

# Alma Media Corporation

Interim Report Q1 2020

21 April 2020



**Alma Media's Interim Report January–March 2020:**

**Revenue and adjusted operating profit for continuing operations on previous year's level. The coronavirus epidemic will have a significant negative impact on revenue and operating profit in following months.**

On 11 February 2020, Alma Media announced the sale of its regional news media business and printing operations to Sanoma Media Finland. The businesses to be divested are reported as discontinued operations. The businesses to be divested were previously reported under the Alma Consumer segment. The income statement figures presented in this Interim Report mostly represent only the Group's continuing operations. The balance sheet and cash flow figures include both continuing and discontinued operations.

**Financial performance January–March 2020:**

- Revenue from continuing operations on a par with the comparison period at MEUR 61.9 (62.1).
- Adjusted operating profit from continuing operations MEUR 11.2 (11.5), down 2.7%.
- Operating profit from continuing operations MEUR 12.2 (11.5), up 6.2%.
- Earnings per share from continuing operations EUR 0.10 (0.09).
- Earnings per share including discontinued operations EUR 0.21 (0.12).
- The Group has a strong financial position and is next to free of net debt, with a gearing ratio of 0.8%.
- Alma Markets: Revenue and profitability remained on a par with the comparison period.
- Alma Talent: Digital revenue growth was strong (9%) and the share of digital revenue rose to 41.5%.
- Alma Consumer: Digital advertising revenue continued to grow, particularly in content marketing. The profitability of digital consumer services decreased.

**Adjusted operating profit, January–March, MEUR**

KEY FIGURES	2020	2019	Change	2019
MEUR	Q1	Q1	%	Q1–Q4
Revenue	61.9	62.1	-0.4	250.2
Content revenue	15.8	15.8	0.2	64.2
Content revenue, print	11.9	12.7	-6.4	50.9
Content revenue, digital	3.9	3.1	27.4	13.2
Advertising revenue	35.9	36.7	-2.2	148.5
Advertising revenue, print	3.7	4.1	-11.3	16.3
Advertising revenue, digital	32.3	32.6	-1.0	132.2
Service revenue	10.1	9.6	5.7	37.6
Adjusted total expenses	50.7	50.7	0.1	201.1
Adjusted EBITDA	15.3	15.9	-3.4	66.1
EBITDA	16.3	15.9	3.0	66.2
Adjusted operating profit	11.2	11.5	-2.7	49.4
% of revenue	18.1	18.5		19.8
Operating profit (loss)	12.2	11.5	6.2	49.5
% of revenue	19.7	18.5		19.8
Profit for the period	10.2	9.1	11.7	40.5

Earnings per share, EUR (basic and diluted)	0.10	0.09	13.3	0.41
Digital business revenue	42.1	40.8	3.1	166.7
Digital business, % of revenue	68.1	65.8		66.6

### Operating environment in 2020

The global coronavirus epidemic creates significant uncertainty for economic development in 2020. As a result, the national economies of Finland and Alma Media's other operating countries are expected to decline substantially in 2020 compared to the previous year.

In the prevailing exceptional circumstances, the consumption of digital content and services has grown significantly in general. The coronavirus epidemic 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 to further intensify. 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

The coronavirus epidemic and the related restrictive measures have resulted in a sudden change in Alma Media's operating environment, and uncertainty has increased to a significant degree. In the current exceptional circumstances, Alma Media considers visibility to be weak and the Group will not issue a guidance for 2020 at this stage.

On 25 March, Alma Media withdrew the guidance previously issued by the Group in February 2020.

### Market situation in the main markets and the impacts of the coronavirus epidemic on Alma Media's business

In previous descriptions of the operating environment, Alma Media has referred to Kantar TNS reports on the volume of media advertising in Finland as well as the European Commission's forecasts regarding the development of GDP and the unemployment rate in the Czech Republic and Slovakia. The most recent published data is from January–February 2020, before the outbreak of the global coronavirus pandemic and the entry into force of wide-ranging restrictive measures. As the length of the coronavirus epidemic and the timing of the restrictions related to preventing the spread of the virus being lifted are currently unknown, the visibility of the economic impacts of the epidemic in Alma Media's operating countries is weak and risk assessment is exceptionally uncertain. There are major differences between the economic forecasts of various central banks and research institutions.

Impacts of the epidemic and measures initiated by Alma Media by business segment:

- **Alma Markets**

With increasing restrictive measures introduced by the authorities to mitigate the coronavirus pandemic and growing economic uncertainty, customers have significantly scaled down their new recruitment activities and focused on replacement recruitment, which has a negative impact on the sales of recruitment advertising in the Alma Markets segment. During the epidemic, demand has been focused on jobs in logistics and health care. The recruitment events organised by Alma Markets have been postponed until the autumn. The epidemic also has a clear negative impact on the housing and automotive marketplaces business, but the effects are likely to be smaller than in the recruitment business. The online training business has developed favourably during the coronavirus epidemic.

The impact of the coronavirus epidemic on the decline in Alma Markets' revenue in March 2020 is estimated to be approximately MEUR 1.5. The Czech koruna has depreciated by about 6% since the start of 2020, which will weaken the result of the segment's operations in the Czech Republic in euros in spite of the fact that part of the future cash flows of the business have been hedged.

Alma Markets has commenced measures to adjust its cost structure. The measures include a significant contraction of marketing investments, temporary layoffs, fixed-term reductions in pay in April–June within the



limits of the applicable legislation and a reduction in the purchasing of external services. The marketing of the mobile recruitment service in Poland is being significantly reduced, recruitment consulting activities in the Baltic countries are being contracted and the Workania business in Hungary will be discontinued.

These measures are expected to generate an estimated MEUR 3.6 in cost savings in the second quarter.

- ***Alma Talent***

Advertising sales have slowed down due to the general uncertainty, with demand declining particularly in the automotive trade and recruitment advertising. At the same time, however, the coronavirus epidemic has given rise to growing demand for reliable and up-to-date information, which has been reflected in significant growth in the audiences of Alma Talent's media brands, especially in financial media, along with a corresponding positive development in content sales for subscription media. In the event business, events have been postponed until the autumn 2020. Policies introduced by employers and restrictions imposed by the authorities have affected the numbers of training participants, and training events have been moved to digital channels to be attended remotely.

The impact of the coronavirus epidemic on the decline in Alma Talent's revenue in March 2020 is estimated to be approximately MEUR 0.4.

Alma Talent has commenced measures to adjust its cost structure. Temporary layoffs have been initiated in the event and training business and employees are urged to exchange bonus holiday pay for time off and to take previously accumulated time off during the spring. External service purchasing is also being reduced and non-critical development projects have been postponed.

These measures are expected to generate an estimated MEUR 1.3 in cost savings in the second quarter.

- ***Alma Consumer and shared operations***

In the Alma Consumer segment, advertising revenue has declined due to the general uncertainty, particularly in the areas of automotive and travel advertising. The restrictions on movement imposed to prevent the spread of the coronavirus and the closure of retail outlets selling magazines and newspapers in the travel industry, for example, have had a negative impact on Italehti's single-copy sales. At the same time, the material costs of print media have declined. The number of visitors to Italehti's online service was at a record-high level during the early part of the year, and visitor volumes have continued to show exceptionally strong growth due to the high interest in coronavirus news.

The impact of the coronavirus epidemic on the decline in Alma Consumer's revenue in March 2020 is estimated to be approximately MEUR 0.3.

Measures to adjust its cost structure have been initiated in Alma Consumer and shared operations. Marketing expenses are being reduced in digital services. Employees are urged to exchange bonus holiday pay for time off and to take previously accumulated time off during the spring. External service purchasing is being reduced and non-critical development projects have been postponed.

In Alma Consumer (continuing operations) and Alma Media's shared operations, the measures taken are expected to generate an estimated MEUR 1.1 in cost savings in the second quarter.

Alma Media is monitoring the development of the market situation in its business segments and additional measures will be taken as necessary.

### **From the President and CEO**

The development of Alma Media's business was stable in the early part of 2020. The revenue and adjusted operating profit of the Group's continuing operations was on a par with the previous year in the first quarter.

The rapid progress of the coronavirus pandemic has been reflected in Alma Media's operations since March. Immediately after the epidemic escalated, we implemented special precautions to protect the health and well-being of our employees and customers and to ensure the continued functionality of our services. At present, we are producing our services remotely for the most part, and we have been able to adjust to the exceptional circumstances without any service disruptions.

The substantial changes in the operating environment and our markets caused by the epidemic creates significant uncertainty for our business in the coming months. We estimate that the epidemic reduced our revenue by approximately MEUR 2 in March 2020. We have initiated measures to adjust our operations and we expect these measures to yield approximately MEUR 6 in cost savings in the second quarter. The duration and depth of the economic slump caused by the crisis remain to be seen. We maintain a constant readiness to take additional measures to protect our future profitability and competitiveness. The impacts of the coronavirus epidemic on our business segments and the measures we are taking to mitigate the impacts are described in more detail above, on pages 2–3 of this Interim Report.

The recruitment business of the Alma Markets segment performed well in January–February and developed in line with our plans. The impact of the coronavirus epidemic was seen since March in the form of declining revenue as the demand for recruitment advertising and services slowed down significantly in the Group’s operating countries, especially in Finland and Slovakia. The development of the housing and automotive marketplace and system business was stable during the review period. While the coronavirus epidemic also has a clear negative impact on that business, the effects are likely to be smaller than in the recruitment business. The profitability of Alma Markets was on a par with the previous year in the first quarter, as the segment had already taken steps to prepare for slower economic growth in the early part of the year by implementing stricter cost control.

The Alma Talent segment continued its rapid move towards digital media and service business models during the review period: digital business grew to account for 42% of the segment’s revenue. The significant increase in demand for up-to-date and relevant financial news saw digital content revenue in Finland reach a record level with growth of 33.9%. Content sales also developed favourably in Pro’s digital business. The positive development seen in advertising and the training business in the early part of the year took a downward turn in March due to the coronavirus epidemic. Alma Talent’s revenue during the review period was weighed down primarily by a decline in the revenue of the Swedish media business and the effect of the Affärsvärlden divestment. Profitability was on a par with the previous year. Expenses were reduced by divestments, cost saving measures implemented in Sweden and the restructuring of Alma Talent Pro.

The digital advertising revenue of Alma Consumer’s national consumer media, Iltalehti, was at a good level during the early part of the year, with content marketing growing in particular. In March, advertising related to the automotive trade and travel, for example, declined due to the epidemic. Content revenue was on a par with the comparison period. This was supported in part by the change in value added taxation that entered into force in July 2019, but the trend of falling single-copy sales sharpened towards the end of the review period as many sales outlets closed due to the restrictions imposed by the authorities. The number of visitors to Iltalehti’s online service was at a record-high level during the early part of the year, and visitor volumes have continued to show exceptionally strong growth due to the high interest in coronavirus news.

The most significant business event during the review period was the sale of Alma Media’s regional news media business and printing business to Sanoma. The transaction will be finalised in late April. In discontinued operations, the decline of print media advertising sales continued in January–March, with the epidemic having a significant impact on advertising revenue in March. Revenue from discontinued operations was also reduced by the outsourcing of delivery operations to Posti and the decline of print revenue.

Thanks to our digital transformation, profitable growth and successful acquisitions and divestments, our financial position is very strong and our balance sheet was nearly free of net debt at the end of the review period.

In the prevailing exceptional circumstances, the consumption of digital content and services has grown significantly. The epidemic is expected to change consumer behaviour and also accelerate the demand for digital services aimed at businesses. Buying a home digitally may soon be the prevailing practice. At the same time, working life is undergoing a transformation. Virtual solutions for working, organising events and studying online have become part of people’s daily life. The current crisis opens up new growth opportunities for companies with strong digital competencies.

### **Strategy implementation 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.

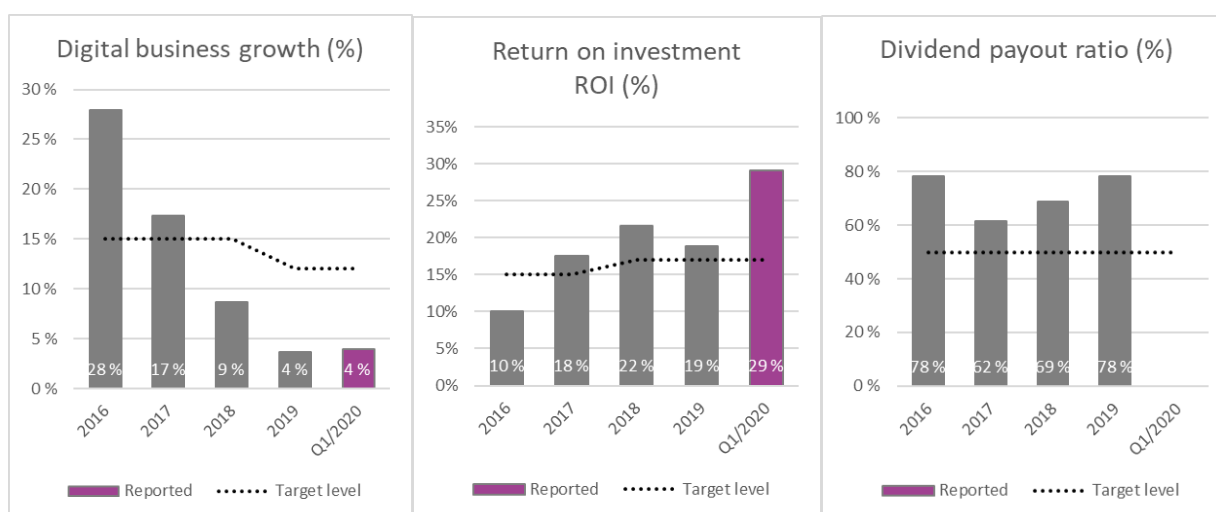
Alma Media responds to the changes in media consumption and the growing demand for digital service by providing content and services that are of value to users in their daily life, work and free time. Alma Media's strategic priorities include growing the marketplaces business in Finland and internationally, expanding the Group's professional media and B2B services as well as developing national multi-channel consumer media and services. The Group also seeks growth through the renewal of its digital advertising and marketing solutions as well as paid digital content.

For the 2020–2022 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 means of the Digital Audiences initiative.

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 form of competitive bidding services, Alma Media's subsidiary Alma Mediapartners acquired the remaining share capital of Muuttomaailma during the review period. Established in 2015, 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. More than 65,000 movers have already used the service to invite competitive bids for removal services and the service has 350 registered moving companies, representing the vast majority of removal service providers in Finland.

In February 2020, Alma Media announced the signing of an agreement 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 businesses to be divested include regional newspapers Aamulehti and Satakunnan Kansa, local newspapers Janakkalan Sanomat, Jämsän Seutu, Kankaanpään Seutu, KMV-Lehti, Nokian Uutiset, Rannikkoseutu, Suur-Keuruu, Merikarvia-Lehti, Sydän-Satakunta, Tyrvään Sanomat, Valkeakosken Sanomat, Jokilaakso and Vekhari as well as Alma Manu printing operations, which are reported under the Alma Consumer segment. The Finnish Consumer and Competition Authority (FCCA) announced its approval of the transaction in March 2020. 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 in the second quarter. The transaction will see the share of digital business increase to nearly 70 per cent of Alma Media's revenue and shift the strategic focus of business even more clearly towards the development of the digital media and service business.

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



## ALMA MEDIA GROUP INTERIM REPORT 1 JANUARY–31 MARCH 2020

The figures are compared in accordance with the International Financial Reporting Standards (IFRS) with those of the corresponding period in 2019, 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		2020	2019	Change	2019
MEUR		Q1	Q1	%	Q1–Q4
Revenue		61.9	62.1	-0.4	250.2
Adjusted total expenses		50.7	50.7	0.1	201.1
Adjusted EBITDA		15.3	15.9	-3.4	66.1
EBITDA		16.3	15.9	3.0	66.2
Adjusted operating profit		11.2	11.5	-2.7	49.4
% of revenue		18.1	18.5		19.8
Operating profit (loss)		12.2	11.5	6.2	49.5
% of revenue		19.7	18.5		19.8
Profit for the period before tax		12.5	11.4	9.9	49.0
Profit for the period		10.2	9.1	11.7	40.5
BALANCE SHEET ***)		2020	2019	Change	2019
MEUR		Q1	Q1	%	Q1–Q4
ASSETS		417.1	394.9	5.6	400.9
Net debt		1.1	55.1	-98.0	23.7
Interest-bearing liabilities		88.4	102.7	-13.9	90.8
Non-interest-bearing liabilities		109.7	122.1	-10.1	107.6
Capital expenditure		6.8	1.0	614.3	12.6
Equity ratio %		56.0	46.1	21.4	54.1
Gearing %		0.8	33.1	-97.4	11.7
EMPLOYEES		2020	2019	Change	2019
		Q1	Q1	%	Q1–Q4
Average no. of employees, excl. telemarketers		1,534	1,504	2.0	1,530
Telemarketers on average		320	319	0.3	304
KEY FIGURES		2020	2019	Change	2019
		Q1	Q1	%	Q1–Q4
Return on equity/ROE (annual)*		41.1	27.8	48.0	25.0
Return on investment/ROI (annual)*		29.1	19.8	46.7	19.0
Earnings per share, EUR (basic)		0.21	0.12	78.2	0.51
Earnings per share, EUR (diluted)		0.21	0.12	78.2	0.50
Earnings per share, EUR, continuing operations		0.10	0.09	14.8	0.41
Earnings per share, EUR, discontinued operations		0.11	0.03	267.8	0.10
Cash flow from operating activities/share, EUR		0.33	0.37	-10.1	0.87
Shareholders' equity per share		2.26	1.71	32.2	2.09
Dividend per share, EUR ****)					0.40
Effective dividend yield %					5.0
P/E					15.5
Market capitalisation		509.1	497.6	2.3	655.8
Average number of shares, basic (YTD)**		82,352	82,147		82,283
Average number of shares, diluted (YTD)		83,445	82,219		83,673
Number of shares at the end of the period (1,000 shares)		82,383	82,383		82,383

\*) Annual return, see Accounting Principles of the Interim Report. The key figures also include adjusted items \*\*) The company acquired 90,000 and disposed of 158,784 of its own shares during the review period. At the end of the review period, the company held 31,011 of its own shares. \*\*\*) The figures include both continuing and discontinued operations \*\*\*\*) Proposal of the Board of Directors

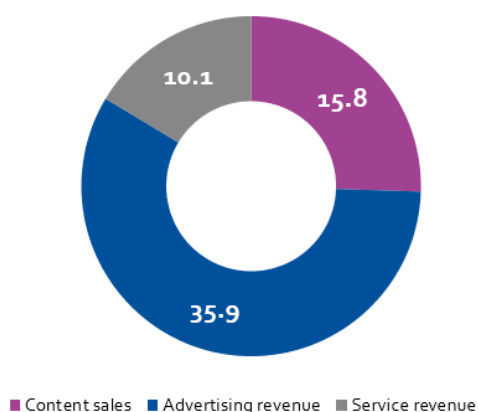
## REVENUE

### January–March 2020

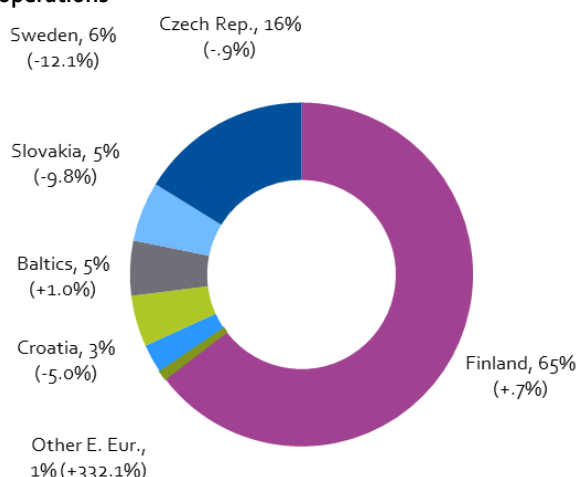
Revenue from continuing operations was on a par with the previous year at MEUR 61.9 (62.1). Acquired and divested businesses had an effect of MEUR 0.5 on revenue. Digital content revenue growth of 27.4% compensated for the decrease in print revenue. Content revenue was on a par with the previous year at MEUR 15.8 (15.8).

Advertising revenue from continuing operations declined by 2.2% to MEUR 35.9 (36.7). Advertising revenue decreased by 11.3% due to a decline in print media, and amounted to MEUR 3.7 (4.1). Digital advertising sales from continuing operations decreased by 1.0%. Service revenue from continuing operations increased by 5.7% to MEUR 10.1 (9.6).

Revenue split Q1/2020, MEUR, continuing operations



Geographical revenue split Q1/2020, MEUR, continuing operations



REVENUE MEUR	2020 Q1	2019 Q1	Change %	2019 Q1–Q4
Alma Markets	24.7	25.0	-0.9	100.0
Alma Talent	25.6	26.2	-2.1	102.9
Alma Consumer	11.6	10.9	6.2	47.2
Segments total	60.4	62.0	-2.6	250.1
Non-allocated operations	-0.1	0.1	-217.1	0.2
Total	61.9	62.1	-0.4	250.2

REVENUE BY GEOGRAPHICAL AREA MEUR	2020 Q1	2019 Q1	Change %	2019 Q1–Q4
Finland	40.1	39.8	0.7	161.8
Other countries	21.7	22.3	-2.3	88.5
Group total	61.9	62.1	-0.4	250.2

\*) Revenue by geographical area is presented in accordance with the countries in which the Group's units are located.

## RESULT

### January–March 2020

Adjusted operating profit from continuing operations was MEUR 11.2 (11.5), or 18.1% (18.5%) of revenue. Operating profit from continuing operations was MEUR 12.2 (11.5), or 19.7% (18.5%) of revenue. The operating profit from continuing operations includes net adjusted items in the amount of MEUR 1.0 related to sales gains on acquisitions achieved in stages. No adjusted items were reported during the comparison period.



Total expenses allocated to continuing operations decreased in the first quarter by MEUR 0.4. Depreciation and impairment included in the total expenses allocated to continuing operations amounted to MEUR 4.1 (4.4). The result of continuing operations for January–March was MEUR 10.2 (9.1), and the adjusted result of continuing operations was MEUR 9.2 (9.1).

ADJUSTED OPERATING PROFIT/LOSS MEUR	2020 Q1	2019 Q1	Change %	2019 Q1–Q4
Alma Markets	8.6	8.7	-0.5	37.7
Alma Talent	3.7	3.8	-3.8	14.8
Alma Consumer	0.7	1.0	-30.6	6.2
Segments total	13.0	13.5	-3.6	58.7
Non-allocated operations	-1.8	-2.0	8.9	-9.2
Total	11.2	11.5	-2.7	49.4

### 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 MEUR	2020 Q1	2019 Q1	2019 Q1–Q4
Alma Markets			
Gains (losses) on the sale of assets	1.4		0.1
Alma Talent			
Restructuring	-0.2		
Non-allocated			
Transaction costs for divested businesses	-0.1		
Adjusted items in operating profit	1.0		0.1
Adjusted items in profit before tax	1.0		0.1

OPERATING PROFIT/LOSS MEUR	2020 Q1	2019 Q1	Change %	2019 Q1–Q4
Alma Markets	10.0	8.7	15.2	37.7
Alma Talent	3.5	3.8	-9.0	14.8
Alma Consumer	0.7	1.0	-30.6	6.2
Segments total	14.1	13.5	5.1	58.7
Non-allocated operations	-1.9	-2.0	1.5	-9.2
Total	12.2	11.5	6.2	49.5

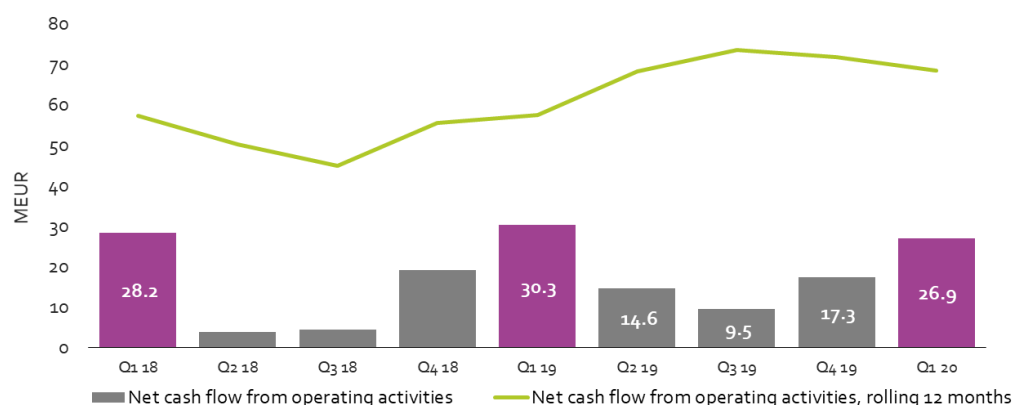
### BALANCE SHEET AND FINANCIAL POSITION

At the end of March 2020, the consolidated balance sheet stood at MEUR 417.1 (394.9). The Group's equity ratio at the end of March was 56.0% (46.1%) and equity per share was EUR 2.26 (1.71).

The consolidated cash flow from operations in January–March, including discontinued operations, was MEUR 26.9 (30.3). Cash flow before financing activities in January–March amounted to MEUR 22.2 (29.9).

The coronavirus epidemic will negatively affect consolidated cash flow from operations during the coming months by weakening the Group's result. Nevertheless, the Group has a strong financial position that will be further improved by the sales gains from the divestment of the regional news media business and printing business, which will be completed in late April.

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



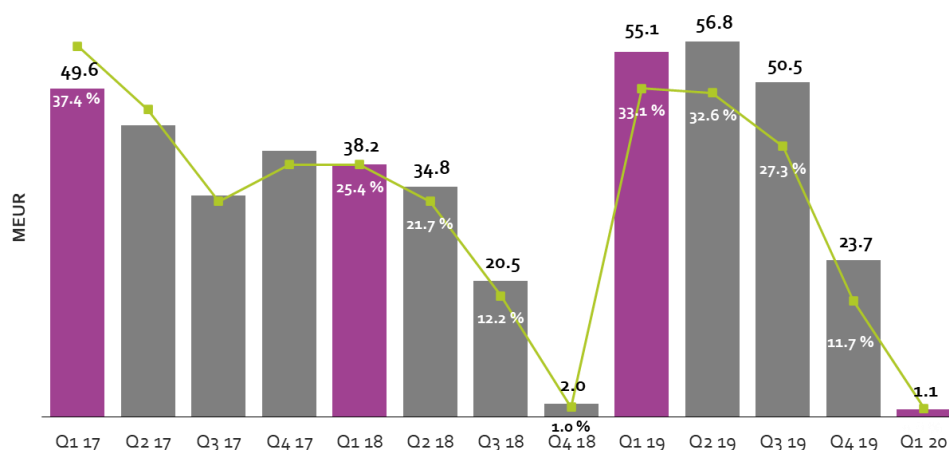
At the end of March 2020, the Group's interest-bearing debt amounted to MEUR 88.3 (102.7), consisting entirely of lease liabilities. The Group's interest-bearing net debt stood at MEUR 1.1 (55.1).

INTEREST-BEARING NET DEBT, INCLUDING DISCONTINUED OPERATIONS MEUR	2020 Q1	2019 Q1	2019 Q1-Q4
Interest-bearing long-term liabilities	76.5	91.2	79.0
Short-term interest-bearing liabilities	11.8	11.5	11.8
Cash and cash equivalents	87.2	47.6	67.1
Interest-bearing net debt	1.1	55.1	23.7

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

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 2020

The early morning delivery operations in Pirkanmaa and Satakunta of the newspapers published by Alma Media Kustannus were outsourced to Posti effective from 1 January 2020 in accordance with a business transfer and delivery service agreement signed in summer 2019. The outsourcing arrangement resulted in the transfer of approximately 780 employees from Alma Manu's delivery business to Posti Group.

Alma Media's acquisition of the entire share capital of Kolektiv Ltd, the leading online recruitment service in Bosnia and Herzegovina, was finalised in January 2020 upon the completion of the local competition regulator process, which was a prerequisite for the transaction.

The Affärsvärlden financial media business was transferred to the Swedish company Börstus Ab effective from March 2020. The transaction was 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 Börstus Ab starting from 2021.

Alma Mediapartners, a subsidiary of Alma Media, acquired the remaining share capital to become the full owner of Muuttomaailma Oy in February 2020. Alma Mediapartners previously held a 25 per cent stake in the company and it was reported as an associated company.

In February 2020, Alma Media signed an agreement 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 businesses to be divested include regional newspapers Aamulehti and Satakunnan Kansa, local newspapers Janakkalan Sanomat, Jämsän Seutu, Kankaanpään Seutu, KVM-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 was subject to customary closing conditions, including approval by the Finnish Competition and Consumer Authority. The Finnish Consumer and Competition Authority (FCCA) issued its approval for the transaction on 19 March 2020. The conditions for completing the transaction have thereby been satisfied and the transaction is expected to be finalised by the end of April 2020.

### Capital expenditure

Alma Media Group's capital expenditure in January–March 2020 totalled MEUR 6.8 (1.0). The capital expenditure consisted of the acquisition of shares in Muuttomaailma Oy and Kolektiv Ltd as well as normal operating and maintenance investments.

CAPITAL EXPENDITURE BY SEGMENT MEUR	2020 Q1	2019 Q1	2019 Q1–Q4
Alma Markets	6.3	0.4	6.8
Alma Talent	0.1	0.2	0.4
Alma Consumer	0.0	0.1	4.3
Segments total	6.4	0.6	11.6
Non-allocated	0.4	0.4	1.0
Total	6.8	1.0	12.6

CAPITAL EXPENDITURE AND ACQUISITIONS MEUR	2020 Q1	2019 Q1	2019 Q1–Q4
Capex	0.7	1.0	2.5
Acquisitions	6.1	0.0	10.2
Total	6.8	1.0	12.6

DEPRECIATION MEUR	2020 Q1	2019 Q1	2019 Q1–Q4
Depreciation of tangible and intangible assets	2.7	3.0	11.0
Amortisation of intangible assets related to acquisitions	1.4	1.4	5.7
Total	4.1	4.4	16.7

## 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.

### Alma Markets

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

The segment includes several online services: the housing-related services Etuovi.com, Vuokraovi.com and Muuttomailma.fi, 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 MEUR	2020 Q1	2019 Q1	Change %	2019 Q1-Q4
Revenue	24.7	25.0	-0.9	100.0
Advertising revenue	22.2	22.8	-2.7	91.3
Service revenue	2.6	2.2	18.7	8.7
Adjusted total expenses	16.2	16.3	-1.0	62.5
Adjusted EBITDA	9.8	9.9	-1.0	42.5
EBITDA	11.2	9.9	12.8	42.6
Adjusted operating profit	8.6	8.7	-0.5	37.7
% of revenue	34.9	34.7		37.7
Operating profit (loss)	10.0	8.7	15.2	37.7
% of revenue	34.9	34.7		37.7
Employees on average	698	682	2.4	686
Digital business revenue	24.7	25.0	-0.9	100.0
Digital business, % of revenue	100.0	100.0		100.0

### January–March 2020

In the first quarter of 2020, the Alma Markets segment's revenue remained on a par with the comparison period at MEUR 24.7 (25.0). Acquired businesses had an effect of MEUR 0.3 on revenue. The recruitment business declined by 3.1% and accounted for 74.5% of the segment's revenue. The decrease was primarily attributable to the Finnish and Slovakian recruitment businesses. In Finland, the development of the housing and automotive marketplace and system business remained stable. The housing marketplace business accounted for 16.5% of the segment's revenue and remained on a par with the comparison period. The automotive business represented 9.2% of the segment's revenue and grew by 23.2%.

Total expenses for the period amounted to MEUR 16.2 (16.3). The Alma Markets segment's adjusted operating profit was MEUR 8.6 (8.7) in the first quarter. The adjusted operating profit was 34.9% (34.7%) of revenue. The segment's operating profit was MEUR 10.0 (8.7). The adjusted items recognised during the review period were related to sales gains on acquisitions achieved in stages. No adjusted items were reported during the comparison period.

### 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 MEUR	2020 Q1	2019 Q1	Change %	2019 Q1-Q4
Revenue	25.6	26.2	-2.1	102.9
Content revenue	11.7	11.7	0.0	46.6
Content revenue, print	7.9	8.7	-9.6	33.5
Content revenue, digital	3.9	3.0	27.8	13.1
Advertising revenue	7.2	7.5	-4.5	30.2
Advertising revenue, print	3.1	3.5	-12.2	13.7
Advertising revenue, digital	4.1	4.1	0.9	16.4
Service revenue	6.7	6.9	-3.1	26.2
Adjusted total expenses	22.0	22.4	-1.9	88.2
Adjusted EBITDA	4.9	5.1	-4.8	19.9
EBITDA	4.7	5.1	-8.7	19.9
Adjusted operating profit	3.7	3.8	-3.8	14.8
% of revenue	14.4	14.6		14.4
Operating profit (loss)	3.5	3.8	-9.0	14.8
% of revenue	13.6	14.6		14.4
Average no. of employees, excl. telemarketers	485	481	0.9	489
Telemarketers on average	320	318	0.6	304
Digital business revenue	10.6	9.8	8.7	40.3
Digital business, % of revenue	41.5	37.3		39.2

### January–March 2020

In January–March, the Alma Talent segment's revenue decreased by 2.1% to MEUR 25.6 (26.2). The decrease in revenue was mainly attributable to the organic revenue decline of the media business in Sweden and the effect of divested businesses, MEUR 0.3. Digital business accounted for 41.5% (37.3%) of the segment's revenue.

Content revenue for the Alma Talent segment was on a par with the comparison period at MEUR 11.7 (11.7). Digital content revenue grew by 27.8%. In the Finnish media business, digital content revenue grew by 33.9%.

Advertising revenue for the first quarter declined by 4.5% due to the coronavirus epidemic and amounted to MEUR 7.2 (7.5). Advertising revenue declined in both Finland and Sweden. Service revenue declined by 3.1% to MEUR 6.7 (6.9). The decline in service revenue was due to the coronavirus epidemic-related restrictions on organising training events.

The segment's adjusted total expenses amounted to MEUR 22.0 (22.4). The Alma Talent segment's adjusted operating profit was MEUR 3.7 (3.8) and operating profit MEUR 3.5 (3.8). The adjusted operating profit was 14.4% (14.6%) of revenue. The adjusted items in the review period were related to operational restructuring. No adjusted items were reported during the comparison period.

### Alma Consumer

Alma Consumer focuses on the national consumer media business and publishes the print and online versions 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.

KEY FIGURES MEUR	2020 Q1	2019 Q1	Change %	2019 Q1-Q4
Revenue	11.6	10.9	6.2	47.2
Content revenue	4.1	4.0	0.7	17.6
Content revenue, print	4.0	4.0	0.7	17.5
Content revenue, digital	0.0	0.0	-2.2	0.1



Advertising revenue	6.6	6.4	2.8	27.2
Advertising revenue, print	0.6	0.9	-27.1	3.2
Advertising revenue, digital	6.0	5.6	7.5	24.0
Service revenue	0.9	0.4	107.3	2.4
Adjusted total expenses	10.9	9.9	9.7	41.0
Adjusted EBITDA	0.9	1.1	-21.7	6.8
EBITDA	0.9	1.1	-21.7	6.8
Adjusted operating profit	0.7	1.0	-30.6	6.2
% of revenue	5.8	8.8	-34.6	13.1
Operating profit (loss)	0.7	1.0	-30.6	6.2
% of revenue	5.8	8.8	-34.6	13.1
Employees on average	191	173	9.9	183
Digital business revenue	6.9	6.0	15.5	26.4
Digital business, % of revenue	59.8	55.0		55.9

### January–March 2020

The Alma Consumer segment's revenue grew by 6.2% to MEUR 11.6 (10.9) in January–March. Acquired businesses had an effect of MEUR 0.5 on revenue. Digital business accounted for 59.8% (55.0%) of the segment's revenue.

The segment's content revenue was on a par with the comparison period at MEUR 4.1 (4.0). The segment's advertising revenue increased by 2.8% to MEUR 6.6 (6.4). Digital advertising revenue increased by 7.5%, driven particularly by content marketing, and totalled MEUR 6.0 (5.6). Print media advertising revenue declined by 27.1% to MEUR 0.6 (0.9). The segment's service revenue increased by 107.3% to MEUR 0.9 (0.4) due to a business acquisition.

The segment's adjusted total expenses increased by 9.7% to MEUR 10.9 (9.9). The increase in total expenses was mainly attributable to a business acquisition. The segment's adjusted operating profit was MEUR 0.7 (1.0), or 5.8% (8.8%) of revenue. The segment's operating profit was MEUR 0.7 (1.0). No adjusted items were reported during the review period or the comparison period.

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 Mar 2020	31 Mar 2019	31 Dec 2019
Alma Markets	109.3	105.5	108.2
Alma Talent	97.0	104.6	98.1
Alma Consumer	11.5	63.6	11.9
Segments total	217.7	273.7	218.1
Discontinued operations	93.1		83.3
Non-allocated assets and	106.3	121.2	99.4
Total	417.1	394.9	400.9

LIABILITIES BY SEGMENT			
MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Alma Markets	34.6	46.0	35.7
Alma Talent	30.4	33.7	26.9
Alma Consumer	6.4	50.7	6.1
Segments total	71.3	130.4	68.7
Liabilities related to assets classified as held for sale	71.8		72.4
Non-allocated liabilities and eliminations	55.7	95.3	57.3
Total	198.8	225.7	198.4

\*) The 2019 figures for the Alma Consumer segment have been adjusted according to the new structure.

## **Annual General Meeting 2020**

Due to the coronavirus situation and the restrictive measures implemented by the Finnish Government on 16 March 2020, the Board of Directors of Alma Media decided to postpone the Annual General Meeting that was scheduled to be held on Wednesday, 25 March 2020.

On 7 April 2020, Alma Media published a notice to the Annual General Meeting to be held on 29 April 2020. The AGM will be held in the auditorium of Alma Media's head office at Alvar Aallon katu 3 C, 00100 Helsinki, Finland, provided that the number of participants is low enough to allow the AGM to be conducted safely and in compliance with the guidelines issued by the Finnish authorities.

In the interests of safety, the company's Board of Directors urges shareholders to avoid attending the AGM at Alma Media's head office in person. Instead, shareholders are urged to watch the AGM online and to exercise their voting rights by using the proxy service offered by the company or by voting in advance. More information is provided online at <https://www.almamedia.fi/en/investors/governance/general-meeting/2020>

The full notice to the Annual General Meeting, the agenda, the proposals of the Board of Directors and other AGM documents are available on the company website at <https://www.almamedia.fi/en/investors/governance/general-meeting/2020>

## **Share and stock markets**

In January–March, altogether 1,365,038 Alma Media shares were traded at the NASDAQ Helsinki Stock Exchange, representing 0.7% 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 March 2020, was EUR 6.18. 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 509.1. Alma Media Corporation holds a total of 31,011 of its own shares.

## **Share-based retention and incentive schemes LTI 2015 and LTI 2019**

Alma Media's long-term share-based incentive schemes for senior management and certain key employees consist of annually commencing individual plans, each subject to separate Board approval. The main elements of each individual plan are: an investment in Alma Media shares as a precondition for participation in the scheme, matching shares based on the said share investment, the possibility of earning performance-based matching share and transfer restrictions.

In accordance with the EU Shareholder Rights Directive (SHRD), Alma Media published its Remuneration Policy, which documents the principles of the remuneration of the Groups governing bodies and the key terms applicable to service contracts on 14 February 2020. The Remuneration Policy is available on the company website at <https://www.almamedia.fi/en/investors/governance/remuneration>. The terms of the various share-based retention and incentive schemes (long-term retention and incentive schemes) are described in the Remuneration Policy.

In February, 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 has 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.

## **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 first quarter of 2020.

## **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. 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.

### **Events after the review period**

There were no significant events after the review period.

## SUMMARY OF INTERIM REPORT AND NOTES

COMPREHENSIVE INCOME STATEMENT		2020	2019	Change	2019
MEUR		Q1	Q1	%	Q1-Q4
REVENUE		61.9	62.1	-0.4	250.2
Other operating income		1.4	0.1	1,683.0	0.6
Materials and services		9.4	9.6	-1.7	38.3
Expenses arising from employee benefits		25.6	24.9	2.5	97.4
Depreciation and write-downs		4.1	4.4	-5.4	16.7
Other operating expenses		12.0	11.8	1.5	48.9
OPERATING PROFIT		12.2	11.5	6.2	49.5
Finance income		0.5	0.1	465.1	0.3
Finance expenses		0.2	0.3	-8.1	1.3
Share of result of assoc. companies		0.0	0.1	-115.7	0.5
PROFIT BEFORE TAX		12.5	11.4	9.9	49.0
Income tax		2.3	2.2	2.6	8.6
PROFIT FROM CONTINUING OPERATIONS		10.2	9.1	11.7	40.5
PROFIT FROM DISCONTINUED OPERATIONS		8.7	2.1	311.5	8.2
PROFIT FOR THE PERIOD		18.9	11.3	68.2	48.7
<b>OTHER COMPREHENSIVE INCOME:</b>					
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
Items that may later be transferred to be recognised through profit or loss					
Translation differences		-2.0	-0.3		0.1
Share of other comprehensive income of associated companies		0.0	0.0		0.0
Income tax relating to components of other comprehensive income		0.0	0.0		0.0
Other comprehensive income for the year, net of tax		-2.0	-0.3		-0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		16.9	10.9		48.5
Profit for the period attributable to:					
– Owners of the parent		17.3	9.8		42.2
– Non-controlling interest		1.6	1.5		6.4
Total comprehensive income for the period attributable to:					
– Owners of the parent		15.3	9.5		42.1
– Non-controlling interest		1.6	1.5		6.4
Distribution of total comprehensive income					
- Continuing operations		7.2	8.8		40.3
- Discontinued operations		9.8	2.1		8.2
Earnings per share calculated from the profit for the period attributable to the parent company shareholders:					
– Earnings per share, basic		0.21	0.12		0.51
– Earnings per share, diluted		0.21	0.12		0.50
– Earnings per share, continuing operations		0.10	0.09		0.41
– Earnings per share, discontinued operations		0.11	0.03		0.10

\* Other comprehensive income items are allocated to continuing operations

<b>BALANCE SHEET</b>			
<b>MEUR</b>	<b>31 Mar 2020</b>	<b>31 Mar 2019</b>	<b>31 Dec 2019</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	132.4	133.4	130.3
Intangible assets	53.1	57.3	54.3
Tangible assets	44.7	104.5	47.4
Investments in associated companies	2.8	4.2	3.2
Other non-current financial assets	3.8	5.0	3.3
Deferred tax assets	0.5	1.5	0.4
<b>CURRENT ASSETS</b>			
Inventories	0.7	3.5	0.7
Current tax assets	0.4	0.5	1.5
Trade receivables and other receivables	26.9	37.4	28.0
Financial assets, short-term	0.4	0.0	0.0
Cash and cash equivalents	58.3	47.6	48.4
Assets classified as held for sale *)	93.1		83.3
<b>TOTAL ASSETS</b>	<b>417.1</b>	<b>394.9</b>	<b>400.9</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	45.3	45.3	45.3
Share premium reserve	7.7	7.7	7.7
Translation differences	-2.5	-0.9	-0.5
Invested non-restricted equity fund	19.1	19.1	19.1
Retained earnings	117.2	69.9	100.5
Equity attributable to owners of the parent	186.8	141.2	172.1
Non-controlling interest	31.4	28.0	30.4
<b>TOTAL EQUITY</b>	<b>218.3</b>	<b>169.2</b>	<b>202.5</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current interest-bearing liabilities	35.2	91.2	36.9
Deferred tax liabilities	10.6	11.9	11.1
Pension liabilities	0.8	1.1	0.8
Provisions	0.3	0.4	0.4
Other financial liabilities	2.0	0.0	2.0
Other non-current liabilities	0.1	0.1	0.1
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	8.9	20.4	9.0
Advances received	14.3	28.1	12.5
Income tax liability	3.1	1.9	2.5
Provisions	0.1	0.7	0.1
Trade payables and other payables	51.6	69.9	50.6
Liabilities related to assets classified as held for sale *)	71.8		72.4
<b>TOTAL LIABILITIES</b>	<b>198.8</b>	<b>225.7</b>	<b>198.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>417.1</b>	<b>394.9</b>	<b>400.9</b>

\*) The classification into assets and liabilities held for sale was made in connection with the financial statements for 2019. The balance sheet information for the comparison periods has not been adjusted.



## 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
<b>Equity 1 Jan 2020</b>	45.3	7.7	-0.5	19.1	100.5	172.1	30.4	202.5
Profit for the period					17.3	17.3	1.6	18.9
Other comprehensive income						0.0		
Translation differences			-2.0			-2.0	-0.9	-2.9
Transactions with equity holders								
Dividends paid by subsidiaries						0.0	-0.2	-0.2
Acquisition of own shares					-0.8	-0.8		-0.8
Share-based payment transactions and exercised share options					0.2	0.2		0.2
Change in ownership in subsidiaries					0.0	0.0	0.5	0.4
<b>Equity 31 Mar 2020</b>	45.3	7.7	-2.5	19.1	117.2	186.8	31.4	218.3

<b>Equity 1 Jan 2019</b>	45.3	7.7	-0.6	19.1	88.7	160.2	26.6	186.8
Profit for the period					9.8	9.8	1.5	11.3
Other comprehensive income								
Translation differences			-0.3			-0.3	-0.1	-0.4
Transactions with equity holders								
Dividends paid by parent					-28.8	-28.8		-28.8
Dividends paid by subsidiaries							-0.1	-0.1
Share-based payment transactions and exercised share options					0.4	0.4		0.4
<b>Equity 31 Mar 2019</b>	45.3	7.7	-0.9	19.1	69.9	141.2	28.0	169.2

<b>CASH FLOW STATEMENT</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>Q1-Q4</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period	18.9	11.3	48.7
Adjustments	8.1	9.0	35.2
Change in working capital	2.4	14.6	2.0
Dividends received	0.0		0.4
Interest received	0.0	0.0	0.1
Interest paid and other finance expenses	-0.8	-0.6	-2.2
Taxes paid	-1.7	-4.1	-12.4
<b>Net cash flow from operating activities</b>	<b>26.9</b>	<b>30.3</b>	<b>71.8</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of tangible assets	-0.2	-0.2	-0.8
Acquisitions of intangible assets	-0.4	-0.2	-0.7
Proceeds from sale of tangible and intangible assets		0.0	0.0
Other investments	-0.4		
Proceeds from sale of available-for-sale financial assets			0.8
Business acquisitions less cash and cash equivalents at the time of acquisition	-4.2		-15.4
Proceeds from sale of businesses less cash and cash equivalents at the time of sale	0.4		6.2
<b>Net cash flows from/(used in) investing activities</b>	<b>-4.8</b>	<b>-0.4</b>	<b>-9.9</b>
<b>Cash flow before financing activities</b>	<b>22.2</b>	<b>29.9</b>	<b>61.9</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Acquisition of own shares	-0.8		
Payments of finance lease liabilities	-2.4	-3.0	-11.6
Dividends paid	-0.2	-28.9	-32.7
<b>Net cash flows from/(used in) financing activities</b>	<b>-3.3</b>	<b>-31.9</b>	<b>-44.3</b>
Change in cash and cash equivalent funds (increase +/decrease -)	18.8	-2.0	17.6
Cash and cash equivalents at beginning of period	67.1	49.5	49.5
Effect of change in foreign exchange rates	1.3	0.1	-0.1
<b>Cash and cash equivalents at end of period</b>	<b>87.2</b>	<b>47.6</b>	<b>67.1</b>

## Associated companies

Alma Media acquired the remaining share capital of Kolektiv Ltd in January 2020 and the remaining share capital of Muuttomaailma Oy in February 2020. Both companies were previously reported as associated companies.

SHARE OF RESULT OF ASSOCIATED COMPANIES MEUR	2020 Q1	2019 Q1	2019 Q1-Q4
Alma Markets	0.0	0.1	0.6
Alma Talent	0.0	0.0	0.0
Alma Consumer	0.0	0.0	0.0
Other associated companies	0.0	0.0	0.0
Total	0.0	0.1	0.5

## Acquired businesses in 2020

Alma Media acquired the following business operations in 2020:

	Business	Acquisition date	Acquired share	Group share
<u>Alma Markets segment</u>				
Kolektiv Ltd	Online	9 January 2020	70%	83%
Muuttomaailma Oy	Online	25 February 2020	75%	65%

Information on the segment's acquired businesses is presented in combined form.

MEUR	Fair values entered in integration
Property, plant and equipment	0.1
Intangible assets	1.5
Trade receivables and other receivables	0.3
Cash and cash equivalents	0.6
Total	2.6
Deferred tax liabilities	0.2
Trade payables and other payables	0.4
Total	0.6
Total identifiable net assets at fair value 100%	1.9
Group's share of net assets	1.5
IFRS acquisition cost	6.1
Goodwill	4.6

## 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 2019 and 2020.

CONTINGENT CONSIDERATION LIABILITY, CONTINUING OPERATIONS MEUR	
Initial recognition of the liability	4.6
Change in fair value during previous financial periods	-0.4
Considerations, settled in cash	-0.7
Change in fair value during the financial period	
Fair value of the contingent consideration liability at the end of the period	3.5

## Discontinued operations

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 Finnish Competition and Consumer Authority issued its approval for the transaction on 19 March 2020 and the transaction will be 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.

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

MEUR	31 Mar 2020	31 Mar 2019	2019
Revenue	20.7	22.6	92.2
Other operating income *)	8.0	0.1	0.2
Expenses	-17.2	-18.5	-75.8
Depreciation and write-downs **)	0.0	-1.3	-5.2
Net financial expenses ***)	-0.6	-0.3	-1.1
Profit before tax	10.9	2.6	10.4
Income tax	-2.2	-0.5	-2.2
<b>Profit from discontinued operations</b>	<b>8.7</b>	<b>2.1</b>	<b>8.2</b>

\*) includes the gain on sale recognised in connection with the outsourcing of delivery operations

\*\*\*) depreciation was suspended due to asset classification at the beginning of the financial year 2020. The total amount of depreciation was MEUR 1.2.

\*\*) net financial expenses have increased following the transfer of the printing facility to discontinued operations

Revenue from discontinued operations decreased by 8.5%, with the decline of print media advertising revenue being the most significant factor behind the decrease. The coronavirus epidemic had a significant impact on the decline in advertising revenue in March. Revenue from discontinued operations was also reduced by the outsourcing of delivery operations and the decline of print revenue.

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 1.3 (1.9). 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 0.5 (0.5) 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.

### Assets classified as held for sale 2020

MEUR	31 Mar 2020	31 Dec 2019
Property, plant and equipment	44.1	43.2
Goodwill	11.7	11.7
Other intangible assets	0.7	0.7

Other non-current assets	0.1	0.1
Non-current receivables	0.3	0.3
Deferred tax assets	1.0	1.0
Inventories	2.4	2.1
Trade receivables and other receivables	3.8	5.5
Cash and cash equivalents	28.9	18.7
<b>Total assets included in the category of assets held for sale</b>	<b>93.1</b>	<b>83.3</b>

#### Liabilities directly related to the assets classified as held for sale 2020

MEUR	31 Mar 2020	31 Dec 2019
Interest-bearing long-term liabilities	41.3	42.1
Deferred tax liabilities	0.6	0.6
Pension liabilities	0.4	0.4
Other non-current liabilities	0.0	0.0
Short-term interest-bearing liabilities	4.4	4.3
Advances received	13.0	14.0
Income tax liability		0.0
Provisions	0.4	0.4
Trade payables and other current liabilities	11.6	10.4
<b>Total liabilities transferred to the category of assets held for sale</b>	<b>71.8</b>	<b>72.4</b>

#### Employees

EMPLOYEES BY GEOGRAPHICAL AREA	2020	2019	2019
	Q1	Q1	Q1-Q4
Employees, Finland	893	850	882
Employees, other countries	642	654	647
Employees, total	1,534	1,504	1,530

#### Provisions

The Group's provisions, including discontinued operations, totalled MEUR 0.8 (1.1) on 31 March 2020. It has not been necessary to change the estimates made when the provisions were entered.

#### Commitments and contingencies

COMMITMENTS AND CONTINGENCIES, INCLUDING DISCONTINUED OPERATIONS MEUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Collateral for others			
Guarantees	0.9	0.9	0.9
Other commitments and contingencies	0.1	0.2	0.2
Minimum lease payments on other lease agreements:			
Within one year	0.5	0.9	0.9
Within 1–5 years	0.7	0.7	0.5
After 5 years	0.0	0.0	0.0
<b>Total</b>	<b>1.2</b>	<b>1.6</b>	<b>1.4</b>

DERIVATIVE CONTRACTS MEUR	31 Mar 2020	31 Dec 2019
Commodity derivative contracts, electricity derivatives		
Fair value	-0.1	0.0
Nominal value	0.2	0.2
Foreign currency derivatives		
Fair value	0.4	-0.1
Nominal value	7.5	4.5



## 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	2020 Q1	2019 Q1	2019 Q1-Q4
Sales of goods and services	0.0	0.1	0.3
Associated companies		0.1	0.2
Principal shareholders	0.0	0.0	0.1
Purchases of goods and services	0.1	0.1	0.5
Associated companies	0.1	0.1	0.5
Principal shareholders	0.0	0.0	0.0
Trade receivables, loan and other receivables at the end of the reporting period		0.0	
Associated companies		0.0	

<b>QUARTERLY INFORMATION INCLUDING DISCONTINUED OPERATIONS MEUR</b>	<b>2020 Q1</b>	<b>2019 Q4</b>	<b>2019 Q3</b>	<b>2019 Q2</b>	<b>2019 Q1</b>
<b>REVENUE</b>	61.9	65.8	58.2	64.1	62.1
Alma Markets	24.7	24.6	24.9	25.6	25.0
Alma Talent	25.6	28.3	22.3	26.1	26.2
Alma Consumer	11.6	12.8	11.1	12.3	10.9
Eliminations and non-allocated	-0.1	0.1	-0.1	0.1	0.1
<b>ADJUSTED TOTAL EXPENSES</b>	50.7	53.4	44.8	52.2	50.7
Alma Markets	16.2	16.0	14.3	15.9	16.3
Alma Talent	22.0	23.4	19.5	22.9	22.4
Alma Consumer	10.9	11.0	9.8	10.3	9.9
Eliminations and non-allocated	1.7	2.9	1.3	3.2	2.0
<b>ADJUSTED EBITDA</b>	15.3	16.5	17.6	16.2	15.9
Alma Markets	9.8	9.8	11.8	11.0	9.9
Alma Talent	4.9	6.1	4.1	4.5	5.1
Alma Consumer	0.9	2.0	1.5	2.2	1.1
Eliminations and non-allocated	-0.2	-1.5	0.1	-1.5	-0.3
<b>ADJUSTED OPERATING PROFIT/LOSS</b>	11.2	12.5	13.5	11.9	11.5
Alma Markets	8.6	8.6	10.6	9.8	8.7
Alma Talent	3.7	4.8	2.9	3.3	3.8
Alma Consumer	0.7	1.8	1.3	2.0	1.0
Eliminations and non-allocated	-1.8	-2.8	-1.3	-3.1	-2.0
<b>% OF REVENUE</b>	18.1	19.0	23.2	18.6	18.5
Alma Markets	34.9	35.0	42.7	38.2	34.7
Alma Talent	14.4	17.1	12.9	12.5	14.6
Alma Consumer	5.8	14.3	12.1	16.5	8.8
Non-allocated operations	0.0	0.0	0.0	0.0	0.0
<b>ADJUSTED ITEMS</b>	1.0	0.2	0.1	-0.3	0.0
Alma Markets	1.4	0.0	0.1	0.0	0.0
Alma Talent	-0.2	0.0	0.0	0.0	0.0
Alma Consumer	0.0	0.0	0.0	0.0	0.0
Non-allocated operations	-0.1	0.2	0.0	-0.3	0.0
<b>OPERATING PROFIT/LOSS</b>	12.2	12.6	13.6	11.8	11.5
Alma Markets	10.0	8.6	10.7	9.8	8.7
Alma Talent	3.5	4.8	2.9	3.3	3.8
Alma Consumer	0.7	1.8	1.3	2.0	1.0
Non-allocated operations	-1.9	-2.6	-1.3	-3.3	-2.0
Finance income	0.6	0.0	0.0	0.2	0.0
Finance expenses	0.3	0.1	0.0	1.0	-0.2
Share of profit of associated companies	0.0	0.1	0.2	0.1	0.1
<b>PROFIT BEFORE TAX</b>	12.5	12.7	13.8	11.2	11.4
Income tax	-2.3	-2.5	-2.0	-1.9	-2.2
<b>PROFIT FOR THE PERIOD</b>	10.2	10.2	11.8	9.3	9.1

## 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 Interim Report does not, however, contain all the information or notes to the accounts included in the annual financial statements. This report should therefore be read in conjunction with the company's financial statements for 2019. This Interim Report 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:

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  $\text{digital business} / \text{revenue} * 100$ . The figures in this Interim report are independently rounded.

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 2019 have been adjusted accordingly.

## 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
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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–June 2020 on Friday, 17 July 2020 at approximately 8:00 EET
- Interim report for January–September 2020 on Thursday, 22 October 2020 at approximately 8:00 EET

The Annual General Meeting is planned to be held on Wednesday, 29 April 2020. The materials related to the Annual General Meeting will be available on the Alma Media website.