

Alma Media Corporation

Financial Statements Bulletin for January-December 2019

14 February 2020



Alma Media's Financial Statements Bulletin January–December 2019:

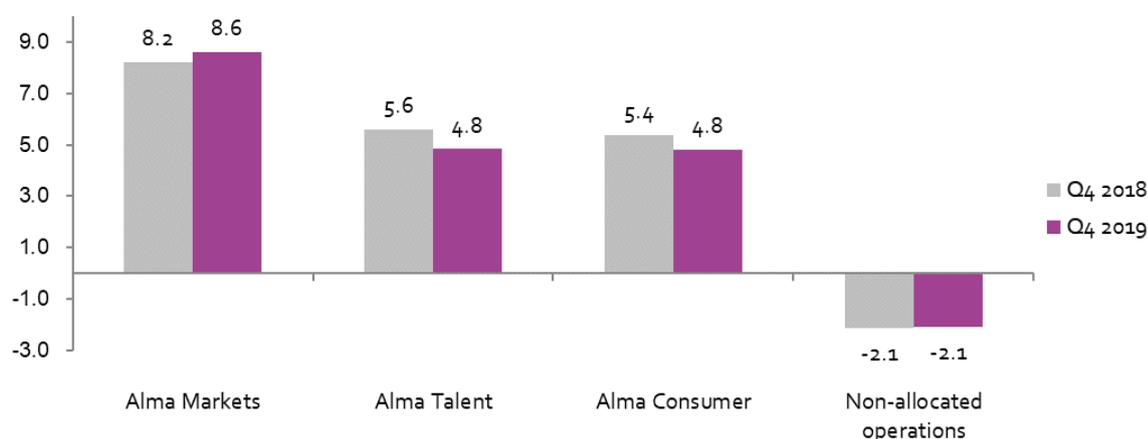
The adjusted operating profit for the full year 2019 was record high, including discontinued operations. Adjusted operating profit for continuing operations decreased in the fourth quarter as domestic advertising revenue declined.

On 11 February 2020, Alma Media announced to sell its regional news media business and printing operations to Sanoma Media Finland. The businesses to be divested are reported as discontinued operations in the Financial Statements Bulletin for 2019. The businesses to be divested were previously reported primarily under the Alma Consumer segment. All of the income statement figures presented in this report — including the figures for the comparison year 2018 — represent mostly only the Group's continuing operations. The balance sheet and cash flow figures include both continuing and discontinued operations.

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

Financial performance October–December 2019:

- Revenue from continuing operations MEUR 65.8 (67.4), down 2.4%.
- Revenue including discontinued operations MEUR 89.2 (91.9), down 3.0%.
- Adjusted operating profit from continuing operations MEUR 12.5 (13.7), down 8.7%.
- Adjusted operating profit including discontinued operations MEUR 16.2 (17.1), or 18.2% (18.6%) of revenue, down 5.2%.
- Operating profit from continuing operations MEUR 12.6 (13.4), down 5.4%.
- Operating profit including discontinued operations MEUR 16.3 (16.1), or 18.3% (17.6%) of revenue, up 1.3%.
- Earnings per share including discontinued operations EUR 0.14 (0.12).
- Alma Markets: Revenue was on a par with the comparison period. Profitable growth continued in the housing and automotive businesses in Finland.
- Alma Talent and Alma Consumer: The profitability of the segments was reduced by a decrease in advertising revenue. Digital content revenue continued to see strong development with an increase of 24%.

Adjusted operating profit, October–December, MEUR *

* includes discontinued operations

Financial performance January–December 2019:

- Revenue from continuing operations MEUR 250.2 (254.7), down 1.8%.
- Revenue including discontinued operations MEUR 342.5 (354.6), down 3.4%.
- Adjusted operating profit from continuing operations MEUR 49.4 (47.6), up 3.8%.
- Adjusted operating profit including discontinued operations MEUR 61.6 (57.3), or 18.0% (16.2%) of revenue, up 7.5%.

- Operating profit from continuing operations MEUR 49.5 (47.5), or 19.8% (18.7%) of revenue.
- Operating profit including discontinued operations MEUR 61.0 (61.0), or 17.8% (17.2%) of revenue.
- Earnings per share including discontinued operations EUR 0.51 (0.51).
- The Board's dividend proposal is EUR 0.40 (0.35) per share

Adjusted operating profit, January–December, MEUR*



* includes discontinued operations

KEY FIGURES FOR CONTINUING OPERATIONS MEUR	2019	2018	Change	2019	2018	Change
	Q4	Q4	%	Q1–Q4	Q1–Q4	%
Revenue	65.8	67.4	-2.4	250.2	254.7	-1.8
Content revenue	17.5	17.5	-0.2	64.2	64.8	-1.0
Content revenue, print	13.8	14.5	-5.1	50.9	53.5	-4.9
Content revenue, digital	3.7	3.0	23.9	13.2	11.2	17.8
Advertising revenue	38.3	39.7	-3.4	148.5	149.2	-0.5
Advertising revenue, print	4.7	5.4	-11.5	16.3	19.5	-16.5
Advertising revenue, digital	33.6	34.3	-2.0	132.2	129.6	1.9
Service revenue	10.0	10.2	-2.2	37.6	40.7	-7.7
Adjusted total expenses	53.4	53.8	-0.8	201.1	207.5	-3.1
Adjusted EBITDA	16.5	16.2	1.5	66.1	58.5	12.9
EBITDA	16.6	15.9	4.4	66.2	58.4	13.4
Adjusted operating profit	12.5	13.7	-8.7	49.4	47.6	3.8
% of revenue	19.0	20.3		19.8	18.7	
Operating profit (loss)	12.6	13.4	-5.4	49.5	47.5	4.4
% of revenue	19.2	19.8		19.8	18.6	
Profit for the period	10.2	10.1	1.0	40.5	38.2	5.8
Earnings per share, EUR (diluted)	0.11	0.11	-0.1	0.41	0.39	6.8
Digital business revenue	42.8	42.2	1.3	166.7	161.5	3.2
Digital business, % of revenue	65.1	62.7		66.6	63.4	

Dividend proposal to the Annual General Meeting:

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

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

Operating environment in 2020

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

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

Outlook for 2020

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

Market situation in the main markets

According to Kantar TNS, the total advertising volume in Finland decreased by 5.4% (1.8%) in October–December 2019, while advertising in online media increased in Finland by 0.2% (1.3%) in the final quarter of the year. Advertising in city papers and newspapers declined by 10.5% (10.1%) in Finland. Advertising in magazines in Finland decreased in October–December by 11.1% (1.2%). In terms of volume, the total market for afternoon papers in Finland declined by 8.0% (8.2%) in the fourth quarter of 2019.

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

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

From the President and CEO

Alma Media had its fifth consecutive year of improved results in 2019. We achieved the best result in Alma Media's history through our successful digital strategy, improved operational efficiency, the divestment of loss-making or marginally profitable businesses and effective cost management: our adjusted operating profit, taking both continuing and discontinued operations into account, increased by 7.5 per cent to MEUR 61.6. Earnings per share were on a par with the previous year at EUR 0.51. The earnings per share in the comparison year were affected by a capital gain recognised on the divestment of the Group's business operations in Lapland (MEUR 4.5) in 2018.

Our revenue compared to the previous year was reduced primarily by divestments but, in the latter part of the year, also by a decline in advertising revenue in Finland. The double-digit growth of digital content revenue continued in October–December, compensating for the decline in print content revenue.

The Alma Markets segment reached MEUR 100 in revenue in 2019 and its profitability was record high. The segment's revenue in October–December was on a par with the previous year. In the latter part of the year, the revenue of the recruitment business reflected the uncertainty in the world economy. The revenue of the recruitment business decreased by 1.9 per cent in October–December mainly due to the weak development of the Finnish recruitment business. In the Alma Markets segment, the housing and automotive marketplace and systems

business continued to develop favourably in October–December, particularly on the strength of housing-related and automotive added-value services and tendering services.

Alma Talent's revenue and adjusted operating profit was weighed down in October–December by the decline of the cyclically sensitive recruitment advertising business as well as revenue from book sales, training services and direct marketing. Digital content revenue from financial and professional media in Finland continued to see strong growth (+28.4%) in October–December, compensating for the decline in content revenue from print media. The improvement of operational efficiency enabled by the transition from print to digital reduced expenses during the review period.

The revenue and adjusted operating profit of Alma Consumer, including the regional media and printing business, were reduced in October–December by the subdued advertising market in Finland. Print media advertising sales declined in regional media, particularly in recruitment advertising and supplement advertising. The decline in digital advertising was mainly attributable to the lower sales of desktop advertising. Content marketing grew. Alma Consumer continued to see double-digit growth (+24.4%) in digital content revenue in the final quarter of the year. Expenses were reduced by cost savings achieved through the restructuring measures implemented in 2018 as well as a decrease in external content purchasing.

In 2019, we achieved two of our three long-term financial targets, return on investment and dividend payout ratio. The levelling off of economic growth was reflected in slower digital business growth of 3.7 per cent. Alma Media's objective is to exceed market growth in the digital business, which calls for acquisitions in addition to organic growth.

Our balance sheet, which has grown stronger during the past few years, and our good cash flow enable investments in growth and a good dividend payout capacity. Alma Media's Board of Directors proposes a dividend for the financial year 2019 of EUR 0.40 (0.35) per share.

On 11 February 2020, we announced that Alma Media will sell its regional news media business and printing operations to Sanoma Media Finland. This transaction sharpens our strategy and enables us to shift our focus even more clearly to the development of digital media and international business. The capital invested in print media will decrease. Our key growth areas will be digital marketplaces, the national multi-channel consumer media and service business in Finland as well as financial and professional media and services targeted at businesses. Taking the transaction into account, the share of digital business of the revenue of continuing operations will increase to approximately 70 per cent and the operating profit margin will increase to 20 per cent in 2019. The completion of the transaction is subject to the approval of the Finnish Competition and Consumer Authority and the transaction is expected to be finalised during the year 2020.

Strategy and related activities during the review period

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

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

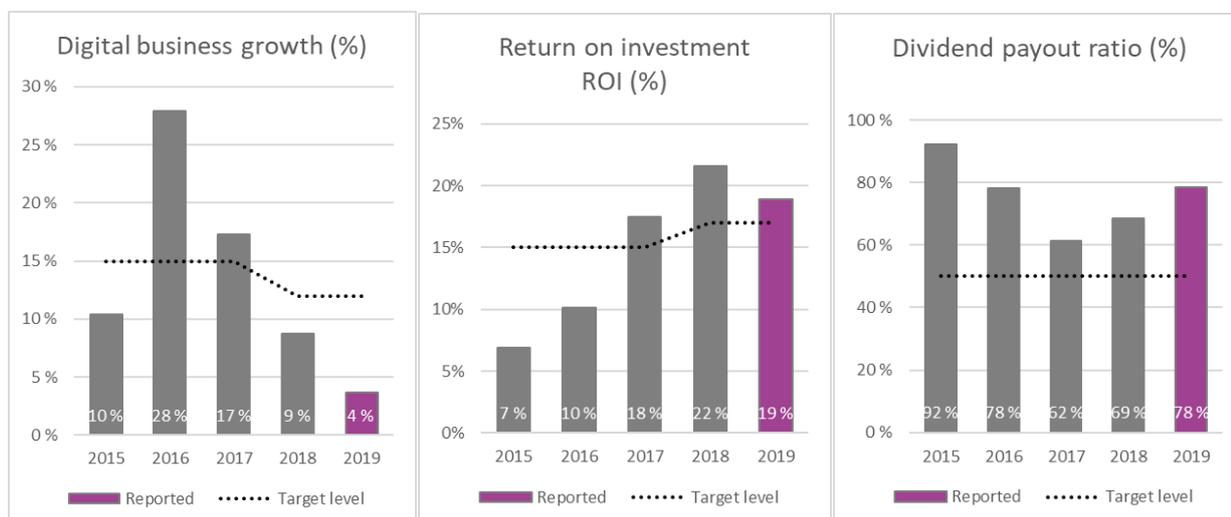
For the 2019–2021 strategy period, Alma Media has selected five strategic cross-business initiatives that are particularly aimed at the growth and development of digital business. Cooperation and synergies between the Group's various businesses will be leveraged in the execution of the initiatives. The strategic initiatives are as follows: 1) centralised national media sales through Alma Media Solutions; 2) aiming for growth in digital content revenue through Digital Subscriptions 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) growth and management of visitor traffic by Digital Audiences.

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

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

At the turn of the year, Alma Media finalised a transaction under which the early morning delivery operations carried out by Alma Manu in Pirkanmaa and Satakunta related to the newspapers published by Alma Media Kustannus were outsourced to Posti Ltd as of 1 January 2020. The outsourcing arrangement resulted in the transfer of approximately 780 employees from Alma Manu's delivery business to Posti Group effective from 1 January 2020.

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



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The figures are compared in accordance with the International Financial Reporting Standards (IFRS) with those of the corresponding period in 2018, unless otherwise stated. The figures in the tables are independently rounded. Alma Media Corporation additionally uses and presents Alternative Performance Measures to better illustrate the operative development of its business and to improve comparability between reporting periods. The Alternative Performance Measures are reported in addition to IFRS key figures.

KEY FIGURES

INCOME STATEMENT	2019	2018	Change	2019	2018	Change
MEUR	Q4	Q4	%	Q1–Q4	Q1–Q4	%
Continuing operations						
Revenue	65.8	67.4	-2.4	250.2	254.7	-1.8
Adjusted total expenses	53.4	53.8	-0.8	201.1	207.5	-3.1
Adjusted EBITDA	16.5	16.2	1.5	66.1	58.5	12.9
EBITDA	16.6	15.9	4.4	66.2	58.4	13.4
Adjusted operating profit	12.5	13.7	-8.7	49.4	47.6	3.8
% of revenue	19.0	20.3		19.8	18.7	
Operating profit (loss)	12.6	13.4	-5.4	49.5	47.5	4.4
% of revenue	19.2	19.8		19.8	18.6	
Profit for the period before tax	12.7	13.2	-4.0	49.0	48.1	1.8
Profit for the period, continuing operations	10.2	10.1	1.0	40.5	38.2	5.8
Profit for the period, discontinued operations	2.8	1.4	102.5	8.2	9.7	-15.6
Profit for the period	13.1	11.5	13.3	48.7	47.9	1.5
BALANCE SHEET ***)	2019	2018	Change	2019	2018	Change
MEUR	Q4	Q4	%	Q1–Q4	Q1–Q4	%
ASSETS				400.9	345.6	16.0
Net debt				23.7	2.0	1,101.2
Interest-bearing liabilities				90.8	51.5	76.2
Non-interest-bearing liabilities				107.6	107.2	0.3
Capital expenditure	0.7	1.2	-44.7	12.6	22.1	-41.6
Equity ratio %				54.1	57.5	-5.9
Gearing %				11.7	1.1	1008.1
EMPLOYEES, CONTINUING OPERATIONS	2019	2018	Change	2019	2018	Change
	Q4	Q4	%	Q1–Q4	Q1–Q4	%
Average no. of employees, excl. telemarketers	1,536	1,480	3.8	1,530	1,512	1.1
Telemarketers on average	313	344	-9.0	304	328	-7.2
KEY FIGURES ***)	2019	2018	Change	2019	2018	Change
	Q4	Q4	%	Q1–Q4	Q1–Q4	%
Return on equity/ROE (annual)*	29.5	28.0	5.4	25.0	27.8	-10.0
Return on investment/ROI (annual)*	19.8	22.7	-12.7	19.0	21.7	-12.0
Earnings per share, EUR (basic)	0.14	0.12	14.1	0.51	0.51	1.5
Earnings per share, EUR (diluted)	0.14	0.12	12.2	0.50	0.51	-0.2
Earnings per share, continuing operations, basic	0.11	0.11	-0.1	0.41	0.39	6.8
Earnings per share, discontinued operations, basic	0.03	0.02	102.2	0.10	0.12	-15.8
Cash flow from operating activities/share, EUR	0.21	0.23	-10.7	0.87	0.68	27.4
Shareholders' equity per share				2.09	1.94	7.4
Dividend per share, EUR ****)				0.40	0.35	14.3
Effective dividend yield %				5.0	6.3	
P/E Ratio				15.5	11.0	
Market capitalisation				655.8	456.4	43.7
Average number of shares, basic (YTD) **)	82,283	82,147		82,283	82,147	
Average number of shares, diluted (YTD)	83,673	82,219		83,673	82,219	
Number of shares at the end of the period	82,383	82,383		82,383	82,383	

¹⁾ Annual return, see Accounting Principles of the Interim Report. ^{**)} The company disposed of 136,519 of its own shares during the review period. At the end of the review period, the company held 99,795 of its own shares. ^{***)} The figures include both continuing and discontinued operations, unless otherwise mentioned ^{****)} Proposal of the Board of Directors

REVENUE

October–December 2019

The Group's fourth-quarter revenue from continuing operations decreased by 2.4% to MEUR 65.8 (67.4). Acquired businesses had an effect of MEUR 0.9 on revenue. Digital content revenue growth of 23.9% compensated for the decrease in print revenue. Content revenue was on a par with the previous year at MEUR 17.5 (17.5).

Advertising revenue from continuing operations declined by 3.4% to MEUR 38.3 (39.7). Advertising revenue decreased primarily due to a decline in print media and amounted to MEUR 38.3 (39.7). Digital advertising sales from continuing operations declined by 2.0%. Service revenue from continuing operations declined by 2.2% to MEUR 10.0 (10.2).

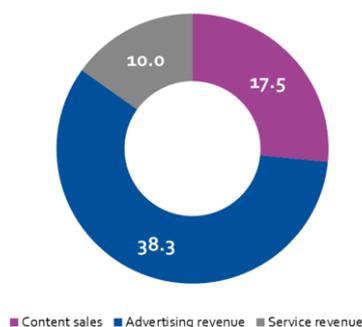
The year 2019

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

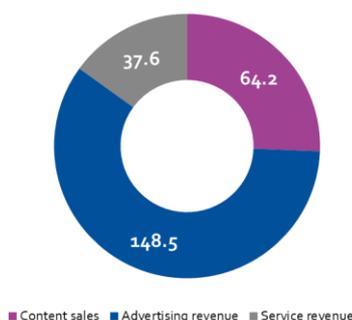
Content revenue from continuing operations was on a par with the comparison period at MEUR 64.2 (64.8). Digital content revenue from continuing operations increased by 17.8%. Advertising revenue from continuing operations was on a par with the comparison period at MEUR (148.5) 149.2. Print media advertising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

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

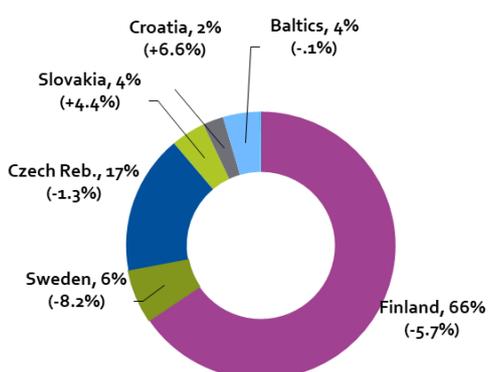
Revenue split Q4/2019, MEUR, continuing operations



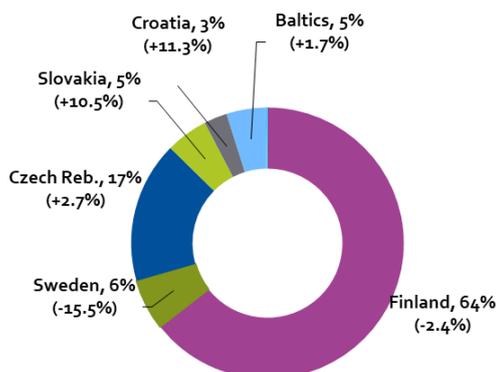
Revenue split Q1–Q4/2019, MEUR, continuing operations



Geographical revenue split Q4/2019, continuing operations



Geographical revenue split Q1–Q4/2019, continuing operations



REVENUE MEUR	2019 Q4	2018 Q4	Change %	2019 Q1-Q4	2018 Q1-Q4	Change %
Alma Markets	24.6	24.4	0.7	100.0	96.4	3.7
Alma Talent	28.3	29.9	-5.5	102.9	108.9	-5.5
Alma Consumer	37.2	38.4	-3.2	142.9	151.7	-5.8
Segments total	90.0	92.7	-2.9	345.8	356.9	-3.1
Non-allocated operations	-0.9	-0.8	-4.2	-3.4	-2.3	-45.0
Total, including discontinued operations	89.2	92.7	-2.9	342.5	354.6	-3.4
Discontinued operations	24.2	24.0	0.7	92.2	99.9	-7.7
Eliminations	-0.8	0.5	-240.1			
Continuing operations total	65.8	67.4	-2.4	250.2	254.7	-1.8

REVENUE BY GEOGRAPHICAL AREA MEUR	2019 Q4	2018 Q4	Change %	2019 Q1-Q4	2018 Q1-Q4	Change %
Finland, continuing operations	42.7	45.3	-5.7	161.8	165.8	-2.4
Finland, discontinued operations	24.2	24.0	0.7	92.2	99.9	-7.7
Other countries	22.3	22.6	-1.4	88.5	88.9	-0.5
Group, including discontinued operations	89.2	91.9	-3.0	342.5	354.6	-3.4

*) Revenue by geographical area is presented in accordance with the countries in which the Group's units are located. The revenue from discontinued operations is allocated entirely to Finland.

RESULT

October–December 2019

Adjusted operating profit from continuing operations was MEUR 12.5 (13.7), or 19.0% (20.3%) of revenue. Operating profit from continuing operations was MEUR 12.6 (13.4), or 19.2% (19.8%) of revenue. The operating profit from continuing operations includes net adjusted items in the amount of MEUR 0.2 (-0.3) related to gains on the sale of real estate. The adjusted items in the comparison period were related to losses on the sale of assets.

Total expenses allocated to continuing operations decreased in the fourth quarter by MEUR 0.7. Depreciation and impairment included in the total expenses allocated to continuing operations amounted to MEUR 4.0 (2.6). The result of continuing operations for October–December 2019 was MEUR 10.2 (10.1), and the adjusted result of continuing operations was MEUR 10.1 (10.4).

The year 2019

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

Total expenses allocated to continuing operations decreased in 2019 by MEUR 7.6. Depreciation included in the total expenses allocated to continuing operations amounted to MEUR 16.7 (10.9). The increase in depreciation was attributable the adoption of the IFRS 16 standard in the Group. The impact of the adoption of the standard on the Group's financial position is described in the accounting principles of the Interim Report. The full-year result for 2019 for continuing operations was MEUR 40.5 (38.2) and the adjusted result was MEUR 40.4 (38.4). The full-year result for 2019, including discontinued operations, was MEUR 48.7 (47.9) and the adjusted result was MEUR 49.3 (44.3).

ADJUSTED OPERATING PROFIT/LOSS MEUR	2019 Q4	2018 Q4	Change %	2019 Q1-Q4	2018 Q1-Q4	Change %	2018 Q1-Q4
Alma Markets	8.6	8.2	4.6	37.7	34.4	9.3	34.4
Alma Talent	4.8	5.6	-13.5	14.8	15.5	-4.1	15.5
Alma Consumer	4.8	5.4	-10.4	15.5	14.4	8.0	14.4
Segments total	18.3	19.2	-4.9	68.0	64.3	5.8	64.3
Non-allocated operations	-2.1	-2.1	-2.1	-6.4	-7.0	-8.2	-7.0
Total, including discontinued operations	16.2	17.1	-5.2	61.6	57.3	7.5	
Discontinued operations	3.7	3.4	8.6	12.2	9.7	25.5	
Continuing operations total	12.5	13.7	-8.7	49.4	47.6	3.8	57.3

Items adjusting operating profit

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

ADJUSTED ITEMS FOR CONTINUING OPERATIONS MEUR	2019 Q4	2018 Q4	2019 Q1-Q4	2018 Q1-Q4
Alma Markets				
Gains (losses) on the sale of assets			0.0	0.1
Alma Talent				
Restructuring			-0.4	-0.6
Gains (losses) on the sale of assets			0.0	0.2
Alma Consumer				
Restructuring				-0.1
Gains (losses) on the sale of assets				-0.2
Non-allocated				
Gains (losses) on the sale of assets	0.2	0.1	0.0	-0.1
Adjusted items in operating profit	0.2	-0.3	0.1	-0.1
Adjusted items in profit before tax	0.2	-0.3	0.1	-0.1

ADJUSTED ITEMS FOR DISCONTINUED OPERATIONS MEUR	2019 Q4	2018 Q4	2019 Q1-Q4	2018 Q1-Q4
Alma Consumer				
Restructuring		-0.5		-0.9
Gains (losses) on the sale of assets		-0.1	-0.7	4.7
Adjusted items in operating profit		-0.6	-0.7	3.8
Adjusted items in profit before tax		-0.6	-0.7	3.8

OPERATING PROFIT/LOSS MEUR	2019 Q4	2018 Q4	Change %	2019 Q1-Q4	2018 Q1-Q4	Change %
Alma Markets	8.6	8.2	4.8	37.7	35.1	7.4
Alma Talent	4.8	5.2	-6.6	14.8	15.1	-1.6
Alma Consumer	4.8	4.8	1.6	14.8	17.9	-17.1
Segments total	18.3	18.1	0.7	67.4	68.1	-1.0
Non-allocated operations	-1.9	-2.0	-3.8	-6.4	-7.1	-9.8
Total, including discontinued operations	16.3	16.1	1.3	61.0	61.0	0.0
Discontinued operations	3.7	2.8	33.6	11.4	13.5	-15.4
Continuing operations total	12.6	13.4	-5.4	49.5	47.5	4.4

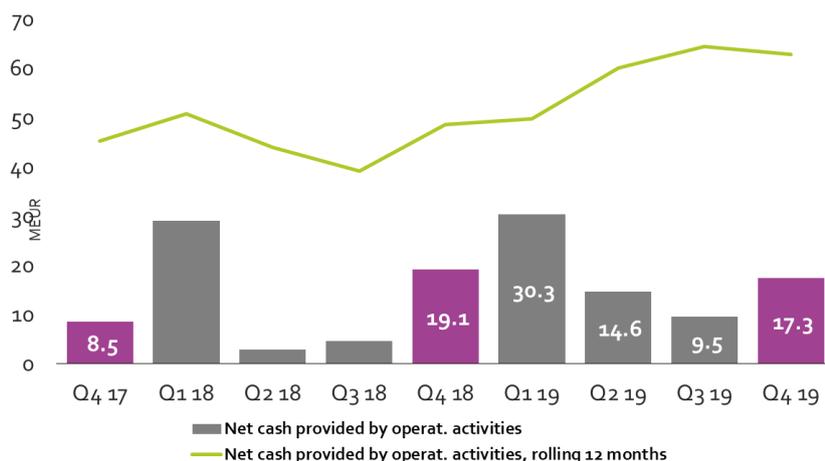
BALANCE SHEET AND FINANCIAL POSITION

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

The consolidated cash flow from operations in October–December including discontinued operations was MEUR 17.3 (19.1). Cash flow from operations in the fourth quarter was reduced by the weaker result as well as higher working capital and higher taxes paid. Cash flow before financing was MEUR 23.4 (18.5) in October–December.

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

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



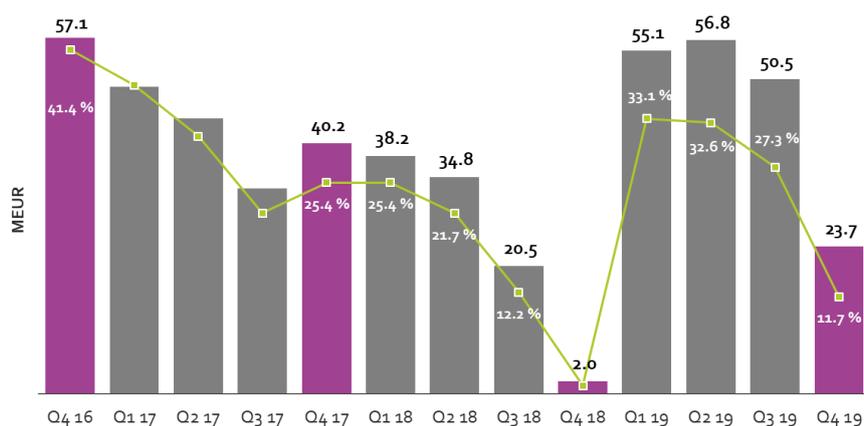
At the end of December 2019, the Group's interest-bearing debt amounted to MEUR 90.8 (51.5), consisting entirely of finance lease liabilities. The Group's interest-bearing net debt stood at MEUR 23.7 (2.0). The increase in interest-bearing debt was attributable to the adoption of the IFRS 16 standard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

INTEREST-BEARING NET DEBT, INCLUDING DISCONTINUED OPERATIONS MEUR	2019 Q1–Q4	2018 Q1–Q4
Interest-bearing long-term liabilities	79.0	47.3
Short-term interest-bearing liabilities	11.8	4.2
Cash and cash equivalents	67.1	49.5
Interest-bearing net debt	23.7	2.0

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

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

Interest-bearing net debt and gearing, including discontinued operations



Changes in Group structure in 2019

In March 2019, Alma Career, a subsidiary of Alma Media, acquired 100% of the Slovenian company spletno oglaševanje d.o.o., the owner of the www.deloglasnik.si recruitment portal.

In May 2019, Alma Media's subsidiary Alma Mediapartners Oy acquired tukkuautot.fi, a marketplace for automotive industry professionals, by buying the share capital of Suomen Tukkuautot Oy, the owner of the online service. Alma Media Group owns 65% of the Alma Mediapartners group.

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

Capital expenditure

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

CAPITAL EXPENDITURE BY SEGMENT	2019	2018	2019	2018
MEUR	Q4	Q4	Q1-Q4	Q1-Q4
Alma Markets	0.3	0.2	6.8	16.5
Alma Talent	0.1	0.2	0.4	0.9
Alma Consumer	0.0	0.1	4.3	1.7
Segments total	0.4	0.5	11.6	19.1
Non-allocated	0.3	0.7	1.0	2.7
Total, including discontinued operations	0.7	1.2	12.6	21.8
Discontinued operations	0.0	0.1	0.2	0.3
Continuing operations total	0.6	1.1	12.5	21.5

CAPITAL EXPENDITURE AND ACQUISITIONS	2019	2018	2019	2018
MEUR	Q4	Q4	Q1-Q4	Q1-Q4
Capex	0.7	1.3	2.7	4.8
Acquisitions	0.0	0.0	10.2	17.3
Total, including discontinued operations	0.7	1.3	12.9	22.1
Discontinued operations *)	0.0	0.0	0.2	0.3
Continuing operations total	0.6	1.2	12.7	21.8

*) No acquisitions are included in the discontinued operations.

DEPRECIATION, CONTINUING OPERATIONS		2019	2018	2019	2018
MEUR		Q4	Q4	Q1-Q4	Q1-Q4
Depreciation of tangible and intangible assets		2.5	1.1	11.0	5.2
Amortisation of intangible assets related to acquisitions		1.4	1.4	5.7	5.7
Total		4.0	2.6	16.7	10.9
DEPRECIATION, DISCONTINUED OPERATIONS		2019	2018	2019	2018
MEUR		Q4	Q4	Q1-Q4	Q1-Q4
Depreciation of tangible and intangible assets		1.3	1.1	5.2	4.6
Amortisation of intangible assets related to acquisitions		0.0	0.0	0.0	0.0
Total		1.3	1.1	5.2	4.6

Research and development costs, including discontinued operations

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

BUSINESS SEGMENTS

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.

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

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

KEY FIGURES	2019	2018	Change	2019	2018	Change
MEUR	Q4	Q4	%	Q1-Q4	Q1-Q4	%
Revenue	24.6	24.4	0.7	100.0	96.4	3.7
Advertising revenue	22.3	22.4	-0.1	91.3	88.6	3.0
Service revenue	2.2	2.0	9.2	8.7	7.8	11.8
Adjusted total expenses	16.0	16.2	-1.3	62.5	62.1	0.7
Adjusted EBITDA	9.8	9.1	7.5	42.5	38.1	11.8
EBITDA	9.8	9.1	7.7	42.6	38.7	10.0
Adjusted operating profit	8.6	8.2	4.6	37.7	34.4	9.3
% of revenue	35.0	33.7		37.7	35.7	
Operating profit/loss	8.6	8.2	4.8	37.7	35.1	7.4
% of revenue	35.0	33.6		37.7	36.4	
Employees on average	696	664	4.8	686	667	3.0
Digital business revenue	24.6	24.4	3.8	100.0	96.4	3.8
Digital business, % of revenue	100.0	100.0		100.0	100.0	

October–December 2019

The Alma Markets segment's revenue in the final quarter of 2019 was on a par with the comparison period at MEUR 24.6 (24.4). Acquired businesses contributed MEUR 0.3 to the increase in revenue. The recruitment business declined by 1.9% and accounted for 74.4% of the segment's revenue. The decrease was primarily attributable to the

Finnish recruitment business. In Finland, the positive development of the housing and automotive marketplace and system business continued in the final quarter. The housing marketplace business accounted for 16.9% of the segment's revenue and grew by 4.0%. The automotive business represented 8.3% of the segment's revenue and grew by 17.2%.

Total expenses for the period amounted to MEUR 16.0 (16.2). No adjusted items were reported during the review period. In spite of the decrease in revenue from the recruitment business, profitability improved thanks to good cost management.

The Alma Markets segment's adjusted operating profit was MEUR 8.6 (8.2) in the fourth quarter. The adjusted operating profit was 35.0% (33.7%) of revenue. The segment's operating profit was MEUR 8.6 (8.2).

The year 2019

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

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

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

Alma Talent

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

KEY FIGURES	2019	2018	Change	2019	2018	Change
MEUR	Q4	Q4	%	Q1-Q4	Q1-Q4	%
Revenue	28.3	29.9	-5.5	102.9	108.9	-5.5
Content revenue	13.0	13.2	-2.1	46.6	47.7	-2.3
Content revenue, print	9.3	10.3	-16.3	33.5	36.6	-8.5
Content revenue, digital	3.7	2.9	24.2	13.1	11.1	18.1
Advertising revenue	8.6	9.5	-9.7	30.2	33.4	-9.7
Advertising revenue, print	4.0	4.8	-16.3	13.7	16.4	-14.7
Advertising revenue, digital	4.6	4.8	-3.1	16.4	17.0	-3.1
Service revenue	6.7	7.1	-6.4	26.2	27.8	-6.0
Adjusted total expenses	23.4	24.4	-3.8	88.2	93.6	-5.7
Adjusted EBITDA	6.1	6.6	-6.8	19.9	19.5	2.1
EBITDA	6.1	6.2	-0.5	19.9	19.1	4.2
Adjusted operating profit	4.8	5.6	-13.5	14.8	15.5	-4.1
% of revenue	17.1	18.7		14.4	14.2	
Operating profit/loss	4.8	5.2	-6.6	14.8	15.1	-1.6
% of revenue	17.1	17.3		14.4	13.8	
Average no. of employees, excl. telemarketers	486	486	0.0	489	516	-5.1
Telemarketers on average	313	341	-8.2	304	326	-6.8
Digital business revenue	10.8	10.3	4.8	40.3	38.8	4.1
Digital business, % of revenue	38.2	34.5		39.2	35.6	

October–December 2019

The Alma Talent segment's revenue declined by 5.5% to MEUR 28.3 (29.9) in October–December. Digital business accounted for 38.2% (34.5%) of the segment's revenue.

The Alma Talent segment's content revenue decreased by 2.1% to MEUR 13.0 (13.2). Digital content revenue grew by 24.2%. In the Finnish media business, digital content revenue grew by 28.4%. Content revenue was reduced by the decline of book sales and by lower content sales in Sweden.

Advertising sales in the final quarter declined by 9.7% to MEUR 8.6 (9.5), particularly due to a decrease in recruitment advertising. Advertising revenue declined in both Finland and Sweden. Service revenue declined by 6.4% to MEUR 6.7 (7.1). Lower revenue from direct marketing and the training business contributed to the decrease in service revenue.

The segment's adjusted total expenses amounted to MEUR 23.4 (24.4). The Alma Talent segment's adjusted operating profit was MEUR 4.8 (5.6) and operating profit MEUR 4.8 (5.2). The adjusted operating profit was 17.1% (18.7%) of revenue. No adjusted items were reported during the review period. The adjusted items in the comparison period were related to operational restructuring.

The year 2019

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

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

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

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

Alma Consumer, including discontinued operations*

* A separate note is provided below on the discontinued operations

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

KEY FIGURES	2019	2018	Change	2019	2018	Change
MEUR	Q4	Q4	%	Q1–Q4	Q1–Q4	%
Revenue	37.2	38.4	-3.2	142.9	151.7	-5.8
Content revenue	16.4	16.2	1.3	64.8	67.1	-3.4
Content revenue, print	14.6	14.8	-1.0	58.3	61.3	-4.9
Content revenue, digital	1.8	1.4	24.4	6.5	5.8	11.9
Advertising revenue	15.5	17.2	-9.7	59.1	63.9	-7.5
Advertising revenue, print	7.9	9.3	-15.0	31.6	37.5	-15.7
Advertising revenue, digital	7.6	7.9	-3.5	27.5	26.4	4.2
Service revenue	5.2	5.0	5.2	19.0	20.6	-8.0
Adjusted total expenses	32.4	33.2	-2.5	127.5	137.6	-7.3
Adjusted EBITDA	6.1	6.3	-4.5	20.4	18.3	11.3
EBITDA	6.1	5.7	6.1	19.6	21.8	-9.9

Adjusted operating profit	4.8	5.4	-10.4	15.5	14.4	8.0
% of revenue	13.0	14.0		10.9	9.5	14.6
Operating profit/loss	4.8	4.8	1.6	14.8	17.9	-17.1
% of revenue	13.0	12.4		10.4	11.8	-12.1
Average no. of employees, excl. delivery staff	532	535	-0.6	549	590	-7.0
Average no. of delivery staff	779	771	1.0	840	821	2.4
Digital business revenue	10.5	9.9	5.7	37.1	35.7	4.1
Digital business, % of revenue	28.2	25.9		26.0	23.5	
OPERATIONAL KEY FIGURES	2019	2018	Change	2019	2018	Change
	Q4	Q4	%	Q1-Q4	Q1-Q4	%
Printing volume (thousands)	58,533	81,778	-28.4	237,831	336,641	-29.4
Paper usage (tonnes)	5,194	8,296	-37.4	20,132	27,925	-27.9

October–December 2019

The Alma Consumer segment's revenue declined by 3.2% to MEUR 37.2 (38.4) in October–December. Digital business accounted for 28.2% (25.9%) of the segment's revenue.

The segment's content revenue increased by 1.3% in the final quarter to MEUR 16.4 (16.2). Digital content revenue grew by 24.4%. The development of content revenue was supported by the change in VAT that took effect in July.

The segment's advertising revenue declined by 9.7% to MEUR 15.5 (17.2). Digital advertising revenue declined by 3.5% to MEUR 7.6 (7.9). Print media advertising sales declined in regional media, particularly in recruitment advertising and supplement advertising. Digital advertising decreased due to a decline in the sales of desktop advertising. In addition, the regional sales of supplements were lower than in the comparison period. The segment's service revenue increased by 5.2% to MEUR 5.2 (5.0).

The segment's adjusted total expenses decreased by 2.5% and amounted to MEUR 32.4 (33.2). The lower expenses were attributable to the restructuring measures implemented in 2018 and a decrease in content purchases. The segment's adjusted operating profit was MEUR 4.8 (5.4), or 13.0% (14.0%) of revenue. The segment's operating profit was MEUR 4.8 (4.8). No adjusted items were reported during the review period. The adjusted items reported during the comparison period were related to the sale of assets and operational restructuring.

The year 2019

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

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

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

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

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

The following table presents the assets and liabilities by segment, as well as the non-allocated asset and liability items.

ASSETS BY SEGMENT		
MEUR	31 Dec 2019	31 Dec 2018
Alma Markets	108.2	98.3
Alma Talent	98.1	100.5
Alma Consumer	62.4	62.2
Segments total, including discontinued operations	268.6	261.0
Discontinued operations	83.3	
Non-allocated assets and eliminations	48.9	84.6
Continuing operations total	400.9	345.6

LIABILITIES BY SEGMENT		
MEUR	31 Dec 2019	31 Dec 2018
Alma Markets	35.7	35.7
Alma Talent	26.9	26.1
Alma Consumer	60.8	40.6
Segments total, including discontinued operations	123.3	102.4
Discontinued operations	72.4	
Non-allocated liabilities and eliminations	2.7	56.3
Continuing operations total	198.4	158.8

Annual General Meeting 2019 and decisions made by the Board of Directors in its constitutive meeting

Alma Media Corporation's Annual General Meeting (AGM) held on 15 March 2019 confirmed the financial statements for 2018 and released the members of the Board of Directors and the President and CEO from liability. The AGM decided that a dividend of EUR 0.35 per share shall be paid for the financial year 2018. The payment was made on 26 March 2019.

The AGM confirmed the number of Board members as seven, as proposed by the Board of Directors' Shareholders' Nomination Committee. The AGM re-elected the following current Board members for the new term of office, extending until the end of the subsequent Annual General Meeting: Peter Immonen, Esa Lager, Alexander Lindholm, Petri Niemisvirta, Päivi Rekonen and Catharina Stackelberg-Hammarén, with Jorma Ollila elected as a new member. In its constitutive meeting held 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 in its constitutive meeting. Esa Lager, Alexander Lindholm, Petri Niemisvirta and Päivi Rekonen were elected as members of the Audit Committee, with Esa Lager as Chairman. Peter Immonen, Jorma Ollila and Catharina Stackelberg-Hammarén were elected as members of the Nomination and Compensation Committee, with Peter Immonen as Chairman.

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

The decisions of the AGM and the constitutive meeting of the Board of Directors were announced in more detail in a stock exchange release on 15 March 2019.

Governance

On 5 April 2019, Alma Media announced that Raimo Mäkilä, Senior Vice President, Alma Markets, would retire effective from 31 July 2019.

On 16 July 2019, Alma Media announced that BA Vesa-Pekka Kirsi (b. 1969) had been appointed as Senior Vice President of the Alma Markets business segment and a member of the Group Executive Team. He took up his post on 1 September 2019. Kirsi previously held various business management positions at Fonecta since 2011, most recently as the Business Unit Director of Fonecta's B2B business unit. He also has previous experience in the management of digital business, sales and marketing in Finland and internationally, with companies including Tanla Solutions, Openbit and Nokia.

On 5 December 2019, Alma Media announced that the District Court of Pirkanmaa had issued its ruling in the case of suspected employment discrimination in the recruitment of Aamulehti's Editor-in-Chief in late 2017. The District Court of Pirkanmaa dismissed the charges of employment discrimination against Alma Media Corporation's President and CEO Kai Telanne and SVP, Human Resources Virpi Juvonen. In its ruling, the District Court found that the defendants did not put Päivi Anttikoski in an inferior position because of her gender as alleged in the charges. On 7 January 2020, the Prosecutor's Office of Inland Finland announced that it will not appeal the District Court of Pirkanmaa's ruling. The decisions of the District Court are final.

Share and stock markets

In October–December, altogether 881,706 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 1.1% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the review period, 31 December 2019, was EUR 7.96. The lowest quotation during the review period was EUR 6.54 and the highest EUR 8.10. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 655.8. Alma Media Corporation holds a total of 99,795 of its own shares.

Share-based incentive scheme

Alma Media has a long-term share-based incentive scheme for key management (LTI 2015) based on a decision by the Board of Directors announced in a stock exchange release on 27 February 2015. LTI 2015 consists of annually commencing individual plans, each subject to separate Board approval. Each of the individual plans consists of three main elements: an investment in Alma Media shares as a precondition for participation in the scheme, matching shares based on the said share investment and the possibility of earning performance-based matching shares.

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

The performance matching plan 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 performance matching plan 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.

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.

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 terms of the LTI 2019 programme were announced in a stock exchange release on 18 December 2018.

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

Market liquidity guarantee

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

Flagging notices

The company did not receive any flagging notices during the fourth quarter of 2019.

Risks and risk management

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

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

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

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

Events after the review period

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

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

The Affärsvärlden financial media business will be transferred to the Swedish company Börsplus Ab effective from March 2020. Alma Media announced the transaction on 20 December 2019. The transaction is a continuation of the

decision made by Stiftelsen Affärsvärlden, which owns the Affärsvärlden brand and publishing rights, to transfer the publishing rights of Affärsvärlden to Börsplus Ab starting from 2021.

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

Alma Talent Pro completed statutory negotiations pursuant to the Act on Cooperation within Undertakings concerning 27 employees from the content team, publishing and the technical editorial team. The negotiations led to reductions corresponding to nine person-years. The reductions will be achieved by dismissals and resignation agreements. In addition, four employees will be transferred to a new employer in spring 2020 as part of a business transfer agreement.

On 11 February 2020, Alma Media announced it has signed an agreement with Sanoma concerning the sale of all shares in Alma Media Kustannus Oy, operating in the regional news media business, and Alma Manu Oy, operating in the printing business, to Sanoma Media Finland. The enterprise value of the businesses to be divested is MEUR 115. Alma Media will recognise an estimated capital gain of EUR 58 million on the sale upon closing of the transaction, which is estimated to take place during the year 2020. The businesses to be divested include regional newspapers Aamulehti and Satakunnan Kanssa, 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 Vekhari as well as Alma Manu printing operations, which are reported under the Alma Consumer segment. The transaction is subject to customary closing conditions, including approval by the Finnish Competition and Consumer Authority.

SUMMARY OF INTERIM REPORT AND NOTES

COMPREHENSIVE INCOME STATEMENT	2019	2018	Change	2019	2018	Change
MEUR	Q4	Q4	%	Q1-Q4	Q1-Q4	%
REVENUE	65.8	67.4	-2.4	250.2	254.7	-1.8
Other operating income	0.2	0.1	233.0	0.6	1.7	-65.0
Materials and services	10.2	10.4	-1.6	38.3	40.4	-5.4
Expenses arising from employee benefits	25.2	25.4	-0.9	97.4	98.2	-0.8
Depreciation and write-downs	4.0	2.6	55.6	16.7	10.9	52.5
Other operating expenses	14.0	15.7	-11.2	48.9	59.4	-17.6
OPERATING PROFIT	12.6	13.4	-5.4	49.5	47.5	4.4
Finance income	0.4	0.7	-41.4	0.3	2.1	-87.3
Finance expenses	0.4	0.1	426.7	1.3	1.1	21.1
Share of result of assoc. companies	0.1	-0.7	-117.4	0.5	-0.3	-272.0
PROFIT BEFORE TAX	12.7	13.2	-4.0	49.0	48.1	1.8
Income tax	2.5	3.1	-20.1	8.6	9.9	-13.7
PROFIT FROM CONTINUING OPERATIONS	10.2	10.1	1.0	40.5	38.2	5.8
PROFIT FROM DISCONTINUED OPERATIONS	2.8	1.4	102.5	8.2	9.7	-15.6
PROFIT FOR THE PERIOD	13.1	11.5	13.3	48.7	47.9	1.5
OTHER COMPREHENSIVE INCOME:						
Items that are not later transferred to be recognised through profit or loss						
Items arising due to the redefinition of net defined benefit liability (or asset item)	-0.2	-0.1		-0.2	-0.1	
Changes in the fair value of equity instruments measured at fair value through other comprehensive income		0.0			-0.2	
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	0.8	-0.1		0.1	0.6	
Share of other comprehensive income of associated companies	0.0	0.0		0.0	0.0	
Income tax relating to components of other comprehensive income	0.0	0.0		0.0	0.0	
Other comprehensive income for the year, net of tax	0.6	-0.2		-0.1	0.3	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13.7	11.3		48.5	48.3	
Profit for the period attributable to:						
– Owners of the parent	11.6	10.2		42.2	41.7	
– Non-controlling interest	1.5	1.4		6.4	6.3	
Total comprehensive income for the period attributable to:						
– Owners of the parent	12.2	9.9		42.1	42.0	
– Non-controlling interest	1.5	1.4		6.4	6.3	
Distribution of total comprehensive income						

- Continuing operations	10.8	9.9	40.3	38.5
- Discontinued operations	2.8	1.4	8.2	9.7
Earnings per share calculated from the profit for the period attributable to the parent company shareholders:				
- Earnings per share (basic and diluted), EUR	0.14	0.12	0.51	0.51
- Earnings per share, continuing operations	0.11	0.11	0.41	0.39
- Earnings per share, discontinued operations	0.03	0.02	0.10	0.12

BALANCE SHEET			
MEUR			
		31 Dec 2019	31 Dec 2018
ASSETS			
NON-CURRENT ASSETS			
Goodwill		130.3	133.5
Intangible assets		54.3	59.4
Tangible assets		3.5	53.7
Right-of-use assets		43.9	
Investments in associated companies		3.2	4.1
Other non-current financial assets		3.3	3.9
Deferred tax assets		0.4	1.5
CURRENT ASSETS			
Inventories		0.7	3.2
Current tax assets		1.5	0.4
Trade receivables and other receivables		28.0	36.3
Financial assets, short-term		0.0	0.1
Cash and cash equivalents		48.4	49.5
Assets classified as held for sale		83.3	
TOTAL ASSETS		400.9	345.6
EQUITY AND LIABILITIES			
Share capital		45.3	45.3
Share premium reserve		7.7	7.7
Translation differences		-0.5	-0.6
Invested non-restricted equity fund		19.1	19.1
Retained earnings		100.5	88.7
Equity attributable to owners of the parent		172.1	160.2
Non-controlling interest		30.4	26.6
TOTAL EQUITY		202.5	186.8
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities			47.3
Deferred tax liabilities		11.1	12.2
Pension liabilities		0.8	1.1
Provisions		0.4	0.4

Lease liabilities	36.9	
Other financial liabilities	2.0	
Other non-current liabilities	0.1	0.1
CURRENT LIABILITIES		
Current financial liabilities	1.6	13.1
Advances received	12.5	20.5
Income tax liability	2.5	3.7
Provisions	0.1	0.7
Lease liabilities	7.4	
Trade payables and other payables	50.6	59.5
Liabilities related to assets classified as held for sale	72.4	
TOTAL LIABILITIES	190.9	158.8
TOTAL EQUITY AND LIABILITIES	400.9	345.6

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Column headings:

A = Share capital

B = Share premium reserve

C = Translation differences

D = Invested non-restricted equity fund

E = Retained earnings

F = Total

G = Non-controlling interest

H = Equity total

MEUR	Equity attributable to owners of the parent							
	A	B	C	D	E	F	G	H
Equity 1 Jan 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		
Translation differences			0.1			0.1	0.1	0.1
Changes in the fair value of equity instruments measured at fair value through other comprehensive income						0.0		0.0
Transactions with equity holders								
Dividends paid by parent					-28.8	-28.8		-28.8
Dividends paid by subsidiaries							-3.9	-3.9
Acquisition of own shares								0.0
Refund of unredeemed dividends								
Share subscription								
Share-based payment transactions and exercised share options					0.6	0.6		0.6
Change in ownership in subsidiaries					-2.0	-2.0	1.2	-0.8
Equity 31 Dec 2019	45.3	7.7	-0.5	19.1	100.5	172.1	30.4	202.5

Equity 1 Jan 2018	45.3	7.7	-1.2	19.1	65.8	136.8	21.6	158.3
Adoption of IFRS 9					-0.2	-0.2		-0.2
Adoption of amendment to IFRS 2					1.6	1.6		1.6
Equity 1 Jan 2018	45.3	7.7	-1.2	19.1	67.3	138.2	21.6	159.8
Profit for the period					41.7	41.7	6.3	47.9
Other comprehensive income					-0.1	-0.1		-0.1
Translation differences			0.6		-0.9	-0.3	0.2	-0.1
Available-for-sale financial assets					-0.2	-0.2		-0.2
Transactions with equity holders								
Dividends paid by parent					-19.7	-19.7		-19.7
Dividends paid by subsidiaries							-3.1	-3.1
Refund of unredeemed dividends					0.1	0.1		0.1
Share-based payment transactions and exercised share options					0.5	0.5	0.1	0.6
Change in ownership in subsidiaries								
Acquisitions of shares by non-controlling interests that did not lead to changes in control						0.0	1.5	1.5
Equity 31 Dec 2018	45.3	7.7	-0.6	19.1	88.7	160.2	26.6	186.8

CASH FLOW STATEMENT, includes discontinued operations	2019	2018	2019	2018
MEUR	Q4	Q4	Q1-Q4	Q1-Q4
OPERATING ACTIVITIES				
Profit for the period	13.1	11.5	48.7	47.9
Adjustments	9.2	9.7	35.2	26.1
Change in working capital	0.4	2.0	2.0	-2.7
Dividends received	0.1	0.1	0.4	0.4
Interest received	0.0	0.0	0.1	0.1
Interest paid and other finance expenses	-0.5	-0.8	-2.2	-1.7
Taxes paid	-4.6	-3.4	-12.4	-13.9
Net cash flow from operating activities	17.3	19.1	71.8	56.2
INVESTING ACTIVITIES				
Acquisitions of tangible assets	-0.2	-0.6	-0.8	-1.6
Acquisitions of intangible assets	-0.2	-0.4	-0.7	-2.1
Proceeds from sale of tangible and intangible assets	0.0	0.1	0.0	1.4
Other investments				-0.1
Proceeds from sale of available-for-sale financial assets	0.4	0.0	0.8	0.0
Business acquisitions less cash and cash equivalents at the time of acquisition		-0.1	-15.4	-5.2
Proceeds from sale of businesses less cash and cash equivalents at the time of sale	6.2	0.1	6.2	12.9
Acquisition of associated companies		0.3		-1.2
Proceeds from sale of associated companies		0.0		1.2
Net cash flows from/(used in) investing activities	6.1	-0.6	-9.9	5.3
Cash flow before financing activities	23.4	18.5	61.9	61.6
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Loans taken				14.0
Repayment of loans				-19.0
Payments of finance lease liabilities	-2.9	-1.2	-11.6	-5.1
Dividends paid			-32.7	-22.9
Net cash flows from/(used in) financing activities	-2.9	-1.2	-44.3	-33.0
Change in cash and cash equivalent funds (increase +/decrease -)	20.4	25.3	17.6	28.6
Cash and cash equivalents at beginning of period	46.6	24.2	49.5	20.7
Effect of change in foreign exchange rates	0.1	0.1	-0.1	0.2
Cash and cash equivalents at end of period	67.1	49.5	67.1	49.5

Associated companies

SHARE OF RESULT OF ASSOCIATED COMPANIES, continuing operations MEUR	2019 Q4	2018 Q4	2019 Q1-Q4	2018 Q1-Q4
Alma Markets	0.1	-0.7	0.6	-0.4
Alma Talent	0.0	0.0	0.0	0.0
Alma Consumer	0.0	0.0	0.0	0.1
Other associated companies	0.0	0.0	0.0	-0.1
Total	0.1	-0.7	0.5	-0.3

Acquired businesses in 2019

Alma Media acquired the following business operations in 2019:

	<u>Business</u>	<u>Acquisition date</u>	<u>Acquired share</u>	<u>Group share</u>
<u>Alma Markets segment</u>				
Suomen Tukkuautot Oy	Online	3 May 2019	100.0%	65%
<u>Alma Consumer segment</u>				
Etua Oy	Online	3 July 2019	40.0%	60%

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

MEUR	Fair values entered in integration
Intangible assets	1.6
Trade receivables and other receivables	0.1
Cash and cash equivalents	0.3
Total	2.0
Deferred tax liabilities	0.3
Trade payables and other payables	0.1
Total	0.5
Total identifiable net assets at fair value 100%	1.5
Group's share of net assets	1.0
IFRS acquisition cost	5.8
Goodwill	4.8

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

MEUR	Fair values entered in integration
Intangible assets	1.7
Trade receivables and other receivables	0.1
Cash and cash equivalents	0.2
Total	2.0

Deferred tax liabilities	0.3
Trade payables and other payables	0.1
Total	0.4
Total identifiable net assets at fair value 100%	1.6
Group's share of net assets	1.0
IFRS acquisition cost	4.3
Goodwill	3.4

Contingent considerations

Contingent considerations arising from business acquisitions are classified as financial liabilities recognised at fair value through profit or loss. The amount of the contingent considerations due to acquisitions and business arrangements is based on the profit of the acquired businesses in 2018, 2019 and 2020.

CONTINGENT CONSIDERATION LIABILITY, CONTINUING OPERATIONS	
MEUR	
Initial recognition of the liability	13.9
Change in fair value during previous financial periods	-1.6
Considerations, settled in cash	-8.5
Change in fair value during the financial period	-0.4
Fair value of the contingent consideration liability at the end of the period	3.4

Discontinued operations in 2019

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

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

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

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

Income statement for discontinued operations

MEUR	2019	Adjusted 2018
Revenue	92.2	99.9
Other operating income	0.2	5.0
Expenses	-75.8	-86.8
Depreciation and write-downs	-5.2	-4.6
Net financial expenses	-1.1	-1.3
Profit before tax	10.4	12.3

Income tax	-2.2	-2.5
Profit from discontinued operations	8.2	9.7

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

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

EUR 1,000	2019	Adjusted 2018
Net cash flow from operating activities	13.2	8.8
Investing activities	6.2	-0.4
Financing activities	-10.5	-13.5

Assets classified as held for sale 2019

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

Liabilities directly related to the assets classified as held for sale 2019

MEUR	2019
Interest-bearing long-term liabilities	42.1
Deferred tax liabilities	0.6
Pension liabilities	0.4
Other non-current liabilities	0.0
Short-term interest-bearing 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

Employees

EMPLOYEES BY GEOGRAPHICAL AREA	2019	2018	2019	2018
CONTINUING OPERATIONS	Q4	Q4	Q1-Q4	Q1-Q4
Employees, Finland	882	848	882	863
Employees, other countries	654	632	647	649
Total employees, excl. telemarketers	1536	1480	1530	1512

The number of employees of the discontinued operations, excluding delivery personnel, was 365 (FTE) people in 2019.

Provisions

The company's provisions totalled MEUR 0.9 (1.1) on 31 December 2019. It has not been necessary to change the estimates made when the provisions were entered.

Commitments and contingencies

COMMITMENTS AND CONTINGENCIES	31 Dec 2019	31 Dec 2018
MEUR		
Collateral for others		
Guarantees	0.9	0.9
Other commitments and contingencies	0.2	0.3
Minimum lease payments on other lease agreements:		
Within one year	0.9	8.7
Within 1–5 years **)	0.5	26.5
After 5 years **)	0.0	17.1
Total	1.4	52.3

*) Due to the adoption of the IFRS 16 standard, off-balance sheet property and car obligations reported in the financial statements for 2018 have been transferred to be reported on the balance sheet as of 1 January 2019.

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

DERIVATIVE CONTRACTS	31 Dec 2019	31 Dec 2018
MEUR		
Commodity derivative contracts, electricity derivatives		
Fair value	0.0	0.1
Nominal value	0.2	0.1
Interest rate derivatives *)		
Fair value		-0.5
Nominal value		15.4
Foreign currency derivatives		
Fair value	-0.1	0.0
Nominal value	4.5	4.6

*) Alma Media sold the interest rate derivatives in the third quarter of 2019.

Related party transactions

Alma Media Group's related parties are the major shareholders of the parent company, associated companies and companies owned by them. Related parties also include the Group's senior management and their related parties (members of the Board of Directors, President and CEO and Managing Directors, and the Group Executive Team).

The following table summarises the business operations undertaken between Alma Media and its related parties as well as the status of their receivables and liabilities:

RELATED PARTY TRANSACTIONS MEUR	2019 Q4	2018 Q4	2019 Q1-Q4	2018 Q1-Q4
Sales of goods and services	0.1	0.0	0.3	0.3
Associated companies	0.0	0.0	0.2	0.2
Principal shareholders	0.0	0.0	0.1	0.1
Corporations where management exercises influence	0.0	0.0	0.0	0.0
Purchases of goods and services	0.1	0.1	0.5	0.8
Associated companies	0.1	0.1	0.5	0.8
Principal shareholders	0.0	0.0	0.0	0.0
Trade receivables, loan and other receivables at the end of the reporting period	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0
Principal shareholders	0.0	0.0	0.0	0.0
Trade payables at the reporting date	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0
Principal shareholders	0.0	0.0	0.0	0.0

QUARTERLY INFORMATION INCLUDING DISCONTINUED OPERATIONS MEUR	2019	2019	2019	2019	2018	2018	2018	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
REVENUE	89.2	80.3	88.0	85.0	91.9	81.6	88.9	92.2	97.1
Alma Markets	24.6	24.9	25.6	25.0	24.4	23.9	24.2	23.8	22.1
Alma Talent	28.3	22.3	26.1	26.2	29.9	23.1	28.1	27.8	31.0
Alma Consumer	37.2	33.9	37.2	34.7	38.4	35.3	37.2	40.7	44.2
Eliminations and non-allocated	-0.9	-0.8	-0.9	-0.8	-0.8	-0.7	-0.6	-0.2	-0.3
ADJUSTED TOTAL EXPENSES	73.1	64.2	73.2	70.8	75.0	66.6	76.2	80.1	90.1
Alma Markets	16.0	14.3	15.9	16.3	16.2	14.6	15.7	15.6	16.4
Alma Talent	23.4	19.5	22.9	22.4	24.4	20.3	24.3	24.6	27.3
Alma Consumer	32.4	30.6	32.9	31.6	33.2	31.4	34.6	38.4	39.7
Eliminations and non-allocated	1.2	-0.2	1.5	0.5	1.2	0.3	1.7	1.5	6.8
ADJUSTED EBITDA	21.5	21.5	20.5	20.1	20.8	18.9	16.9	16.4	15.7
Alma Markets	9.8	11.8	11.0	9.9	9.1	10.3	9.5	9.1	6.5
Alma Talent	6.1	4.1	4.5	5.1	6.6	3.8	4.8	4.3	4.9
Alma Consumer	6.1	4.5	5.5	4.4	6.3	4.9	3.7	3.4	5.6
Eliminations and non-allocated	-0.5	1.0	-0.6	0.7	-1.2	-0.2	-1.2	-0.4	-1.4
ADJUSTED OPERATING PROFIT/LOSS	16.2	16.1	14.9	14.4	17.1	15.1	12.9	12.2	11.3
Alma Markets	8.6	10.6	9.8	8.7	8.2	9.4	8.6	8.2	5.8
Alma Talent	4.8	2.9	3.3	3.8	5.6	2.8	3.8	3.3	3.9
Alma Consumer	4.8	3.3	4.3	3.2	5.4	4.0	2.7	2.3	4.6
Eliminations and non-allocated	-2.1	-0.6	-2.4	-1.3	-2.1	-1.0	-2.2	-1.6	-3.0
% OF REVENUE	18.2	20.1	16.9	16.9	18.6	18.5	14.5	13.2	11.6
Alma Markets	35.0	42.7	38.2	34.7	33.7	39.3	35.5	34.5	26.2
Alma Talent	17.1	12.9	12.5	14.6	18.7	12.1	13.7	11.7	12.5
Alma Consumer	13.0	9.6	11.5	9.1	14.0	11.2	7.3	5.8	10.3
Non-allocated operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ADJUSTED ITEMS	0.2	-0.4	-0.3	0.0	-0.9	-0.6	4.5	0.7	-5.4
Alma Markets	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.7	0.0
Alma Talent	0.0	0.0	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0
Alma Consumer	0.0	-0.5	-0.2	0.0	-0.6	-0.2	4.3	0.0	-1.4
Non-allocated operations	0.2	0.0	-0.1	0.0	0.1	-0.5	0.3	0.0	-4.0
OPERATING PROFIT/LOSS	16.3	15.7	14.5	14.4	16.1	14.6	17.4	12.9	5.8
Alma Markets	8.6	10.7	9.8	8.7	8.2	9.4	8.6	8.9	5.8
Alma Talent	4.8	2.9	3.3	3.8	5.2	2.9	3.7	3.3	3.9
Alma Consumer	4.8	2.8	4.1	3.2	4.8	3.8	7.0	2.3	3.1
Non-allocated operations	-1.9	-0.6	-2.6	-1.3	-2.0	-1.6	-1.9	-1.6	-7.0
Finance income	0.4	0.3	0.2	0.1	0.7	0.9	0.4	0.2	0.5
Finance expenses	0.7	0.5	1.3	0.5	0.8	0.4	0.1	0.3	0.6
Share of profit of associated companies	0.1	0.2	0.1	0.1	-0.7	0.2	0.1	0.1	0.0
PROFIT BEFORE TAX	16.1	15.6	13.6	14.0	15.3	15.3	16.9	12.9	5.8
Income tax	-3.1	-2.5	-2.4	-2.7	-3.9	-3.1	-3.1	-2.5	-1.4
PROFIT FOR THE PERIOD	13.1	13.1	11.3	11.3	11.5	12.2	13.8	10.4	4.4

Main accounting principles (IFRS)

This Interim Report has been prepared according to IFRS standards (IAS 34). The Interim Report applies the same accounting principles and calculation methods as the annual accounts dated 31 December 2019 and the new and revised IFRS standards described in the 2019 financial statements. The financial statement release does not, however, contain all the information or notes to the accounts included in the annual financial statements. This financial statement release should, therefore, be read in conjunction with the company's financial statements for 2019. This Financial Statements Bulletin applies the same accounting principles as the consolidated financial statements, with the exception of the following new standards adopted at the start of the financial year:

IFRS 16 *Leases* (effective for financial periods beginning on or after 1 January 2019). Under the new 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 will move off-balance sheet obligations to the balance sheet and thus increase 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 IT equipment, on the other hand, are treated as off-balance sheet obligations, unlike under the current IAS 17 standard.

The figures in the tables illustrating the effect of IFRS 16 include discontinued operations.

Assets and liabilities according IFRS 16	31 Dec 2019	1 Jan 2019	31 Dec 2019	1 Jan 2019
Balance sheet (MEUR)	Assets	Assets	Liabilities	Liabilities
Leases for business premises and operating leases	100.8	102.0		107.6
Revaluation	-2.8		-2.8	
Depreciation, loan repayment	-12.2		-11.6	
Under 12 months and low-value assets		-1.2		-1.2
Total	85.8	100.8	93.2	105.2

IFRS 16 impact on result by segment 2019	Alma Markets	Alma Talent	Alma Consumer	Non-allocated and eliminations	Group
MEUR					
Other expenses – decrease	1.7	1.1	1.0	4.2	8.9
EBITDA	1.7	1.1	1.0	4.2	8.9
Depreciation – increase	-1.7	-1.1	-1.0	-4.0	-8.5
Operating profit	0.1	0.0	0.0	0.2	0.4
Interest expenses – increase	-0.1	0.0	0.1	-0.6	-0.8
Profit for the period	0.0	0.0	0.0	-0.3	-0.4

IFRS 16 impact on assets by segment	31 Dec 2019
MEUR	
Alma Markets	5.2
Alma Talent	2.1
Alma Consumer	2.8
Segments total	10.2
Non-allocated and eliminations	36.2
Total	46.4

IFRS 16 impact on liabilities by segment	
MEUR	31 Dec 2019
Alma Markets	5.3
Non-current liabilities	3.6
Current liabilities	1.6
Alma Talent	2.1
Non-current liabilities	1.1
Current liabilities	1.0
Alma Consumer	2.9
Non-current liabilities	2.0
Current liabilities	0.8
Segments total	10.3
Non-allocated and eliminations	36.6
Total	46.8

Operating lease-related obligations, 31 Dec 2018	52.3
Discounted by the Group's incremental borrowing rate 1.5%	-3.1
Decrease (-): leases of low-value assets, expensed on a straight-line basis	-1.2
Increase/decrease (-): adjustments due to the differences in processing continuation and termination options	3.1
Increase/decrease (-): adjustments related to index or price level changes that have effects on variable payments and missing rental commitments	1.5
Change in lease liability recognised on 1 January 2019	52.5

The key indicators are calculated using the same formulae as applied in the previous annual financial statements. The quarterly percentages of Return on Investment (ROI) and Return on Equity (ROE) have been annualised using the formula $((1 + \text{quarterly return})^4 - 1)$. The percentage of digital business of revenue is calculated as digital business/revenue * 100. The figures in this Interim report are independently rounded.

Alternative Performance Measures

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

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

Adjusted operating profit (MEUR and % of revenue)	Profit before tax and financial items excluding adjusted items
Adjusted EBITDA	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

The figures in this release are unaudited.

Seasonality

The Group recognises its content revenue from publishing activities as paid. For this reason, content revenues accrue in the income statement fairly evenly during the four quarters of the year. The bulk of subscription invoicing takes place at the beginning of the year and, therefore, the cash flow from operating activities is the strongest early in the year. This also affects the company's balance sheet position in different quarters.

General statement

This report contains certain statements that are estimates based on the management's best knowledge at the time they were made. For this reason, they contain a certain amount of risk and uncertainty. The estimates may change in the event of significant changes in the general economic conditions.

ALMA MEDIA CORPORATION

Board of Directors

More information:

Kai Telanne, President and CEO, telephone +358 (0)10 665 3500

Juha Nuutinen, CFO, telephone +358 (0)10 665 3873

Alma Media's financial calendar 2020

- Interim Report for January–March 2020 on Tuesday, 21 April 2020 at approximately 8:00 EEST
- Interim Report for January–June 2020 on Friday, 17 July 2020 at approximately 8:00 EEST
- Interim report for January–September 2020 on Thursday, 22 October 2020 at approximately 8:00 EEST

Financial Statements, Report by the Board of Directors, Auditor's Report and Corporate Governance Statement for the 2019 financial year will be published on Wednesday, 4 March 2020.

The Annual General Meeting is planned to be held on Wednesday, 25 March 2020. The materials related to the Annual General Meeting will be available on the Alma Media website.