alexander Lindholm | Member | 16/16 |
| Päivi Rekonen | Member | 18/18 |
| Catharina Stackelberg-Hammarén | Member | 18/18 |

## Assessment of the Board's performance

In 2020, 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

The members of the Audit Committee shall have the expertise and experience required for the duties of the Committee, and at least one member shall have special expertise in accounting or auditing. As a whole, the Audit Committee must possess sufficient expertise and experience in the tasks of the Audit Committee as well as the company's operating environment. At its constitutive meeting after the Annual General Meeting, the Board of Directors elects a minimum of three members to the Audit Committee from among the Board members, who then elect a Chair for the Committee. The Audit Committee meets at least four times a year.

As of 29 April 2020, the members of the Audit Committee were **Esa Lager**, **Alexander Lindholm**, **Petri Niemisvirta** and **Päivi Rekonen**. **Esa Lager** was the Chair of the Audit Committee. The Audit Committee's meetings are attended by the company's Auditor, the Group's Chief Financial Officer and General Counsel. Matters to the Committee are presented by the CFO.

The Board of Directors has appointed the Audit Committee to monitor the company's internal control systems. The work of the Audit Committee includes tasks such as evaluating compliance with legislation and regulations; evaluating and monitoring the financial reporting process and financial statements reporting, including compliance with financial statements standards; monitoring the auditing process; approving, in accordance with the principles confirmed by the company's Board of Directors, or giving advance authorisation to the Chair of the Audit Committee to approve, all permitted non-audit services provided by the auditor, including their scope and the estimated fees payable for them; and monitoring significant financial, financing and tax risks; and monitoring the company's fiscal position. The Audit Committee is required to process the company's central approval and operational instructions for investments and funding, for example. In addition, the Audit Committee monitors processes and risks related to IT security and processes any messages received through the Group's ethical reporting – the Whistleblowing channel. The Audit Committee also monitors and evaluates the independence of the auditor and, in particular, the auditor's provision of non-audit services.

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 2020. The attendance of each member is shown in the table below.

| Name | Role | Attendance at the Committee meetings |
|---|---|---|
| Esa Lager | Chair | 5/5 |
| Alexander Lindholm | Member | 5/5 |
| Petri Niemisvirta | Member | 5/5 |
| Päivi Rekonen | 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 at least three members, who elect a Chair for the Committee. On 24 September 2020, **Jorma Ollila** and **Catharina Stackelberg-Hammarén** were elected as members of the Nomination and Compensation Committee, with **Peter Immonen** elected as Chair.

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

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

The Nomination and Compensation Committee convened three times in 2020 to consider matters according to its Charter. The attendance of each member is shown in the table below.

| Name | Role | Attendance at the Committee meetings |
|---|---|---|
| Peter Immonen | Chair | 3/3 |
| Jorma Ollila | Member | 3/3 |
| Catharina Stackelberg-Hammarén | Member | 3/3 |

# The Shareholders' Nomination Committee

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

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

More information on the members of the Shareholders' Nomination Committee of Alma Media Corporation in 2020 is presented in the table:

On 5 November 2020, the Shareholders' Nomination Committee issued a proposal to the Annual General Meeting to be held on 24 March 2021.

| Name | Role |
|---|---|
| **Henrik Ehrnrooth**<br>Born: 1954, B.Sc. (Forest Econ.), M.Sc. (Econ.)<br><br>Chair of the Board of Directors, Otava Oy<br>Member of the Board, ÅF Pöyry AB<br><br>Shareholding on 31 December 2020: 0 Alma Media Corporation shares | Chair |
| **Timo Aukia**<br>Born: 1973, M.Sc. (Econ.)<br><br>Managing Director, Timo Aukia Oy & Jaakko Aukia Oy<br><br>Shareholding on 31 December 2020: 5,246 Alma Media Corporation shares | Member |
| **Peter Immonen**<br>Born: 1959, M.Sc. (Econ.)<br><br>Chair of the Board of Directors, WIP Asset Management,<br>member of the Board of Directors of Mariatorp Oy<br><br>Shareholding on 31 December 2020: 3,088 Alma Media Corporation shares | Member |
| **Timo Sallinen**<br>Born: 1970, M.Sc. (Econ.)<br><br>Head of Listed Securities, Varma Mutual Pension Insurance Company<br><br>Shareholding on 31 December 2020: 0 Alma Media Corporation shares | Member |
| **Jorma Ollila**<br>Born: 1950, Master of Science degree in Political Science (University of Helsinki), M.Sc. Economics (London School of Economics), M.Sc. in Engineering (Helsinki University of Technology)<br><br>Chair of the Board of Directors, member of the Board since 2019, member of the Nomination and Compensation Committee<br><br>Shareholding on 31 December 2020: 18,106 Alma Media Corporation shares | Expert member |

# President & CEO and Group Executive Team of Alma Media Corporation

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

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

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

The President and CEO, Mr Kai Telanne, is supported by a Group Executive Team, in 2020 comprising Kari Kivelä (Senior Vice President, Alma Consumer), Vesa-Pekka Kirsi (Senior Vice President, Alma Markets), Juha-Petri Loimovuori (Managing Director, Alma Talent), Tiina Järvilehto (Senior Vice President, Alma Media Solutions), Santtu Elsinen (CDO), Virpi Juvonen (Senior Vice President, Human Resources), Mikko Korttila (General Counsel), Elina Kukkonen (Senior Vice President, Communications and Brand) and Juha Nuutinen (CFO). The members of the executive team take turns acting as secretary to the Group Executive Team.

The Group Executive Team prepares the monthly reports, investments, Group guidelines and policies, the strategy and other long-term plans, action plans covering the following 12 months and the financial statements for confirmation by the Board of Directors. The Group Executive Team convened 25 times in 2020.

## Kai Telanne

Born: 1964
M.Sc. (Econ.)

### President and CEO, Chair of the Group Executive Team

In the current position 2005–
Member of the Group Executive Team 2005–

**Essential work experience**

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

**Principal positions of trust**

- Varma Mutual Pension Insurance Company: Deputy Chair of the Board 2009–2020
- Teleste Corporation: Member of the Board 2008–
- Altia Corporation: Deputy Chair of the Board 2016–2020
- Tampere Chamber of Commerce & Industry: Member of the Board 2018–

**Shareholding on 31 December 2020**
213,651 Alma Media Corporation shares

## Santtu Elsinen

Born: 1972
B.Sc.-level studies in Economics

### Chief Digital Officer (CDO)

In the current position 2016–
Member of the Group Executive Team 2016–

**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: Chair of the Board of Directors 2000–, CEO 2011–, Business Development Director 1998–2005, Creative Director 1997–1998
- Kauppamainos Bozell Oy: Director, Digital media, 1997
- Specialist positions at advertisement agencies and the media, 1994–1996

**Principal positions of trust**
- Media Industry Research Foundation of Finland: Member of the Board 2016–
- Digia Oyj: Member of the Board 2018–
- Finnmedia, Chair of the Technology team 2019–

**Shareholding on 31 December 2020**
28,062 Alma Media Corporation shares and
10,100 shares via Winterfell Capital Oy

## Virpi Juvonen

Born: 1963
M.Sc. (Soc.)

### Senior Vice President, Human Resources

In the current position 2013–
Member of the Group Executive Team 2012–

**Essential work experience**
- Alma Media Corporation: Acting Senior Vice President, Human Resources, December 2012–April 2013
- Alma Media Corporation: Director, Human Resources, Marketplaces unit, 2011–2012
- Kustannusosakeyhtiö Iltalehti: Human Resources Manager, 2007–2011
- Elisa 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–
- Finnmedia: Member of the committee for labour market issues 2018–

**Shareholding on 31 December 2020**
27,054 Alma Media Corporation shares

## Tiina Järvilehto

Born: 1970
M.Sc. (Econ.)

### Senior Vice President, Alma Media Solutions

In the current position 2015–
Member of the Group Executive Team 2017–

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

**Principal positions of trust**
- Finnish Periodical Publishers' Association (FPPA): Member of the Board 2018–

**Shareholding on 31 December 2020**
28,508 Alma Media Corporation shares

## Vesa-Pekka Kirsi

Born: 1969
BA

### Senior Vice President, Alma Markets

In the current position 2019–
Member of the Group Executive Team 2019–

**Essential work experience**

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

**Principal positions of trust**

-

**Shareholding on 31 December 2020**
0 Alma Media Corporation shares

## Kari Kivelä

Born: 1959
M.Sc. (Soc.), MBA

### Senior Vice President, Alma Consumer

In the current position 2018–
Member of the Group Executive Team 2005–

**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**

- Lännen Media Oy, Member of the Board 2018–2020

**Shareholding on 31 December 2020**
53,974 Alma Media Corporation shares

## Mikko Korttila

Born: 1962
Master of Laws,
Master of Laws trained on the bench, eMBA

### General Counsel, Legal Affairs, M&A and Corporate Development

Secretary to the Board of Directors of Alma Media
In the current position 2007–
Member of the Group Executive Team 2008–

**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: Chair, Member 2008–
- International Chamber of Commerce, Finnish Committee: Member of certain working groups 2006–
- Finnish Media Federation (Finnmedia): Member of the Media Policy Group 2007–
- Securities Market Association, Member of the Takeover Board 2020–

**Shareholding on 31 December 2020**
41,160 Alma Media Corporation shares

## Elina Kukkonen

Born: 1970
Doctor of Business Administration DBA (KTT)

### Senior Vice President, Communications and Brand

In the current position 2017–
Member of the Group Executive Team 2017–

**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**
- Media Industry Research Foundation of Finland: Member of the executive committee 2019–

**Shareholding on 31 December 2020**
7,153 Alma Media Corporation shares

## Juha-Petri Loimovuori

Born: 1964
M.Sc. (Econ.)

### Managing Director, Alma Talent Oy

In the current position 2016–
Member of the Group Executive Team 2006–

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

**Principal positions of trust**
- Finnish Media Federation (Finnmedia): member of the Board, Chair of the committee for labour market issues 2017–

**Shareholding on 31 December 2020**
63,566 Alma Media Corporation shares

## Juha Nuutinen

Born: 1972
M.Sc. (Econ.)

### Chief Financial Officer

In the current position 2012–
Member of the Group Executive Team 2012–

**Essential work experience**
- University Properties of Finland Ltd: CFO, member of the Executive Team 2009–2012
- Alma Media Corporation: Group Financial Manager 2005–2009
- IF P&C Insurance Company: Financial Manager 2003–2005
- KPMG Oy: Auditor, APA (as of December 2000) 1996–2003

**Principal positions of trust**
-

**Shareholding on 31 December 2020**
37,862 Alma Media Corporation shares

# Insider Management

Alma Media Corporation's Board of Directors approved current Alma Media Group's Guidelines for Insiders on 14 December 2020. 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 under obligation to notify and project-specific insiders.

At Alma Media Corporation, the following shall be considered managers under obligation to notify: The Chair of the Board and the Deputy Chair, the members of the Board and any deputy members, the CEO and any deputies to the CEO, and the members of the Group Executive Team. Managers under obligation to notify 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-specific 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 must not trade with financial instruments issued by the Company before the publication of the company's interim reports and financial statement releases within a time frame beginning 30 days before the publication of the interim reports and the financial statement release and ending on the day following the publication date ("extended closed window"). The extended closed window also applies to persons who, in the course of performing their duties, obtain information on Alma Media Group's sales figures or the sales figures of a business unit that has material significance to the result of the Alma Media Group as a whole.

In conjunction with the entry into force of the Market Abuse Regulation, the company introduced a whistleblowing channel "Almawhistleblow", which is an independent channel for the company's employees to report suspected non-compliance with regulations such as the Market Abuse Regulation and other regulations governing the financial markets.

Alma Media Corporation shall disclose transactions by managers under obligation to notify 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-share-holdings

The Company's General Counsel is responsible for the insider management of the Alma Media Group.

## Related party transactions

The Group's parent company, subsidiaries, associated companies and joint ventures included in Alma Media's related parties. Pursuant to IAS 24, the Group's related parties consist of its Board of Directors, the CEO and the Deputy CEO of the parent company and the managing directors of the major subsidiaries as well as the other executives of the Group and the Group's key shareholders who exercise control or significant influence over the decision-making processes relating to the finances and business of the parent company or significant subsidiary. The close family members of the aforementioned persons are also considered to be related parties of the Group. The related parties also include Alma Media shareholders who own more than 20 per cent of the Group's shares or the total number of votes carried by the Group's shares.

The Group maintains a record of its related parties in order to identify transactions with related parties. Transactions with related parties are monitored using the Group's reporting system. Related party transactions that are not part of the ordinary course of the Group's business or are not carried out on an arm's length basis are subject to a decision by the Board of Directors. Related party transactions and the nature of their terms is assessed on a case-by-case basis and in relation to the Group's ordinary course of business and the arm's length principle as well as the industry's generally observed and accepted market practices.

To organise the identification, reporting and monitoring of related party transactions, the Board of Directors has assigned the Audit Committee to monitor transactions by the Group's management and their related parties and any potential conflicts of interest involved therein. The Audit Committee monitors and evaluates the degree to which contracts and other legal transactions between the Group and its related parties comply with the legal requirements for being part of the ordinary course of business and being conducted on an arm's length basis. The CEO reports all related party transactions to the Audit Committee annually. The Group has issued guidelines for the members of the Group Executive Team on the identification of related party transactions and they are obligated to notify the Group in advance of any contracts and legal transactions they plan to carry out with Group companies.

The Group reports any transactions with related parties annually in its Report by the Board of Directors and the notes to the financial statements in accordance with the Limited Liability Companies Act and the legislative provisions governing the preparation of financial statements. The Group publishes related party transactions in the manner stipulated by the Securities Market Act, the rules of the stock exchange and the Market Abuse Regulation.

During the financial year, Alma Media did not have material related party transactions that deviated from the Group's normal business operations or were not made on market or market equivalent terms.

# Internal control and risk management systems in financial reporting

## Internal control

Internal control is an essential part of the company's governance and management systems, covering all of the Group's functions and organisational levels. The purposes of internal control include providing sufficient certainty 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 administration monitors and gives guidance regarding internal control measures and practices, based on the Group's operating principles and guidelines. The financial administration, working under the Group CFO, is the centralised source of financial statement data required by external accounting, as well as the analyses and result reports to Group and business unit management teams for monitoring the profitability of business operations. The Group's internal control practices ensure the correctness of financial reporting within the Group. Risks related to financial reporting are managed with the help of the Group's accounting manual, finance and investment policy, acquisition guidelines and internal control.

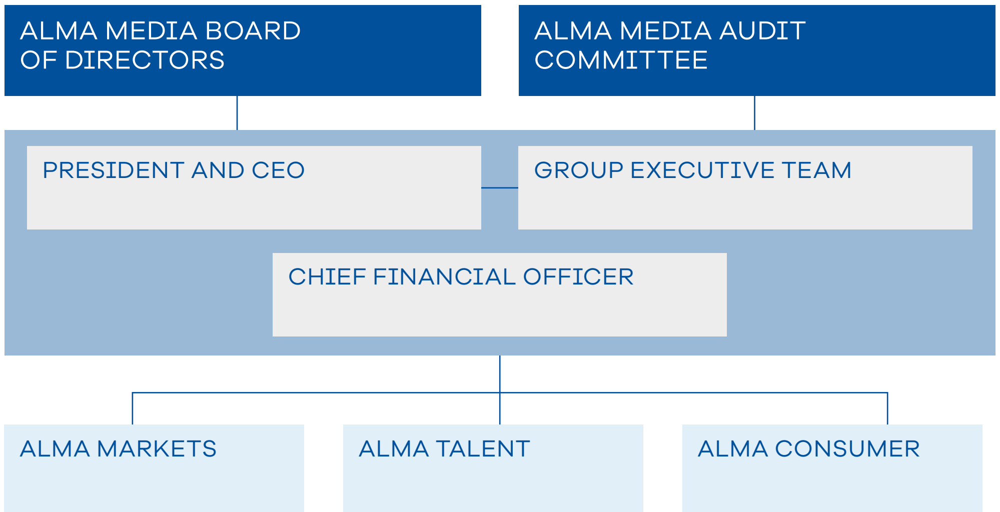
Alma Media Group follows the International Financial Reporting Standards (IFRS) approved for use within the European Union. Guidelines for financial reporting and accounting principles are collected in an accounting manual that is updated as standards change, as well as the financial department guidelines that are applied in all Group companies. Group accounting is responsible for the monitoring and observance of the financial reporting standards as well as maintaining financial reporting principles and communicating them to the business units.

## Risk management

Risk management is part of Alma Media Corporation's financial reporting process and one of the company's significant measures of internal control. At Alma Media Group, the task of risk management is to continuously evaluate and monitor all business opportunities and threats and to manage risks to ensure the achievement of objectives and business continuity.

The Board of Directors carries the primary responsibility for Alma Media's risk management. The Board of Directors considers the most significant identified risks and is in charge of defining the Group's risk appetite and risk tolerance. The Audit Committee prepares for the Board of Directors the risk management principles of the Group and monitors the efficiency of the risk management systems. The

### Alma Media's Internal Control and Risk Management Organisation



Audit Committee also discusses the management reports on significant risks and the company's exposure to them and it considers the plans to minimise risks.

The CEO, the Group Executive Team and other managers in the Group at all organisational levels are responsible for daily risk management. In each business unit, a member of the unit's 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 Corporation's internal control and, thus, is part of good corporate governance. Alma Media sets limits and procedures for quantitative as well as qualitative risks in writing in its risk management system. Alma Media classifies its business risks as strategic, operational and financing risks.

The 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 and a permanent decline in advertising sales. The media industry is undergoing changes following the transformation in media consumption and technological development. An increasingly important source of competitive advantage, but also a strategic risk, in Alma Media's business is the ability to use customer data to improve the product and service offering for advertisers and enrich end user services. Alma Media will manage customer data and behavioural data by centralising customer data repositories and deploying analysis and activation technology, taking regulatory requirements into consideration. As the significance of data in Alma Media's business has increased, the Group's strategic risks also include cyber risks. The regulation of the media sector and the related market practices are becoming stricter. As technology advances and the focus of media consumption shifts to digital channels, Alma Media is responding to the transformation of the operating environment by developing digital products and services for consumers and businesses.

Fluctuating economic cycles are reflected in the development of advertising sales. Advertising sales account for approximately half of the Group's revenue.

The most significant operational risks are disturbances of information technology and communications. A widespread pandemic may have a significant impact on the demand for services and products on the one hand and, on the other hand, it can cause substantial production disruptions in business processes due to significant risks related to employee health.

The strategic, operational and financial risks related to Alma Media's business and the actions taken to mitigate them are described in more detail in the Report by the Board of Directors. Financial risks are also described in more detail in the notes to the consolidated financial statements.

## Internal audit

In Alma Media Group, internal audit functions have been incorporated into the responsibilities of Alma Media Corporation's financial administration. Reviewing the functionality of internal controls is also taken into account in the external auditors' audit plans. Internal audits test the effectiveness of processes and the controls included in them. Internal auditing is carried out by means of monitoring reports as well as separate reviews.

# Auditing

The General Meeting of Shareholders annually elects an auditor and deputy auditor for the Group. An auditing firm can also be appointed as the auditor. If an auditing firm that is entered in the register of auditors of the Finnish Patent and Registration Office (PRH) and whose key audit partner is an Authorised Public Accountant is appointed the auditor, no deputy is required.

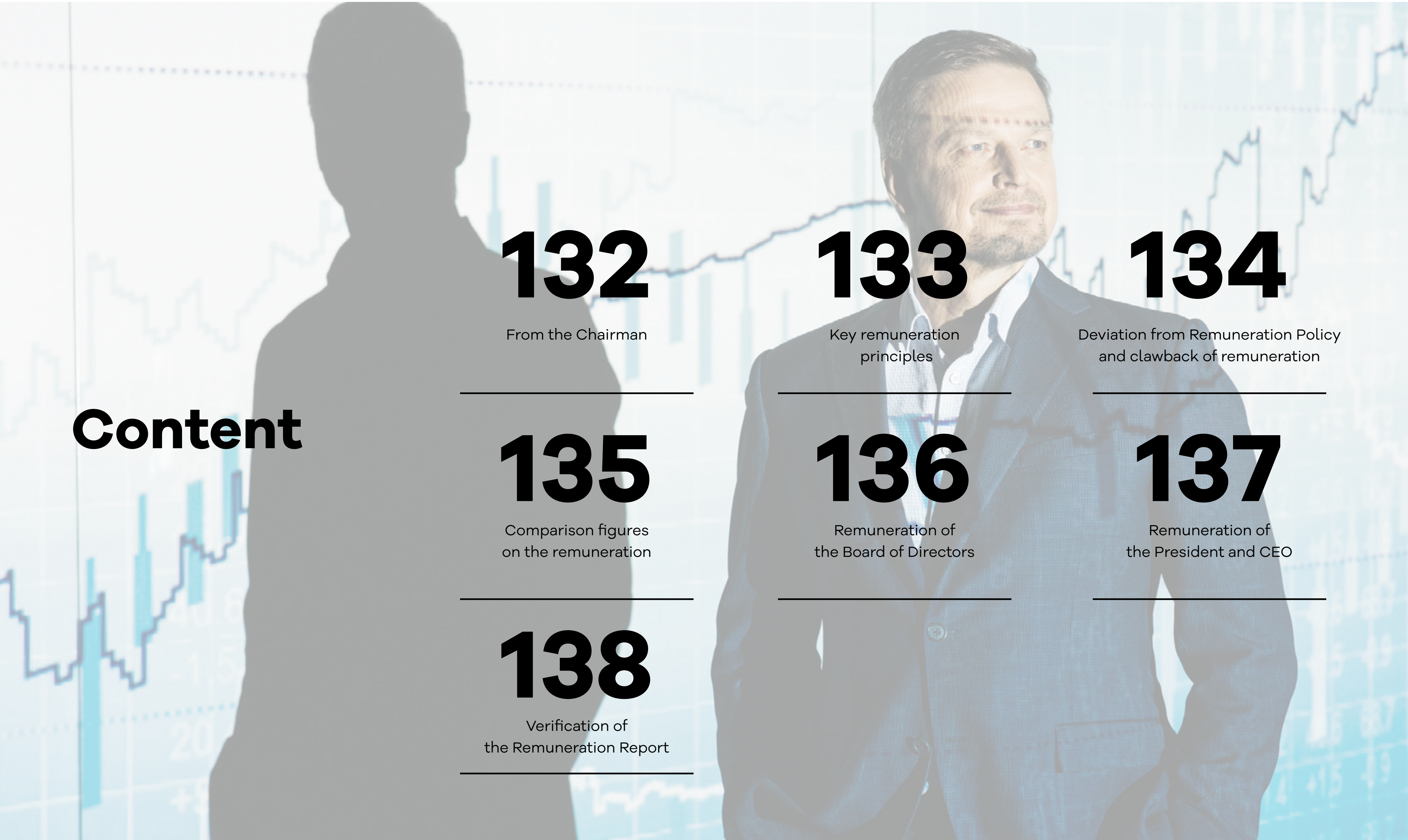
The term of office of the auditors expires at the close of the next Annual General Meeting following their election. The auditor's task is to ensure that the financial statements are prepared in accordance with current regulations and that they provide correct and sufficient information on the company's result, financial position and other aspects of the business for the stakeholders. As part of their annual auditing assignment, the auditors of Alma Media Corporation audit the accounting and governance of the business units. The requirements set by the internal audit are taken into account in the audit plans.

The auditors submit their report to Alma Media Corporation's shareholders at the Annual General Meeting. Furthermore, the auditors submit an annual summary of their auditing plan and a written report on the entire Group to the Board of Directors and Audit Committee in conjunction with the publication of each interim report and the annual financial statements. In addition, the auditors provide a separate report on any observations concerning the audit of the financial year to the Group's financial management and the Audit Committee.

Alma Media Corporation's Annual General Meeting 2020 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 2020 amounted to EUR 254,000. In addition, the auditing firm PwC charged the Group a total of EUR 121,000 in fees for other services in the 2020 financial year, including, among other things, advisory services related to reporting on corporate responsibility. PWC has served as the Group's auditor since 2014.

# REMUNERATION REPORT 2020



# Content

# From the Chairman

## Dear shareholders

This remuneration report for the Group's governing bodies has been produced in compliance with the EU Shareholder Rights Directive (SHRD) and the Finnish Corporate Governance Code 2020 for listed companies.

Alma Media had a year of strong renewal in 2020. Following the divestment of the regional news media and printing business in the spring, the Group's dependence on the declining print media business decreased significantly and capital tied up in the print media business was reduced. Alma Media's strategic focus shifted even more clearly to the development of digital and international business. The transaction strengthened our ability to establish a sustainable competitive position and achieve our growth targets in the long term.

The development of business operations in 2020 was affected to a very significant degree by the outbreak of the COVID-19 pandemic in March and the wide-ranging measures introduced by the authorities to prevent its spread. The increased economic uncertainty caused by the pandemic substantially reduced the Group's revenue, particularly with regard to recruitment business and advertising sales, but swiftly implemented cost reductions helped slow the decline of profitability.

Alma Media's incentive schemes emphasise the reconciliation of the interests of the executives and the interests of Alma Media's shareholders, engaging the commitment of the executives through long-term share ownership and thereby increasing the company's shareholder value in the long term.

The remuneration of the Board of Directors in 2020 was at the same level as in the previous year. During the past few years, the key criteria for the short-term incentive bonuses of the President and CEO have been the development of the Group's profitability, i.e. adjusted operating profit, and digital business growth targets. Alma Media's long-term incentive scheme, in turn, is based on the total shareholder return of the company's share and the growth of digital business.

The rewards are paid in Alma Media shares. Variable remuneration components, i.e. short-term and long-term incentives, represent a significant proportion of the remuneration of Alma Media's President and CEO. This ensures a strong alignment between the implementation of the Group's strategy and the President and CEO's remuneration, as the targets set for the short-term and long-term incentive systems are directly linked to Alma Media's business development.

The total remuneration paid to Alma Media's President and CEO in 2020, including pension contributions (supplementary pension + statutory pension), amounted to EUR 2,217,229, with variable remuneration components representing 56 per cent of the total.

**Peter Immonen**
Chairman of the Nomination and Compensation Committee

# Key remuneration principles

In accordance with its strategy, Alma Media builds sustainable growth by taking advantage of the opportunities presented by the digital transformation. The objective is to increase shareholder value through revenue growth and improved profitability. Alma Media is developing and expanding its current business operations and seeking growth opportunities in new businesses and markets. The company's Remuneration Policy and remuneration systems are aimed at promoting the Group's long-term financial success, competitiveness and the development of shareholder value.

The remuneration of the members of the Board of Directors at Alma Media must be competitive to ensure that the Board of Directors consists of members with sufficient expertise to carry out the duties of the Board of Directors, which include, among other things, deciding on the company's strategy and monitoring its implementation.

The remuneration schemes concerning the company's President and CEO are based on the principle of achieving the Group's strategic objectives defined and confirmed by the Board of Directors as well as the principle of improving the company's result. The incentive schemes emphasise the reconciliation of the interests of the executives and the interests of Alma Media's shareholders, engaging the commitment of the executives through long-term share ownership and thereby increasing the company's shareholder value in the long term.

The remuneration principles include the promotion of a performance-based operating culture, offering competitive compensation for development that promotes the implementation of strategy and the achievement of targets. Alma Media's remuneration principles and processes are transparent, clear and consistent.

Alma Media's Annual General Meeting confirmed the Remuneration Policy of Alma Media's Governing Bodies, prepared in accordance with the Corporate Governance Code 2020 for Finnish listed companies and the EU amendment directive concerning shareholder rights (SHRD II), in the spring 2020. The Remuneration Policy is available in full on Alma Media's website at www.almamedia.fi/en/investors/governance/remuneration.

# Deviation from Alma Media's Remuneration Policy and clawback of remuneration in 2020

Temporary deviations from Alma Media's Remuneration Policy may be made if such a deviation is necessary to ensure the long-term interests of Alma Media. The assessment may take into account, among other things, the company's long-term financial success, competitiveness, ensuring the undisrupted continuation of business and the development of shareholder value.

Deviations from the Remuneration Policy concerning the President and CEO shall be prepared by the Board's Nomination and Compensation Committee and decided on by the Board of Directors. If there are grounds for temporary deviation, the deviation may concern any component or aspect of remuneration.

Starting from the spring of the reporting year, 2020, the global COVID-19 pandemic created significant uncertainty for Alma Media's financial performance in 2020. In an assessment conducted in September, Alma Media's Board of Directors found that the criteria for deviation from the company's Remuneration Policy were fulfilled with respect to the provision "Other significant external changes or significant changes in business conditions". Consequently, the year 2020 was eliminated from the measurement periods of the long-term incentive schemes LTI 2015 and LTI 2019 for performance indicators other than Alma Media's total shareholder return (TSR).

There were no circumstances in 2020 that would have given cause for the Group to exercise its right to claw back or cancel paid or unpaid incentives.

# Comparison figures on the remuneration of the management and employees and Alma Media's financial performance 2016–2020

Alma Media's profitability improved significantly during the five-year period leading up to 2019. The factors driving the positive development included the successful digital strategy, improved operational efficiency, the divestment of unprofitable businesses and effective cost management. In 2020, the COVID-19 pandemic and the resulting general economic uncertainty had a substantial impact on Alma Media's business.

The annual fees of the Board of Directors were increased in 2019 after they had gone unchanged since 2016. The remuneration schemes concerning the company's President and CEO are based on the principle of achieving the Group's strategic objectives, digital business growth and improving the Group's result. These criteria are also reflected in the short-term and long-term remuneration of the President and CEO. The remuneration of the President and CEO is closely aligned with the principle of performance-based remuneration.

The development of the remuneration of the Board of Directors and the President and CEO compared to the average remuneration of the Group's employees and the Group's financial performance for the past five financial years:

| Eur | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Average fees paid to a member of the Board of Directors | 44,671 | 40,329 | 54,733 | 56,571 | 54,014 |
| Basic salary + benefits paid to the President and CEO (excluding pension benefits) | 495,384 | 495,519 | 473,735 | 511,777 | 523,853 |
| Year-on-year change, % | | 0.03% | -4.4% | 8.03% | 2.36% |
| Total remuneration paid to the President and CEO | 195,042 | 449,162 | 654,621 | 600,004 | 1,246,306 |
| Year-on-year change, % | | 130.29% | 46.74% | -8.34% | 107.72% |
| Average employee salary* | 54,963 | 51,339 | 50,633 | 50,242 | 49,523 |
| Adjusted operating profit (MEUR) | 23.3 | 41.7 | 49.9 | 49.3 | 45.4 |
| Digital business growth, % | 27.9 | 17.3 | 8.7 | 3.7 | -5 |
| Share price (end of the year) | 5.03 | 7.19 | 5.54 | 7.96 | 8.92 |
| Dividend | 0.16 | 0.24 | 0.35 | 0.40 | 0.30 |

* The average employee salary is calculated by deducting other employee expenses from total employee expenses and dividing this figure by the average number of employees for the year excluding telemarketers.

The comparison figures illustrate the salaries and fees paid during each financial year. The bonuses based on short-term and long-term incentive schemes are always paid in the year following the performance period. For example, the figures for 2020 are based on the short-term incentive scheme's performance period 2019 and the long-term incentive scheme's performance period 2015–2020.

# Remuneration of the Board of Directors in 2020

The members of the Board of Directors of Alma Media Corporation are not in an employment relationship with the company. The compensation received by the members of the Board of Directors from the company is limited to compensation related to membership of the Board of Directors and its committees and their work on the Board of directors. The members of the Board of Directors are not included in Alma Media's share-based incentive schemes or the company's other incentive schemes.

The members of the Board shall, as decided by the Annual General Meeting, acquire a number of Alma Media Corporation shares corresponding to approximately 40 per cent of the full amount of the annual remuneration for Board members, taking into account tax deduction at source, at the trading price on the regulated market arranged by the Helsinki Stock Exchange. The acquired shares cannot be transferred until the recipient's membership on the Board has ended. If it is not possible to acquire the shares by the end of each year for a reason such as pending insider transactions, the annual remuneration shall be paid in cash.

The meeting fees of the members of the Board of Directors are paid in cash.

The Annual General Meeting 2020 kept the fees of the Board of Directors unchanged and, in accordance with the proposal of the Shareholders' Nomination Committee, resolved on the annual fees of the Board of Directors as follows:

- To the Chair of the Board of Directors, EUR 62,500 per year; to the Vice Chair, EUR 40,000 per year, and to the other members EUR 32,500 per year.
- In addition, the Chair of the Board of Directors and the Chair of the Audit Committee will be paid a fee of EUR 1,500, the Chair of the Nomination and Compensation Committee a fee of EUR 1,000, the Deputy Chairs of the committees a fee of EUR 700 and members a fee of EUR 500 for those Board and Committee meetings that they attend.
- The travel expenses of Board members to be compensated in accordance with the company's travel regulations.

The above-mentioned attendance fees for each meeting are

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

In the financial year 2020, the fees paid to the Board members totalled EUR 378,100. All fees paid to the Board members during the financial year 2020 were in accordance with Alma Media's Remuneration Policy.

## Fees paid to the members of the Board of Directors for their work on the Board and its committees in 2020

| Year | Name | Position | Board meetings | | | Audit Committee | Nomination and Compensation Committee | Fees total |
|---|---|---|---|---|---|---|---|---|
| | | | Annual fee | Annual fee paid in shares, no. of shares* | Meeting fees | | | |
| 2020 | Jorma Ollila | Chairman | 62,500 | 3,106 | 24,000 | | 1500 | 88,000 |
| 2020 | Petri Niemisvirta | Deputy Chairman | 40,000 | 1,988 | 12,600 | 2,500 | | 55,100 |
| 2020 | Peter Immonen | Member | 32,500 | 1,615 | 9,000 | | 3,000 | 44,500 |
| 2020 | Esa Lager | Member | 32,500 | 1,615 | 9,000 | 7,500 | | 49,000 |
| 2020 | Alexander Lindholm | Member | 32,500 | 1,615 | 8,000 | 2,500 | | 43,000 |
| 2020 | Päivi Rekonen | Member | 32,500 | 1,615 | 18,000 | 5,000 | | 55,500 |
| 2020 | Catharina Stackelberg-Hammarén | Member | 32,500 | 1,615 | 9,000 | | 1,500 | 43,000 |

* The number of shares corresponds to approximately 40% of the full amount of the annual fee after taxation.

# Remuneration of the President and CEO in 2020

The total remuneration of Alma Media's President and CEO in 2020, including pension benefits (supplementary pension + statutory pension), amounted to EUR 2,217,229. Short-term and long-term incentive bonuses paid in 2020 represented 56.2 per cent of the total remuneration of the President and CEO, while the fixed annual salary including pension benefits (statutory pension and supplementary pension) represented 43.8 per cent. The remuneration of the President and CEO in 2020 was in accordance with Alma Media's Remuneration Policy.

According to the Remuneration Policy, the fixed remuneration includes basic salary, benefits and supplementary pension contributions. The variable remuneration consists of a short-term incentive (STI) bonus scheme related to the achievement of short-term financial and operational targets and long-term remuneration schemes (LTI).

The supplementary pension contribution of the President and CEO's fixed annual salary is 37 per cent of the annual salary, which is calculated by adding a computational share of 50 per cent of the maximum incentive to the overall salary. The President and CEO has the right to retire at the age of 60. No other financial benefits were paid to the President and CEO in 2020.

## Variable remuneration components:

### Short-term remuneration

The main elements of the short-term incentive bonus scheme of Alma Media's President and CEO were based on two criteria: Meeting Alma Media Group's financial targets concerning adjusted operating profit (weight 70%) and digital business growth (weight 30%) for each calendar year.

The maximum remuneration payable to the President and CEO under the short-term incentive scheme is 66 per cent of the annual basic remuneration. In addition to the earning opportunity based on the incentive scheme, the President and CEO may be eligible for one-off project bonuses based on, for example, key development projects, projects relating to significant changes in Group structure or M&A transactions or other one-off projects or arrangements as determined by the Board of Directors on a case-by-case basis. In 2020, a one-off bonus included in the President and CEO's remuneration was related to the divestment of Alma Media's regional news media and printing business.

The rate of achievement of the targets of the President and CEO's short-term incentive scheme was 56 per cent in 2019 and the bonus of EUR 179,193 was paid in March 2020. The President and CEO was also paid incentive bonuses in the amount of EUR 512,220 in 2020 in relation to completed M&A transactions. The rate of achievement of the targets was 35 per cent in 2020 and the bonus of EUR 115,500 will be paid in March 2021.

| | | Variable remuneration components | | Pension benefits | |
|---|---|---|---|---|---|
| | Fixed annual salary (including taxable fringe benefits) | Short-term incentive bonuses paid for the year 2019 | Share-based incentive bonuses paid | Supplementary and statutory pension contributions | Total |
| President & CEO | 523,853 | 691,414 | 554,892* | 447,070 | 2,217,229 |

* The share-based incentive bonus (LTI) was paid on 12 March 2020. The number of earned shares under the incentive scheme was 83,856 and the average share price on the payment date was 6.6172.

## Variable remuneration components:

### Long-term remuneration

The President and CEO's long-term incentive structure consists of share-based incentive schemes (LTI 2015 and LTI 2019). Dividing the maximum incentive reward over the measurement period on average, the maximum incentive reward based on the LTI schemes is limited to 95 per cent of the President and CEO's fixed annual salary. The measurement period is five years for the LTI 2015 scheme and three years for the LTI 2019 scheme.

On 12 March 2020, the President and CEO was paid share-based incentive bonuses under three different incentive schemes (LTI 2015 I, LTI 2015 III, LTI 2015 IV). The gross number of shares received by the President and CEO based on the incentive schemes was 83,856 shares, corresponding to EUR 554,892 (average rate 6.6172 on the payment date).

### The maximum amounts under the share-based incentive schemes granted to the President and CEO and currently in effect (LTI 2015, LTI 2019):

| | 2015 II TSR | 2015 III TSR | 2015 IV TSR | 2015 IV (Matching plan) | 2019 MSP | 2020 MSP | TOTAL |
|---|---|---|---|---|---|---|---|
| Maximum | 34,000 | 36,000 | 36,000 | 36,000 | 135,000 | 125,000 | 397,000 shares |
| Performance indicators | Total shareholder return (TSR) | Total shareholder return (TSR) | Total shareholder return (TSR) | Digital growth | Digital growth (50%), total shareholder return (TSR) (50%) | Digital growth (33%), EPS (33%), total shareholder return (TSR) (33%) | |
| Performance period | 2016–2020 | 2017–2021 | 2018–2022 | 2018–2019, 2021 | 2019–2021 | 2020–2022 | |
| Year of payment | 2021 | 2022 | 2023 | 2022 | 2022 | 2023 | |

In accordance with the Board of Directors' recommendation concerning share ownership, the President and CEO is expected to retain ownership of at least half of the net shares received through the company's share-based incentive schemes until the total value of the Alma Media shares held corresponds to at least one year's fixed gross annual salary. The long-term incentive bonus paid in March 2019 is subject to a transfer restriction and the President and CEO can only transfer the shares pursuant to the terms and conditions of the incentive scheme.

## Verification of the Remuneration Report

The auditing firm PricewaterhouseCoopers Oy, which served as Alma Media's auditor for the financial year 2020, has verified that the legally required disclosures are included in this Remuneration Report.

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