



Alma Media Corporation

Q2 Interim Report

18 July 2018



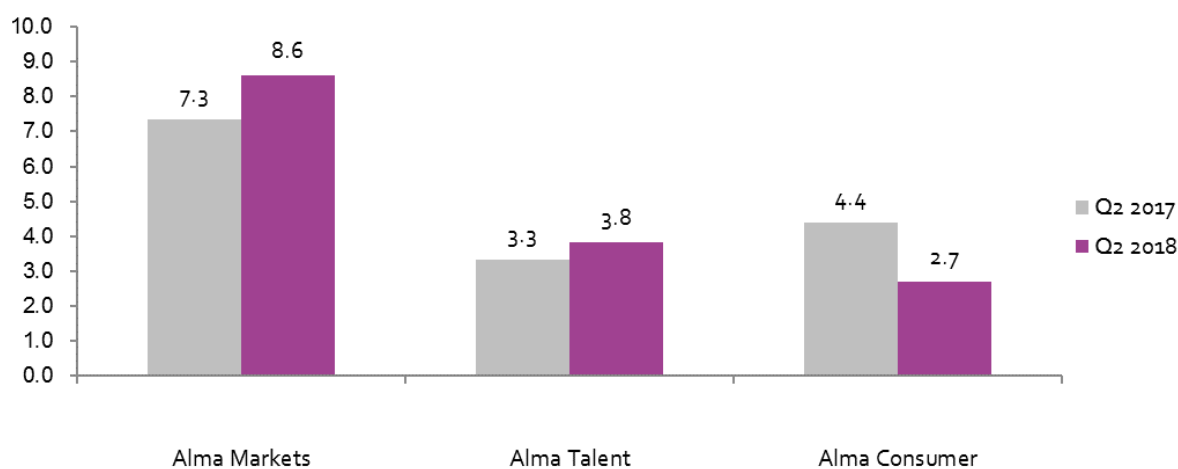
Alma Media's Interim Report January–June 2018:

Revenue declined due to divestments. Adjusted operating profit in Q2 was on par with the comparison period.

Financial performance April–June 2018:

- Revenue MEUR 88.9 (93.7), down 5.1 %.
- Adjusted operating profit MEUR 12.9 (13.2), or 14.5 % (14.1 %) of revenue, down 2.7 %.
- Operating profit MEUR 17.4 (15.0), or 19.6 % (16.0 %) of revenue, up 15.7 %.
- Earnings per share EUR 0.15 (0.13).
- Alma Markets: Profitable business growth continued.
- Alma Talent: Profitability improved in Finland, but weak business development in Sweden continued.
- Alma Consumer: The decline of print media sales reduced profitability.

Business segments' adjusted operating profit, April–June, MEUR (excludes non-allocated functions)



Financial performance January–June 2018:

- Revenue MEUR 181.1 (184.2), down 1.7 %.
- Adjusted operating profit MEUR 25.1 (25.8), or 13.9 % (14.0 %) of revenue, down 2.8 %.
- Operating profit MEUR 30.3 (26.4) or 16.7 % (14.3 %) of revenue, up 14.6 %.
- Earnings per share EUR 0.26 (0.23).

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



KEY FIGURES MEUR	2018 Q2	2017 Q2	Change %	2018 Q1—Q2	2017 Q1—Q2	Change %	2017 Q1—Q4
Revenue	88.9	93.7	-5.1	181.1	184.2	-1.7	367.3
Content revenue	27.7	31.3	-11.5	58.7	63.4	-7.4	125.8
Content revenue, print	23.6	27.3	-13.3	50.3	55.3	-9.0	109.3
Content revenue, digital	4.1	4.1	0.6	8.4	8.2	3.0	16.5
Advertising revenue *)	46.8	48.4	-3.4	93.1	92.7	0.4	185.8
Advertising revenue, print	12.8	17.0	-24.4	26.8	32.7	-18.1	62.8
Advertising revenue, digital	33.2	30.7	8.1	65.0	58.7	10.7	120.5
Service revenue *)	14.4	13.9	3.5	29.2	28.1	4.1	55.7
Adjusted total expenses	76.2	80.5	-5.3	156.3	158.5	-1.4	320.8
Adjusted EBITDA	16.9	17.2	-1.9	33.3	33.8	-1.5	67.4
EBITDA	21.4	19.0	12.5	38.4	34.4	11.9	66.9
Adjusted operating profit	12.9	13.2	-2.7	25.1	25.8	-2.8	51.1
% of revenue	14.5	14.1		13.9	14.0		13.9
Operating profit (loss)	17.4	15.0	15.7	30.3	26.4	14.6	46.6
% of revenue	19.6	16.0		16.7	14.3		12.7
Net income for period	13.8	12.2	12.9	24.2	21.1	14.8	36.7
Earnings per share, EUR (undiluted and basic)	0.15	0.13	11.0	0.26	0.23	13.1	0.39
Digital business revenue	43.2	39.4	9.6	84.8	76.6	10.8	156.6
Digital business, % of revenue	48.6	42.1		46.9	41.6		42.6

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

Operating environment in 2018

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

Outlook for 2018 (Unchanged)

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

Market situation in the main markets

According to Kantar TNS, the total advertising volume in Finland decreased by 2.5% (4.8%) in April–June 2018, while advertising in online media increased in Finland by 2.9% (1.7%) in the second quarter. Advertising in city papers and newspapers declined by 12.5% (10.6%) in Finland. Advertising in magazines in Finland decreased in April–June 2018 by 9.7% (8.7%). In terms of volume, the total market for afternoon papers in Finland declined by 14.8% (10.2%) in the second quarter of 2018.

According to Sveriges Mediebyråer, the total advertising volume in Sweden increased by 5.6% (3.6%) in April–June 2018. Advertising in online media grew by 5.4% (10.8%) in Sweden. Advertising in trade magazines in Sweden decreased by 19.8% (9.0%).

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 3.4% in 2018. The Czech National Bank estimates that the GDP will grow by 3.9% in 2018. In Slovakia, GDP growth in 2018 will be 4.0% according to the European Commission and the National Bank of Slovakia.

Kai Telanne, President and CEO:

Alma Media's adjusted operating profit for April–June 2018 was at the same good level as in the previous year. Revenue was reduced mostly by divestments. Our businesses developed at very different rates during the second quarter. Alma Markets was again the strongest driver of growth and profitability. The stable revenue development and improved profitability of Alma Talent's operations in Finland was another positive aspect of the second quarter. However, we continue to face challenges in Sweden. The structural transformation of media was reflected in the Alma Consumer segment's result as print media continued to decline.

The Finnish economy is booming, but the domestic advertising market continued to decline further and competition with international platform operators has increased. According to Kantar TNS, media advertising volume in Finland declined by 2.5 per cent in April–June.

The strong development of the Alma Markets segment's operating result continued in the second quarter. The segment's revenue grew by 18 per cent and the operating profit margin was 36 per cent. The excellent performance was attributable to international recruitment services and domestic marketplaces, both of which benefited from favourable market development. The segment's expenses were increased by launch and marketing investments in a new mobile recruitment service in Poland, among other things. The development of the service's user volume has stabilised at a good rate of growth and the service is in the process of moving from the trial phase to becoming a paid service for recruitment customers.

Alma Talent's revenue was on par with the comparison period, but the segment's adjusted operating profit improved by 15 per cent due to previously implemented restructuring measures in Finland and effective cost control. The segment's Swedish business performed poorly and measures to remedy the situation are ongoing. Alma Talent's key objective is to move rapidly towards digital media and service business models. Digital content sales, digital subscriptions and digital advertising sales all increased during the reporting period.

The revenue of the Alma Consumer segment, which was established in the spring, was reduced by factors including the divestment of the newspaper business in Lapland. The result was weighed down by the continued decline of advertising sales in print media, the falling single-copy sales of Iltalehti as well as the weaker-than-expected development of revenue from programmatic buying in digital advertising. The entry into force of the new General Data Protection Regulation (GDPR) created temporary uncertainty in the programmatic buying market in the spring.

In recent years, legislation has emerged as a significant driver of change in the media sector's operating environment. The GDPR and the preparations for its entry into force were intensely reflected in the activities of all of Alma's media products and services, including the documentation of data management and processing and the amendment of data processing agreements pertaining to the transfer or disclosure of personal data as well as impact assessments and employee training.

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.

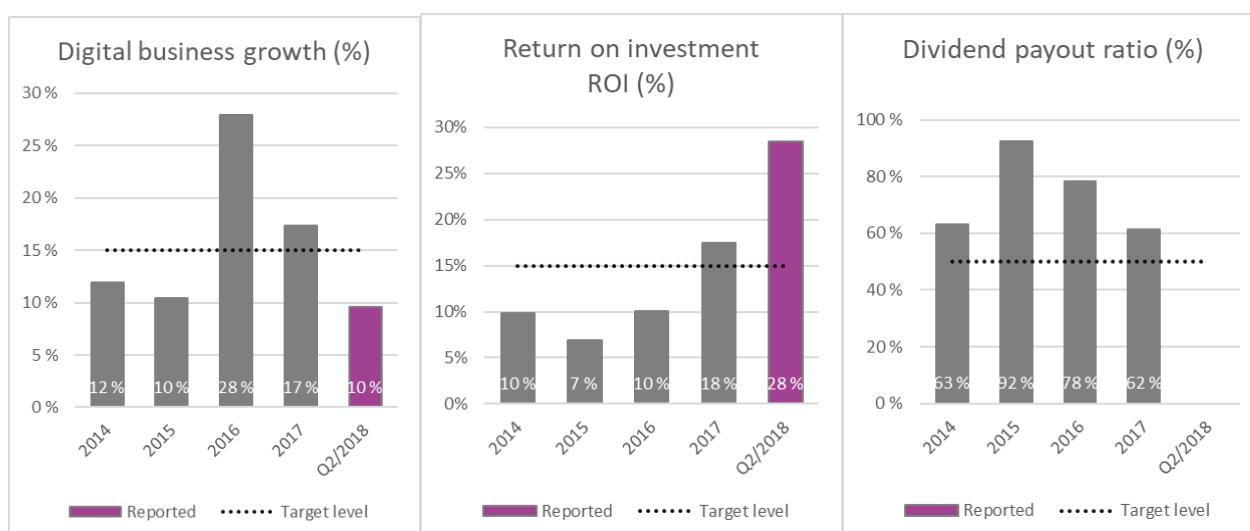
For the 2018–2020 strategy period, Alma Media has selected five strategic Group-level initiatives that are particularly aimed at the growth and development of digital business. Cooperation and synergies between the Group's various businesses will be leveraged in the execution of the initiatives. The strategic initiatives are: 1) centralised national media sales through Alma Media Solutions; 2) aiming for growth in digital content revenue through eCom; 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.

Strengthening the digital subscription-driven business model requires media companies to not only achieve a change in culture, but also engage in close cooperation between editorial offices, digital development teams and sales and marketing. With this in mind, Alma Media's eCom team, which focuses on developing and enhancing content e-commerce, is made up of experts in digital content and digital content sales representing various business units. The goal is to achieve even faster growth in digital content revenue, increase the number of users of digital content products and make digital content products a regular part of the customer's daily life. The measures taken under Alma Media's strategic eCom initiative in April–June included developing the quality and value of digital content products; for example, by increasingly offering stories that are only accessible to paid customers (Tähtijuttu) and thereby increase subscriber loyalty. Other eCom measures included increasing user activity as measured by the frequency of visits and subscriber retention as well as strengthening digital culture and cooperation within the organisation.

To ensure profitable growth, Alma Media regularly evaluates its brand portfolio and the products and services of its businesses. Functions that are unprofitable or limited in synergies are discontinued or divested as necessary. The performance of Alma Media's Swedish business units has not fulfilled expectations in 2018. During the review period, Alma Talent decided to discontinue Alma Talent Events Ab, which specialised in the events business. At the beginning of July, the decision was made to divest the media brands Dagens Media and Medievärlden by selling Dagens Media Sverige Ab to Bonnier Business Media (BBM) in a share transaction. In June, Alma Talent Oy sold its CRM system reselling and maintenance business to CRM-service Oy. The divestments made during the review period also included Alma Consumer's travel media Rantapallo selling the Matkapörssi and Lentokeskus businesses to Lakeuden Matkat Oy.

The integration process of Alma Consumer, a new unit that focuses on consumer media, was completed in June. Alma Consumer was established in April 2018 by combining Alma News & Life, which produces news and lifestyle services, and Alma Regions, which focuses on the regional and local media business. Combining the business operations focused on consumer media, centralising their competencies and increasing cooperation are aimed at achieving digital business growth in content, services and advertising, ensuring the revenue development of print media, providing the best services and solutions to marketing customers and strengthening the Group's local, regional and national operations. Statutory personnel negotiations held in relation to the reorganisation measures in Alma Media Kustannus Oy and Alma Media Suomi Oy led to reductions corresponding to eight person-years. The integration process included establishing a management model for Alma Consumer and forming a management team for the business segment. In addition, content sales and digital development functions were organised for the Alma Consumer unit. The business unit's strategy process will begin in the third quarter. One of the goals of the strategy process is to identify new business initiatives based on the combined Alma Consumer unit's competencies.

Alma Media's long-term financial targets:



The figures are compared in accordance with the International Financial Reporting Standards (IFRS) with those of the corresponding period in 2017, 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	2018	2017	Change	2018	2017	Change	2017
MEUR	Q2	Q2	%	Q1–Q2	Q1–Q2	%	Q1–Q4
Revenue	88.9	93.7	-5.1	181.1	184.2	-1.7	367.3
Adjusted total expenses	76.2	80.5	-5.3	156.3	158.5	-1.4	320.8
Adjusted EBITDA	16.9	17.2	-1.9	33.3	33.8	-1.5	67.4
EBITDA	21.4	19.0	12.5	38.4	34.4	11.9	66.9
Adjusted operating profit	12.9	13.2	-2.7	25.1	25.8	-2.8	51.1
% of revenue	14.5	14.1		13.9	14.0		13.9
Operating profit (loss)	17.4	15.0	15.7	30.3	26.4	14.6	46.6
% of revenue	19.6	16.0		16.7	14.3		12.7
Profit before tax	16.9	14.9	13.5	29.8	26.1	14.0	45.9
Profit for the period	13.8	12.2	12.9	24.2	21.1	14.8	36.7
BALANCE SHEET	2018	2017	Change	2018	2017	Change	2017
MEUR	Q2	Q2	%	Q1–Q2	Q1–Q2	%	Q1–Q4
Balance sheet total				339.6	323.7	4.9	333.8
Interest-bearing net debt				34.7	43.5	-20.2	40.2
Interest-bearing liabilities				58.8	67.9	-13.4	61.3
Non-interest-bearing liabilities				118.5	112.6	5.3	114.2
Capital expenditure	2.1	2.2	-7.3	20.6	4.1	400.6	22.2
Equity ratio %				52.0	48.7	6.6	50.9
Gearing%				21.4	31.0	-29.8	25.6
EMPLOYEES	2018	2017	Change	2018	2017	Change	2017
MEUR	Q2	Q2	%	Q1–Q2	Q1–Q2	%	Q1–Q4
Average no. of employees, calculated as full-time employees, excl. delivery staff	2 318	2 312	0.3	2 318	2 277	1.8	2 280
Average no. of delivery staff	859	896	-4.1	842	880	-4.3	870
KEY FIGURES	2018	2017	Change	2018	2017	Change	2017
MEUR	Q2	Q2	%	Q1–Q2	Q1–Q2	%	Q1–Q4
Return on Equity/ROE (Annual)*	40.1	40.4	-1.0	32.5	32.3	0.6	24.8
Return on Investments/ROI (Annual)*	28.4	26.7	6.3	23.8	21.4	11.2	17.5
Earnings per share, EUR **)	0.15	0.13	11.0	0.26	0.23	13.1	0.39
Cash flow from operating activities/share, EUR	0.04	0.13	-65.5	0.40	0.40	-1.8	0.51
Shareholders' equity per share, EUR				1.68	1.50	12.1	1.66
Dividend per share, EUR							0.24
Effective dividend yield %							3.3
P/E Ratio							18.4
Market capitalisation				543.7	491.8	10.6	592.3
Average no. of shares **) (1,000 shares ***)	82 383	82 383		82 383	82 383		82 383
No. of shares at end of period (1,000 shares***)	82 383	82 383		82 383	82 383		82 383

*) See Accounting Principles of the Interim Report. **) undiluted and basic ***) The company acquired 198,658 and disposed of 122,344 of its own shares during the review period. At the end of the review period, the company held 236,314 of its own shares.

REVENUE

April–June 2018

Revenue for the second quarter of 2018 declined by 5.1 % to MEUR 88.9 (93.7).

Content revenue declined by 11.5% to MEUR 27.7 (31.3). The increase in content revenue from digital distribution channels was not sufficient to cover the decline in print media content revenue. Divested and acquired businesses had a net effect of MEUR 2.6 on the decrease in content revenue.

Revenue from advertising sales declined by 3.4 % to MEUR 46.8 (48.4). Advertising revenue for print media declined by 24.4 % from the comparison period to MEUR 12.8 (17.0). Digital advertising revenue increased by 8.1 % to MEUR 33.2 (30.7). Divested and acquired businesses had a net effect of MEUR 2.5 on the decrease in advertising sales revenue.

Service revenue totalled MEUR 14.4 (13.9). Divested and acquired businesses had a net effect of MEUR 0.7 on the increase of service revenue. Service revenue includes items such as the sale of information services, the event and direct marketing business and the printing and distribution services sold to customers outside the Group by Alma Manu.

January–June 2018

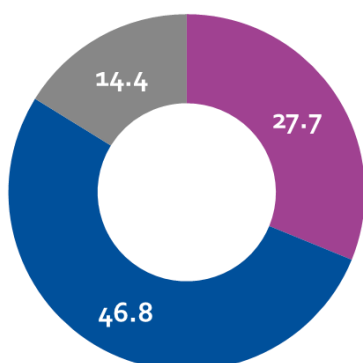
In the first half of the year, revenue declined by 1.7 % to MEUR 181.1 (184.2).

Content revenue declined by 7.4 % to MEUR 58.7 (63.4). The year-on-year decline in content revenue was attributable to lower print media circulations. Divested and acquired businesses had a net effect of MEUR 3.0 on the decrease in content revenue.

Revenue from advertising sales increased by 0.4 % to MEUR 93.1 (92.7). Advertising revenue for print media declined by 18.1 % from the comparison period to MEUR 26.8 (32.7). Digital advertising revenue increased by 10.7 % to MEUR 65.0 (58.7). Divested and acquired businesses had a net effect of MEUR -2.8 on advertising sales revenue.

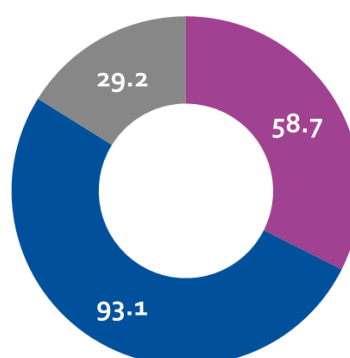
Service revenue totalled MEUR 29.2 (28.1). Divested and acquired businesses had a net effect of MEUR 0.8 on the increase of service revenue. Service revenue includes items such as the sale of information services, the event and direct marketing business and the printing and distribution services sold to customers outside the Group by Alma Manu.

Revenue split Q2/2018, MEUR



■ Content sales ■ Advertising revenue ■ Service revenue

Revenue split Q1–Q2/2018, MEUR



■ Content sales ■ Advertising revenue ■ Service revenue

REVENUE BY SEGMENTS MEUR	2018 Q2	2017 Q2	Change %	2018 Q1—Q2	2017 Q1—Q2	Change %	2017 Q1—Q4
Alma Markets	24.2	20.6	17.7	48.0	40.2	19.3	83.2
Alma Talent	28.1	28.7	-2.1	55.9	58.2	-4.0	113.2
Alma Consumer	37.2	44.7	-16.6	78.0	86.3	-9.6	171.8
Segments total	89.5	93.9	-4.7	181.9	184.7	-1.5	368.2
Non-allocated operations	-0.6	-0.2	158.9	-0.8	-0.4	74.1	-0.9
Total	88.9	93.7	-5.1	181.1	184.2	-1.7	367.3

REVENUE BY GEOGRAPHICAL AREA MEUR	2018 Q2	2017 Q2	Change %	2018 Q1—Q2	2017 Q1—Q2	Change %	2017 Q1—Q4
Segments, Finland	66.3	72.3	-8.24	135.1	142.2	-5.03	282.2
Segments, other countries	22.5	20.9	7.81	45.2	41.0	10.33	82.9
Segments total	88.8	93.1	-4.65	180.3	183.2	-1.59	365.1
Non-allocated	0.1	0.6	-77.89	0.8	1.0	-24.17	2.2
Group total	88.9	93.7	-5.09	181.1	184.2	-1.72	367.3

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

RESULT

April–June 2018

Adjusted operating profit was MEUR 12.9 (13.2) or 14.5 % (14.1 %) of revenue. Operating profit was MEUR 17.4 (15.0) or 19.6 % (16.0 %) of revenue. The operating profit includes net adjusted items in the amount of MEUR 4.5 (1.8) related to the restructuring of operations and gains on the sale of assets. The adjusted items in the comparison period were also related to restructuring costs and gains on the sale of assets.

Total expenses declined in the second quarter by MEUR -3.6 due to divested business operations. On the other hand the increase in expenses was attributable to investments in the development and marketing of online services. Depreciation and impairment included in the total expenses amounted to MEUR 4.0 (3.9) during the period.

The result for April–June 2018 was MEUR 13.8 (12.2), and the adjusted result MEUR 9.3 (10.4).

January–June 2018

Adjusted operating profit was MEUR 25.1 (25.8) or 13.9 % (14.0 %) of revenue. Operating profit was MEUR 30.3 (26.4) or 16.7 % (14.3 %) of revenue. The operating profit includes net adjusted items in the amount of MEUR 5.2 (0.6) related to the restructuring of operations and gains on the sale of assets. The adjusted items in the comparison period were related to restructuring costs and gains on the sale of assets.

Total expenses declined in the first half of the year by MEUR -2.8, or 1.7 %, to MEUR 156.9 (159.7). Depreciation and impairment included in the total expenses amounted to MEUR 8.2 (7.9).

The result for January–June 2018 was MEUR 24.2 (21.1), and the adjusted result MEUR 19.0 (20.5).

ADJUSTED OPERATING PROFIT (LOSS) MEUR	2018 Q2	2017 Q2	Change %	2018 Q1—Q2	2017 Q1—Q2	Change %	2017 Q1—Q4
Alma Markets	8.6	7.3	17.1	16.8	14.7	14.6	28.3
Alma Talent	3.8	3.3	14.9	7.1	7.9	-10.4	14.6
Alma Consumer	2.7	4.4	-38.4	5.1	7.4	-31.5	16.7
Segments total	15.1	15.1	0.4	28.9	29.9	-3.4	59.6
Non-allocated operations	-2.2	-1.8	23.2	-3.8	-4.1	-6.5	-8.5
Total	12.9	13.2	-2.7	25.1	25.8	-2.8	51.1

Items adjusting operating profit

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

ADJUSTED ITEMS MEUR	2018 Q2	2017 Q2	2018 Q1—Q2	2017 Q1—Q2	2017 Q1—Q4
Alma Markets					
Gains (losses) on sale of the assets			0.7		0.5
Alma Talent					
Restructuring	-0.2		-0.2		-0.1
Gains (losses) on sale of the assets	0.1	0.7	0.1	0.7	0.7
Alma Consumer					
Restructuring	-0.5		-0.5	-0.8	-2.4
Gains (losses) on sale of the assets	4.7		4.7		0.2
Non-allocated					
Impairment losses					-4.0
Restructuring				-0.4	-0.4
Gains (losses) on sale of the assets	0.3	1.1	0.3	1.1	0.9
ADJUSTED ITEMS IN OPERATING PROFIT	4.5	1.8	5.2	0.6	-4.5
ADJUSTED ITEMS IN PROFIT BEFORE TAX	4.5	1.8	5.2	0.6	-4.5

OPERATING PROFIT (LOSS) MEUR	2018 Q2	2017 Q2	Change %	2018 Q1—Q2	2017 Q1—Q2	Change %	2017 Q1—Q4
Alma Markets	8.6	7.3	17.1	17.5	14.7	19.3	28.9
Alma Talent	3.7	4.0	-8.0	7.0	8.6	-19.1	15.2
Alma Consumer	7.0	4.4	59.1	9.3	6.5	43.0	14.5
Segments total	19.3	15.8	22.4	33.8	29.8	13.4	58.5
Non-allocated operations	-1.9	-0.7	159.4	-3.5	-3.4	4.1	-12.0
Total	17.4	15.0	15.7	30.3	26.4	14.6	46.6

Associated companies

In March 2018, Alma Media acquired 20 per cent of the share capital of Etua.fi, a provider of competitive tender services for loans and insurance, through a directed share issue. The parties have agreed not to disclose the price of the investment. Etua Oy will be reported as an associated company.

Alma Media sold its shares in Oy Suomen Tietotoimisto in June 2018. Alma Media owned 24.10% of the company. The transaction had no impact on the result of Alma Media Group.

SHARE OF RESULT OF ASSOCIATED COMPANIES MEUR	2018 Q2	2017 Q2	2018 Q1—Q2	2017 Q1—Q2	2017 Q1—Q4
Alma Markets	0.1	0.1	0.2	0.2	0.5
Alma Talent	0.0	0.0	0.0	0.1	0.1
Alma Consumer	0.0	0.0	0.0	0.0	0.0
Other associated companies	-0.1	0.0	-0.1	0.0	0.1
Total	0.1	0.2	0.2	0.3	0.7

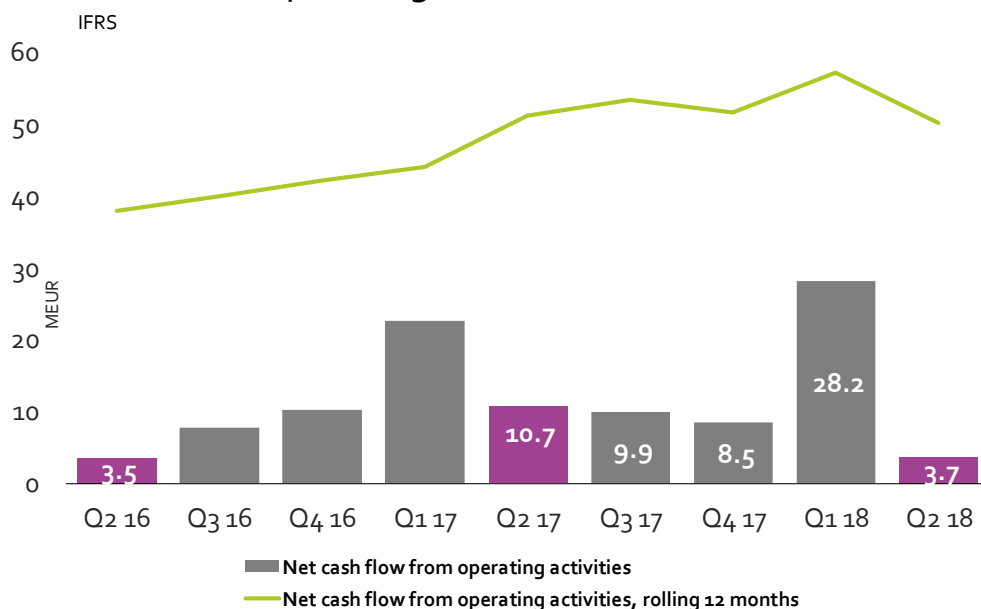
BALANCE SHEET AND FINANCIAL POSITION

At the end of June 2018, the consolidated balance sheet stood at MEUR 339.5 (323.7). The Group's equity ratio at the end of June was 52.0 % (48.7 %) and equity per share was EUR 1.68 (1.50).

Consolidated cash flow from operations in April–June was MEUR 3.7 (10.7). Cash flow before financing was MEUR 6.3 (9.5). Consolidated cash flow from operations in January–June was MEUR 32.7 (33.3). Cash flow before financing was MEUR 28.2 (30.5).

Operating cash flow and capital expenditure

Cash flow from operating activities



At the end of June the Group's interest-bearing debt amounted to MEUR 58.8 (68.0). The total interest-bearing debt at the end of June comprised MEUR 53.8 in finance leasing debt and MEUR 5.0 in loans from financial institutions. The Group's interest-bearing net debt at the end of June stood at MEUR 34.7 (43.5).

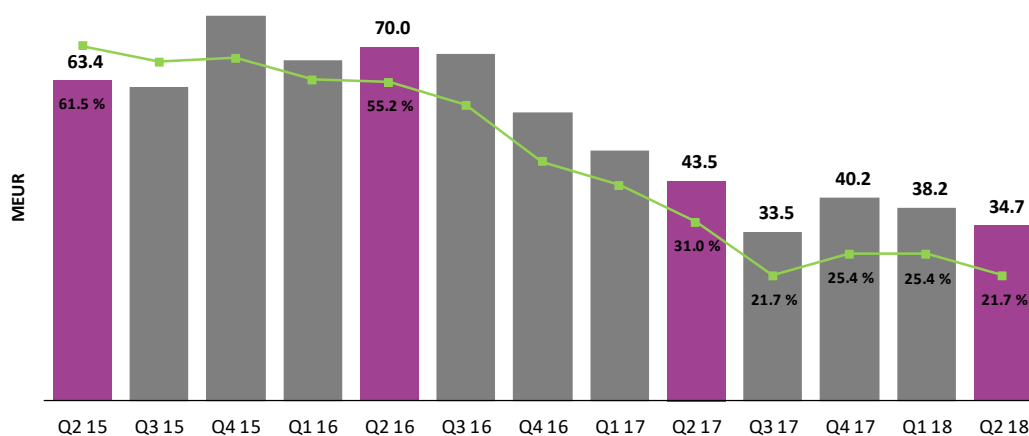
INTEREST-BEARING NET DEBT MEUR	2018 Q1—Q2	2017 Q1—Q2	2017 Q1—Q4
Interest-bearing long-term liabilities	54.1	63.1	56.0
Short-term interest-bearing liabilities	4.7	4.9	5.0
Cash and cash equivalents	24.1	24.5	20.7
Interest-bearing net debt	34.7	43.5	40.2

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 30 June 2018. In April, the company extended its financing limit agreements with its existing financing partners by three years. The company also has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was entirely unused as at 30 June 2018.

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 9.7.

Net debt and Gearing, MEUR

IFRS



Changes in Group structure in 2018

In January 2018, Alma Mediapartners, a subsidiary of Alma Media, acquired the remaining share capital to become the full owner of AutoJerry Oy, a previously consolidated company offering competitive tender services for car servicing. Also in January 2018, Alma Media's subsidiary Alma Mediapartners Oy strengthened its software business related to construction and housing by acquiring the entire share capital of Käyttösofta Oy from its founders and acquired Katsastushinnat.fi, a marketplace for comparing vehicle inspection services, by purchasing the share capital of the service's owner Ahorouta Oy. Alma Media Group owns 65% of the Alma Mediapartners group.

Alma Media sold its newspaper and distribution business in Lapland to Kaleva effective from the beginning of April 2018. The transaction saw a change of owners of the regional newspaper Lapin Kansa, the town papers Uusi Rovaniemi and Lounais-Lappi as well as Alma Manu Oy's distribution business in Lapland. The parties agreed not to disclose the price of the transaction. As a result of the transaction, Alma Media recognised a non-recurring sales gain of MEUR 4.5 in the second quarter.

Alma Talent Oy, a subsidiary of Alma Media, sold its CRM system reselling and maintenance business to CRM-service. The revenue of the business operations transferred in the transaction was approximately MEUR 1.0 in 2017. The parties have agreed not to publish the price of the transaction. The transaction has no impact on the result of Alma Media Group.

Alma Talent Events Ab, a subsidiary of Alma Talent specialising in the events business, discontinued its operations in Sweden. The company failed to achieve the targeted level of profitability. Alma Talent Events Ab had 12 full-time employees in 2018 and its revenue in 2017 amounted to approximately MEUR 1.5.

Capital expenditure

Alma Media Group's capital expenditure in January–June 2018 totalled MEUR 20.6 (4,1). The capital expenditure mainly consisted of the acquisitions of Käyttösofta Oy, Autojerry Oy and Ahorouta Oy as well as the acquisition of shares in Etua Oy. The capital expenditure also includes normal operating and maintenance investments.

SEGMENT MEUR	2018		2017		2017 Q1–Q4
	Q2	Q2	Q1–Q2	Q1–Q2	
Alma Markets	0.2	0.1	16.2	1.0	2.3
Alma Talent	0.3	1.4	0.5	1.4	2.1
Alma Consumer	0.2	0.2	1.8	0.7	0.9
Segments total	0.7	1.8	18.5	3.1	5.3
Non-allocated	1.4	0.5	2.1	1.0	16.9
Total	2.1	2.2	20.6	4.1	22.2

BUSINESS SEGMENTS

On 21 March 2018, Alma Media announced it will combine the Alma News & Life business segment, which produces news and lifestyle services, and the Alma Regions business segment, which focuses on regional and local media business, effective from 1 April 2018.

Following the business combination, Alma Media has three business segments: Alma Markets, focusing on digital marketplaces and the recruitment business, Alma Talent, a provider of financial media and services aimed at professionals and businesses, and the new Alma Consumer unit, 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, MojPosao.net, Monster.hu, Monsterpolska.pl and Monster.cz are reported in the Alma Markets segment.

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

KEY FIGURES MEUR	2018	2017	Change	2018	2017	Change	2017
	Q2	Q2	%	Q1—Q2	Q1—Q2	%	Q1—Q4
Revenue	24.2	20.6	17.7	48.0	40.2	19.3	83.2
Advertising revenue	21.9	19.2	14.1	43.3	37.3	16.2	77.3
Service revenue	2.3	1.4	67.2	4.7	2.9	59.2	5.9
Adjusted total expenses	15.7	13.3	18.1	31.3	25.6	22.1	55.0
Adjusted EBITDA	9.5	8.1	17.9	18.6	16.1	15.6	31.3
EBITDA	9.5	8.1	17.9	19.3	16.1	19.9	31.8
Adjusted operating profit	8.6	7.3	17.1	16.8	14.7	14.6	28.3
% of revenue	35.5	35.7		35.0	36.4		34.1
Operating profit (loss)	8.6	7.3	17.1	17.5	14.7	19.3	28.9
% of revenue	35.5	35.7		35.0	36.4		34.7
Average no. of employees, calculated as full-time employees	682	578	17.6	664	572	16.1	588
Digital business revenue	24.1	20.5	18.8	47.7	40.1	18.8	83.0
Digital business, % of revenue	99.6	99.8		99.4	99.8		99.7
OPERATIONAL KEY FIGURES	2018	2017	Change	2018	2017	Change	2017
	Q2	Q2	%	Q1—Q2	Q1—Q2	%	Q1—Q4
Online services, unique browsers, weekly, on average (thousands)							
Etuovi.com	940.7	876.2	7.4	924.8	878.2	5.3	809.4
Autotalli.com	148.7	148.2	0.4	160.5	158.8	1.1	133.8

*) The average weekly browser figures for Etuovi.com and Autotalli.com are based on visitor volume monitoring produced by Google Analytics.

April—June 2018

The Alma Markets segment's revenue increased by 17.7% to MEUR 24.2 (20.6) in the second quarter of 2018. Revenue growth remained strong in Finland, the Czech Republic and Croatia. The effect of exchange rate changes was MEUR 0.4 on revenue growth and MEUR 0.2 on operating profit growth in the Czech Republic. The acquisitions made by Alma Mediapartners increased the segment's revenue by MEUR 0.7 and operating profit by MEUR 0.2. In total, the revenue from the recruitment business increased by 15.6% during the review period and accounted for 76.1% (77.5%) of the segment's revenue in the second quarter of 2018.

The adjusted total expenses in the review period amounted to MEUR 15.7 (13.3). The factors contributing to the higher expenses included investments in sales and marketing, online service development as well as rising wages due to strong economic growth, particularly in the Eastern Central European countries. In addition, an investment of MEUR 0.4 was made in the launch of a new business in Poland in the second quarter. No adjusted items were reported during the review period.

The Alma Markets segment's adjusted operating profit was MEUR 8.6 (7.3) in the second quarter. Adjusted operating profit was 35.5% (35.7%) of revenue. The segment's operating profit was MEUR 8.6 (7.3).

January–June 2018

The Alma Markets segment's revenue increased by 19.3% to MEUR 48.0 (40.2) in the first half of 2018. The effect of exchange rate changes was MEUR 0.8 on revenue growth and MEUR 0.3 on operating profit growth in the Czech Republic. The acquisitions made by Alma Mediapartners increased the segment's revenue by MEUR 1.4 and operating profit by MEUR 0.5. In total, revenue from the recruitment business increased by 17.8% during the review period and accounted for 76.5% (77.5%) of the segment's revenue in the first half of 2018.

The adjusted total expenses in the review period amounted to MEUR 31.3 (25.6). The factors contributing to the higher expenses included investments in sales and marketing, online service development as well as rising wages due to strong economic growth, particularly in the Eastern Central European countries. In addition, an investment of MEUR 0.8 was made in the launch of a new business in Poland in the first half of the year.

The Alma Markets segment's adjusted operating profit was MEUR 16.8 (14.7) in the first half of the year. The adjusted operating profit was 35.0% (36.4%) of revenue. The segment's operating profit was MEUR 17.5 (14.7). The adjusted items recognised during the review period were related to a sales gain on acquisition achieved in stages.

Alma Talent

The Alma Talent business segment publishes 22 trade and financial publications as well as books. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information services. Alma Talent has operations in Finland, Sweden and the Baltics. Alma Talent media include Kauppalehti, Talouselämä, Tekniikka & Talous, Markkinointi&Mainonta, Arvopaperi, Tivi and Mediutiset. In Sweden, Alma Talent's publications include Affärsvärlden, Ny Teknik and Dagens Media.

KEY FIGURES	2018	2017	Change	2018	2017	Change	2017
MEUR	Q2	Q2	%	Q1–Q2	Q1–Q2	%	Q1–Q4
Revenue	28.1	28.7	-2.1	55.9	58.2	-4.0	113.2
Content Sales	11.8	12.1	-1.8	24.3	24.7	-1.8	48.2
Content revenue, print	9.1	9.6	-6.4	18.9	19.7	-4.3	38.2
Content revenue, digital	2.7	2.5	3.1	5.4	5.0	8.1	10.1
Advertising revenue	9.0	9.1	-1.0	17.0	18.0	-5.5	35.5
Advertising revenue, print	3.6	3.9	-6.4	7.1	7.8	-9.1	15.5
Advertising revenue, digital	4.6	4.4	3.1	8.5	8.8	-3.4	17.3
Service revenue	7.2	7.5	-4.0	14.6	15.5	-5.8	29.5
Adjusted total expenses	24.3	25.2	-3.8	48.9	50.2	-2.7	101.8
Adjusted EBITDA	4.8	4.4	10.4	9.1	10.0	-9.1	18.8
EBITDA	4.7	5.1	-7.2	9.0	10.7	-16.2	19.4
Adjusted operating profit	3.8	3.3	14.9	7.1	7.9	-10.4	14.6
% of revenue	13.7	11.6		12.7	13.6		12.9
Operating profit (loss)	3.7	4.0	-8.0	7.0	8.6	-19.1	15.2
% of revenue	13.2	14.0		12.5	14.8		13.4
Average no. of employees, calculated as full-time employees	870	853	2.1	869	841	3.3	843
Digital business revenue	10.2	9.6	5.5	19.4	19.2	1.4	38.2
Digital business, % of revenue	36.2	34.3		34.8	32.9		33.8

April–June 2018

The Alma Talent segment's revenue decreased by 2.1% to MEUR 28.1 (28.7). Digital business accounted for 36.2% (33.6%) of the segment's revenue. Revenue and profitability declined in the Swedish media business. On the whole, the segment's business in Finland was on par with the comparison period and profitability improved.

The Alma Talent segment's content revenue decreased by 1.8% to MEUR 11.8 (12.1). Digital content revenue grew by 3.1%. Advertising revenue for the second quarter declined by 1.0% to MEUR 9.0 (9.1). Online advertising sales increased by 3.1%. Advertising in Finland was on par with the comparison period in the second quarter, but advertising revenue continued to decline in Sweden. Acquired businesses increased advertising revenue by MEUR 0.3.

Service revenue declined by 4% to MEUR 7.2 (7.5). The segment's adjusted total expenses amounted to MEUR 24.3 (25.2). The total expenses decreased in Finland due to cost savings and previously implemented restructuring measures.

The Alma Talent segment's adjusted operating profit was MEUR 3.8 (3.3) and operating profit MEUR 3.7 (4.0). The adjusted operating profit was 13.7% (11.6%) of revenue. The adjusted items in the review period were related to the restructuring of operations and gains on the sale of assets.

January–June 2018

The Alma Talent segment's revenue decreased by 4.0% to MEUR 55.9 (58.2). Digital business accounted for 34.8% (32.9%) of the segment's revenue.

The Alma Talent segment's content revenue decreased by 1.8% to MEUR 24.3 (24.7). Digital content revenue grew by 8.1%.

Advertising revenue for the first half of the year declined by 5.5% to MEUR 17.0 (18.0). Online advertising revenue decreased by 3.4% year-on-year. In Finland, advertising revenue declined significantly in the first quarter but subsequently recovered in the second quarter. In Sweden, advertising revenue declined throughout the first half of the year. Acquired businesses had an impact of MEUR 0.6 on the increase in advertising revenue.

Service revenue totalled MEUR 14.6 (15.5). The decrease in service revenue was due to the effect of divested operations, which was MEUR 0.6.

The segment's adjusted total expenses amounted to MEUR 48.9 (50.2). The decrease in total expenses was attributable to the segment's operations in Finland.

The Alma Talent segment's adjusted operating profit was MEUR 7.1 (7.9) and operating profit MEUR 7.0 (8.6). The adjusted operating profit was 12.7% (13.6%) of revenue. The adjusted items in the review period were related to the restructuring of operations and gains on the sale of assets.

The Alma Talent segment's reported number of employees increased by 28. The increase was due to the higher number of employees in the direct marketing business, which fluctuates in proportion to business volume.

Alma Consumer

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

KEY FIGURES MEUR	2018	2017	Change	2018	2017	Change	2017
	Q2	Q2	%	Q1—Q2	Q1—Q2	%	Q1—Q4
Revenue	37.2	44.7	-16.6	78.0	86.3	-9.6	171.8
Content Sales	15.9	19.3	-17.6	34.4	38.7	-11.1	77.6
Content revenue, print	14.5	17.7	-17.9	31.4	35.6	-11.6	71.2
Content revenue, digital	1.4	1.6	-14.3	3.0	3.2	-5.0	6.4
Advertising revenue	15.9	20.2	-21.3	32.9	37.5	-12.3	73.2
Advertising revenue, print	9.4	13.3	-29.3	20.1	25.3	-20.6	48.1
Advertising revenue, digital	6.4	6.8	-5.7	12.8	12.2	5.0	25.2
Service revenue	5.5	5.2	5.0	10.7	10.1	6.2	20.9
Adjusted total expenses	34.6	40.4	-14.3	73.0	79.0	-7.6	155.4
Adjusted EBITDA	3.7	5.4	-32.6	7.0	9.5	-25.6	20.8
EBITDA	8.0	5.4	46.1	11.3	8.6	31.3	18.6
Adjusted operating profit	2.7	4.4	-38.4	5.1	7.4	-31.5	16.7
% of revenue	7.3	9.8		6.5	8.5	-24.2	9.7
Operating profit (loss)	7.0	4.4	59.1	9.3	6.5	43.0	14.5
% of revenue	18.7	9.8		12.0	7.6	58.1	8.4
Average no. of employees, calculated as full-time employees	594	717	-17.1	617	704	-12.4	690
Average no. of delivery staff	858	879	-2.4	841	879	-4.3	869
Digital business revenue	9.0	9.1	-1.4	17.9	17.0	5.6	35.3
Digital business, % of revenue	24.2	20.5		23.0	19.7		20.6
OPERATIONAL KEY FIGURES	2018	2017	Change	2018	2017	Change	2017
	Q2	Q2	%	Q1—Q2	Q1—Q2	%	Q1—Q4
Printing volume (thousands)	82 249	85 692	-4.0	169 779	168 548	0.7	336 641
Paper usage (tons)	6 643	7 157	-7.2	13 629	13 865	-1.7	27 925

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

April–June 2018

The Alma Consumer segment's revenue declined by 16.6% to MEUR 37.2 (44.7) in April–June. The effect of divested business operations on the decrease in revenue was MEUR 5.4. Revenue declined particularly in the print media business. Digital business accounted for 24.2% (20.5%) of the segment's revenue.

The segment's content revenue declined by 17.6% to MEUR 15.9 (19.3) in April–June. The effect of divested operations on the decrease in content revenue was MEUR 2.6. Content revenue was also reduced by the lower single-copy sales of Iltalehti. Content revenue from regional media was on par with the comparison period.

The segment's advertising sales declined by 21.3% to MEUR 15.9 (20.2). The effect of divested business operations on the decrease in advertising revenue was MEUR 2.8. Excluding the effect of divestments, the segment's digital advertising revenue decreased by 2.9%. The entry into force of the GDPR created temporary uncertainty in the programmatic buying market during the review period, slowing down its development. The advertising revenue for the comparison period also included MEUR 0.5 in advertising related to the municipal elections.

The segment's service revenue increased by 5.0% to MEUR 5.5 (5.2).

The segment's adjusted total expenses amounted to MEUR 34.6 (40.4). The effect of divested operations on the decrease in expenses was MEUR 5.4.

The segment's adjusted operating profit was MEUR 2.7 (4.4), or 7.3% (9.8%) of revenue. The net adjusted items reported during the period amounted to MEUR 4.3 and were related to the restructuring of operations and gains on the sale of assets. The segment's operating profit was MEUR 7.0 (4.4).

January–June 2018

The Alma Consumer segment's revenue declined by 9.6% to MEUR 78.0 (86.3) in January–June. Digital business accounted for 23.0% (19.7%) of the segment's revenue. The effect of divested operations on the decrease in revenue was MEUR 6.0.

The segment's content revenue declined by 11.1% to MEUR 34.4 (38.7) in January–June. Divested businesses had an effect of MEUR 3.0 on the decrease in content revenue.

The segment's advertising sales declined by 12.3% to MEUR 32.9 (37.5). Divested businesses had an effect of MEUR 3.4 on the decrease in advertising revenue. Advertising sales for print media decreased by 20.6%. The segment's digital advertising revenue increased by 5.0% to MEUR 12.8 (12.2). The advertising revenue for the comparison period included MEUR 1.0 in advertising related to the municipal elections.

The segment's service revenue increased by 6.2% to MEUR 10.7 (10.1) due to the external sales of printing and delivery services.

The segment's adjusted total expenses amounted to MEUR 73.0 (79.0). The factors increasing the adjusted total expenses included higher paper prices from February onwards as well as higher volume-linked employee expenses in distribution operations. The effect of divested operations on the decrease in expenses was MEUR 6.0.

The segment's adjusted operating profit was MEUR 5.1 (7.4), or 6.5% (8.5%) of revenue. The adjusted items reported during the period were related to the restructuring of operations and gains on the sale of assets. The segment's operating profit was MEUR 9.3 (6.5). The adjusted items in the comparison period were related to operational restructuring in the publishing business in Lapland.

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

ASSETS BY SEGMENT			
MEUR	Jun 31 2018	30.6.2017	31.12.2017
Alma Markets	99.7	80.7	81.9
Alma Talent	103.9	109.1	110.8
Alma Consumer	64.2	69.6	68.0
Segments total	267.8	259.3	260.7
Non-allocated assets and eliminations	71.8	64.4	73.1
Total	339.6	323.7	333.8

LIABILITIES BY SEGMENT			
MEUR	Jun 31 2018	30.6.2017	31.12.2017
Alma Markets	38.0	24.3	25.5
Alma Talent	28.5	30.6	31.1
Alma Consumer	61.4	62.6	65.3
Segments total	127.9	117.5	122.0
Non-allocated liabilities and eliminations	49.9	63.7	53.5
Total	177.8	181.2	175.5

Governance

In conjunction with the combination of business segments as Alma Consumer, Alma Regions' Senior Vice President and member of the Alma Media Group Executive Team Kari Juutilainen stepped down and retired. Kari Kivelä took charge of the new business segment on 1 April 2018. Kivelä was previously the Senior Vice President of the Alma News & Life segment and the publisher of Iltalehti. In connection with the reorganisation, Kari Kivelä stepped down from his position as Senior Editor-in-Chief of Iltalehti.

The Alma Media share

In January–June, altogether 1 197 465 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 1.5 % of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the review period, 29 June 2018, was EUR 6.60. The lowest quotation during the review period was EUR 6.40 and the highest EUR 7.54. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 543.7.

Share-based incentive scheme (LTI 2015)

In 2015, the Board of Directors of Alma Media Corporation approved the establishment of a long-term share-based incentive scheme for the key management of Alma Media (hereinafter referred to as "LTI 2015").

The objective of LTI 2015 is to align the interests of the participants with those of Alma Media's shareholders by creating a long-term equity interest for the participants and, thus, to increase the company value in the long term as well as to drive performance culture, to retain participants and to offer them with competitive compensation for excellent performance in the company.

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

The Board of Directors of Alma Media Corporation has decided on four individual plans based on the LTI 2015 share-based incentive scheme: LTI 2015 I, LTI 2015 II, LTI 2015 III and LTI 2015 IV. The main terms of the incentive schemes correspond to those of the LTI 2015 share-based incentive scheme that was launched in 2015.

The matching share plan

In the matching share plan, the participant receives a fixed amount of matching shares against an investment in Alma Media shares.

In the LTI 2015 I matching share plan, the participant receives two matching shares for each invested share free of charge after a two-year vesting period, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

The performance matching plan

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

The performance measures used in the 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.

Payment of the incentive is contingent on the participant holding on to the shares invested in the plan and remaining employed by the Group for the five-year duration of the plans. The incentives are paid partly in cash and partly in shares. The cash component is intended to cover taxes incurred by the participant from the incentive.

The fair value of the reward is expensed until the matching shares are paid. The fair value of the share component is determined on the date on which the target group has agreed to the conditions of the plan. The financing cost arising from the obligation to hold shares and dividends expected during the vesting period have been deducted from the value of the share. The fair value of the plan based on the total shareholder return of the share also takes

the market-based earning criteria into consideration. The cash component of the incentive is remeasured on each reporting date during the vesting period based on the price of the share on the date in question.

Share-based incentive scheme	Based on share investment (shares max) Gross amount from which taxes are deducted	Performance matching (shares max) Gross amount from which taxes are deducted	Maximum number of people entitled to participate
LTI 2015			
Launched in 2015 LTI 2015 I	159.000	318.000	35
Launched in 2016 LTI 2015 II	195.000	390.000	43
Launched in 2017 LTI 2015 III	195.000	390.000	44
Launched in 2018 LTI 2015 IV	203.000	406.000	54

Market liquidity guarantee

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

Flagging notices

The company did not receive any flagging notices during the second quarter of 2018.

Risks and risk management

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

The most critical strategic risks for Alma Media are a significant drop in its print newspaper readership and a decrease in the online audience of digital media, a permanent decline in advertising sales and a significant increase in distribution and delivery costs. The group subscriptions of the major financial and technology-related magazines are significant in scale. Changes to the subscription agreements could have a substantial impact on the magazines' total subscription volumes. The media industry is undergoing changes following the transformation in media consumption and technological development. Alma Media's strategic objective is to meet this challenge by developing its digital business 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

Alma Consumer's travel media Rantapallo has agreed upon a business transaction to sell the Matkapörssi and Lentokeskus business operations to Lakeuden Matkat Oy. The revenue of the business operations to be transferred in the business transaction was approximately MEUR 3.0 in 2017. The parties have agreed not to publish the price of the transaction. The transaction has no impact on the result of Alma Media Group. The transaction will take effect on 1 July 2018.

Alma Talent Ab, a subsidiary of Alma Media, and Bonnier Business Media (BBM) have agreed on a share transaction that sees Alma Talent sell the share capital of Dagens Media Sverige Ab to BBM. In the transaction, Bonnier acquires the media brands Dagens Media and Medievärlden, their media business and events as well as editorial employees. The revenue of the business operations transferred in the business transaction was approximately MEUR 1.6 in 2017. The parties have agreed not to publish the price of the transaction. The transaction does not have a significant impact on the result of Alma Media Group.

Alma Media has sold its old office and production facility at Patamäenkatu 7, Tampere to, Ab Sagax. The property sold has previously housed Aamulehti's office premises and printing facilities, although in recent years Alma Media has been leasing the entire premises to external tenants. The value of the property transaction is MEUR 10.3. The transaction will have no material impact on the financial result of Alma Media Group.

ALMA MEDIA CORPORATION
Board of Directors

SUMMARY OF INTERIM REPORT AND NOTES

COMPREHENSIVE INCOME STATEMENT MEUR	2018 Q2	2017 Q2	Change %	2018 Q1—Q2	2017 Q1—Q2	Change %	2017 Q1—Q4
REVENUE	88.9	93.7	-5.1	181.1	184.2	-1.7	367.3
Other operating income	5.3	1.8	192.4	6.1	1.9	225.3	3.3
Materials and services	16.2	19.3	-15.9	34.3	37.8	-9.2	74.4
Employee benefits expense	37.2	37.9	-1.9	74.2	75.4	-1.5	148.8
Depreciation, amortisation and impairment	4.0	3.9	0.6	8.2	7.9	2.8	20.3
Other operating expenses	19.5	19.4	0.6	40.2	38.6	4.2	80.6
OPERATING PROFIT	17.4	15.0	15.7	30.3	26.4	14.6	46.6
Finance income	-0.4	0.1	-394.9	0.0	0.4	-105.1	0.6
Finance expenses	0.1	0.5	-68.0	0.7	0.8	-20.4	1.8
Share of profit of assoc. companies	0.1	0.2	-48.1	0.2	0.3	-37.2	0.7
PROFIT BEFORE TAX	16.9	14.9	13.5	29.8	26.1	14.0	45.9
Income tax	3.1	2.7	16.1	5.6	5.1	10.5	9.2
PROFIT FOR THE PERIOD	13.8	12.2	12.9	24.2	21.1	14.8	36.7
OTHER COMPREHENSIVE INCOME:							
Items that are not later transferred to be recognised through profit or loss							
Items arising due to the redefinition of net defined benefit liability (or asset item)		0.0			0.0		-0.2
Tax on items that are not later transferred to be recognised through profit or loss	0.0	0.0		0.0	0.0		0.0
Items that may later be transferred to be recognised through profit or loss							
Available-for-sale financial assets	-0.2			-0.2			
Translation differences	-0.1	0.6		-0.7	0.6		0.5
Share of other comprehensive income of associated companies	0.0	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		0.0
Other comprehensive income for the year, net of tax	-0.3	-0.1		-0.8	0.6		0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13.5	12.1		23.4	21.7		37.0
Profit for the period attributable to:							
– Owners of the parent	12.3	11.1		21.3	18.8		32.2
– Non-controlling interest	1.4	1.1		2.9	2.2		4.6
Total comprehensive income for the period attributable to:							
– Owners of the parent	12.0	11.0		20.5	19.5		32.5
– Non-controlling interest	1.4	1.1		2.9	2.2		4.6
Earnings per share calculated from the profit for the period attributable to the parent company shareholders:							
- Earnings per share (basic and diluted), EUR	0.15	0.13		0.26	0.23		0.39

BALANCE SHEET			
MEUR	Jun 31 2018	30.6.2017	31.12.2017
ASSETS			
NON-CURRENT ASSETS			
Goodwill	133.5	122.0	121.7
Other intangible assets	63.2	65.9	62.4
Tangible assets	56.9	62.4	59.8
Investment properties	10.0		10.2
Investments in associated companies	5.0	4.2	4.5
Other non-current financial assets	4.3	4.3	4.1
Deferred tax assets	2.4	1.5	2.3
CURRENT ASSETS			
Inventories	2.6	2.6	2.4
Current tax assets	0.7	0.0	0.6
Trade receivables and other receivables	36.7	36.4	44.9
Financial assets, short-term	0.1	0.0	0.0
Cash and cash equivalents	24.1	24.5	20.7
TOTAL ASSETS	339.6	323.7	333.8
EQUITY AND LIABILITIES			
Share capital	45.3	45.3	45.3
Share premium reserve	7.7	7.7	7.7
Translation differences	-1.4	-1.0	-1.2
Invested non-restricted equity fund	19.1	19.1	19.1
Retained earnings	67.5	52.2	65.8
Equity attributable to owners of the parent	138.3	123.4	136.8
Non-controlling interest	23.5	19.1	21.6
TOTAL EQUITY	161.8	142.5	158.3
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	54.1	63.1	56.0
Deferred tax liabilities	13.2	13.2	13.0
Pension liabilities	1.1	1.2	1.1
Provisions	0.4	0.3	0.4
Other non-current liabilities	0.2	0.2	0.2
CURRENT LIABILITIES			
Current financial liabilities	15.2	5.4	5.7
Advances received	28.2	31.3	23.0
Income tax liability	2.9	2.8	5.1
Provisions	0.8	0.8	0.9
Trade payables and other payables	61.7	62.9	70.1
TOTAL LIABILITIES	177.8	181.2	175.5
TOTAL EQUITY AND LIABILITIES	339.6	323.7	333.8

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 Jan 1 2018	45.3	7.7	-1.2	19.1	65.8	136.8	21.6	158.3
Adoption of IFRS 9					-0.2	-0.2		-0.2
Adoption of amendment to IFRS 2					1.6	1.6		1.6
Equity Jan 1 2018	45.3	7.7	-1.2	19.1	67.3	138.2	21.6	159.8
Profit for the period					21.3	21.3	2.9	24.2
Other comprehensive income								
Translation differences			-0.1		-0.9	-1.1	0.4	-0.7
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		
Share-based payment transactions and exercised share options					-0.4	-0.4	0.1	-0.3
Change in ownership in subsidiaries							1.7	1.7
Equity Jun 31 2018	45.3	7.7	-1.4	19.1	67.5	138.3	23.4	161.7
Equity Jan 1 2017	45.3	7.7	-1.7	19.1	48.3	118.7	19.3	138.0
Profit for the period					18.8	18.8	2.2	21.1
Other comprehensive income			0.6			0.6		0.6
Transactions with equity holders								
Dividends paid by parent					-13.2	-13.2		-13.2
Share-based payment transactions and Acquisition of own shares					-1.2	-1.2	-2.3	-2.3
Share-based payment transactions and exercised share options					0.1	0.1		0.1
Change in ownership in subsidiaries								
Acquisitions of shares by non-controlling interests that did not lead to changes in control					-0.5	-0.5	-0.1	-0.6
Equity Jun 31 2017	45.3	7.7	-1.1	19.1	52.3	123.4	19.1	142.5

*) The subsidiary's foreign currency-denominated equity items have been adjusted between translation differences and retained earnings.

CASH FLOW STATEMENT	2018	2017	2018	2017	2017
MEUR	Q2	Q2	Q1—Q2	Q1—Q2	Q1—Q4
OPERATING ACTIVITIES					
Profit for the period	13.8	12.2	24.2	21.1	36.7
Adjustments	0.9	5.1	8.7	11.7	28.7
Change in working capital	-7.0	-5.8	7.9	3.3	-6.0
Dividends received	0.2	0.9	0.3	0.9	1.0
Interest received	0.0	0.0	0.1	0.0	0.1
Interest paid and other finance expenses	-0.3	-0.6	-0.7	-1.1	-1.8
Taxes paid	-4.0	-1.1	-7.8	-2.7	-7.1
Net cash flow from operating activities	3.7	10.7	32.7	33.3	51.7
INVESTING ACTIVITIES					
Acquisitions of tangible assets	-1.1	-0.2	-1.4	-0.6	-1.6
Acquisitions of intangible assets	-0.4	-0.9	-1.2	-1.5	-2.1
Proceeds from sale of tangible and intangible assets	0.6		1.3		0.5
Other investments	-0.1		0.0		-14.8
Proceeds from sale of available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Business acquisitions less cash and cash equivalents at the time of acquisition	-0.2	-1.3	-5.1	-1.9	-2.0
Proceeds from sale of businesses less cash and cash equivalents at the time of sale	2.3		2.3		1.1
Acquisition of associated companies	0.1		-1.5		-0.3
Proceeds from sale of associated companies	1.3	1.2	1.2	1.2	1.5
Net cash flows from/(used in) investing activities	2.6	-1.2	-4.5	-2.8	-17.2
Cash flow before financing activities	6.3	9.5	28.2	30.5	34.5
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Acquisition of own shares		-0.8		-1.2	-1.2
Loans taken	3.0		14.0	3.0	3.0
Repayment of loans	-8.0	0.0	-14.0	-13.1	-18.2
Payments of finance lease liabilities	-0.7	-1.2	-2.1	-2.4	-5.0
Dividends paid	-3.1	-2.8	-22.9	-15.5	-15.5
Net cash flows from/(used in) financing activities	-8.8	-4.7	-25.0	-29.3	-37.0
Change in cash and cash equivalent funds (increase +/decrease -)	-9.6	4.8	3.8	1.1	-2.4
Cash and cash equivalents at beginning of period	33.8	19.7	20.7	23.3	23.3
Effect of change in foreign exchange rates	-0.1	0.0	-0.1	-0.0	0.1
Cash and cash equivalents at end of period	24.1	24.5	24.1	24.5	20.7

Acquired businesses in 2018

Alma Media has acquired the following business operations during 2018:

	<u>Business</u>	<u>Acquisition date</u>	<u>Acquired share</u>	<u>Group share</u>
<u>Alma Markets segment</u>				
Ahorouta Oy	Online	3 January 2018	100.0 %	65 %
AutoJerry Oy	Online	10 January 2018	76.0 %	65 %
Käyttösofta Oy	Online	10 January 2018	100.0 %	65 %

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

MEUR	Fair values entered in integration
Intangible assets	5.2
Trade receivables and other receivables	0.2
Cash and cash equivalents	0.8
Total	6.2
Deferred tax liabilities	1.0
Trade payables and other payables	0.4
Total	1.4
Total identifiable net assets at fair value 100%	4.7
Group's share of net assets	3.1
IFRS acquisition cost	16.5
Goodwill	13.4

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.

CONTINGENT CONSIDERATION LIABILITY	
MEUR	
Initial recognition of the liability	10.0
Considerations, settled in cash	-0.3
Fair value of the contingent consideration liability at the end of the period	9.7

Personnel

EMPLOYEES BY GEOGRAPHICAL AREA					
AREA	2018 Q2	2017 Q2	2018 Q1—Q2	2017 Q1—Q2	2017 Q1—Q4
Employees, Finland	1469	1560	1480	1536	1519
Employees, other countries	849	752	838	741	761
Employees, total	2318	2312	2318	2277	2280

Provisions

The company's provisions totalled MEUR 1.2 (1.1) on 30 June 2018. It has not been necessary to change the estimates made when the provisions were entered.

Commitments and contingencies

COMMITMENTS AND CONTINGENCIES			
MEUR	Jun 31 2018	30.6.2017	31.12.2017
Collateral for others			
Guarantees	0.9	0.9	0.9
Other commitments and contingencies	1.2	1.4	1.0
Minimum lease payments on other lease agreements:			
Within one year	8.6	9.0	9.2
Within 1-5 years	22.3	26.4	25.2
After 5 years	15.8	20.3	18.2
Total	46.7	55.7	52.6
In addition, the Group has purchase agreements that, based on IFRIC 4, include a lease component as per IAS 17. Minimum payments based on these agreements:	0.1	0.1	0.1

DERIVATIVE CONTRACTS			
MEUR	Jun 31 2018	30.6.2017	31.12.2017
Commodity derivative contracts, electricity derivatives			
Fair value	0.1	0.0	0.0
Nominal value	0.2	0.2	0.3
Interest rate derivatives			
Fair value	-0.5	-0.5	-0.5
Nominal value	19.4	19.4	19.4
Foreign currency derivatives			
Fair value	-0.2	0.0	-0.2
Nominal value	8.0	3.1	8.0

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	2018 Q2	2017 Q2	2018 Q1—Q2	2017 Q1—Q2	2017 Q1—Q4
Sales of goods and services	0.1	0.2	0.1	0.5	0.6
Associated companies	0.1	0.2	0.1	0.4	0.4
Principal shareholders	0.0	0.0	0.1	0.1	0.2
Corporations where management exercises influence		0.0		0.0	0.0
Purchases of goods and services	0.2	1.1	0.6	1.9	2.9
Associated companies	0.2	1.1	0.6	1.9	2.9
Principal shareholders	0.0	0.0	0.0	0.0	0.0
Corporations where management exercises influence	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	0.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Principal shareholders		0.0		0.0	0.0
Corporations where management exercises influence		0.0	0.0	0.0	0.0
Trade payables at the reporting date	0.0	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Principal shareholders		0.0		0.0	0.0

QUARTERLY INFORMATION MEUR	2018 Q2	2018 1—3	2017 10—12	2017 7—9	2017 Q2	2017 1—3	2016 10—12	2016 7—9	2016 Q2
REVENUE	88.9	92.2	97.1	86.0	93.7	90.5	93.5	80.9	92.0
Alma Markets	24.2	23.8	22.1	20.9	20.6	19.6	18.0	17.2	17.6
Alma Talent	28.1	27.8	31.0	24.0	28.7	29.5	31.2	23.0	30.5
Alma Consumer	37.2	40.7	44.2	41.3	44.7	41.6	44.6	40.7	44.2
Eliminations and non-allocated	-0.6	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	0.0	-0.3
ADJUSTED TOTAL EXPENSES	76.2	80.1	90.1	72.2	80.5	78.0	82.8	72.0	82.2
Alma Markets	15.7	15.6	16.4	13.0	13.3	12.4	14.1	11.8	12.5
Alma Talent	24.3	24.6	27.3	21.2	25.3	25.0	26.4	21.0	27.2
Alma Consumer	34.6	38.4	39.7	36.8	40.4	38.6	41.7	37.0	40.2
Eliminations and non-allocated	1.7	1.2	6.7	1.2	1.6	2.1	0.6	2.3	2.3
ADJUSTED EBITDA	16.9	16.4	15.7	17.9	17.2	16.6	15.6	13.6	14.4
Alma Markets	9.5	9.1	6.5	8.6	8.1	8.0	5.4	6.6	6.4
Alma Talent	4.8	4.3	4.9	3.9	4.4	5.7	5.8	3.1	4.4
Alma Consumer	3.7	3.4	5.6	5.7	5.4	4.0	6.1	4.9	5.0
Eliminations and non-allocated	-1.2	-0.4	-1.4	-0.4	-0.7	-1.1	-1.8	-0.9	-1.4
ADJUSTED OPERATING PROFIT/LOSS	12.9	12.2	11.3	14.0	13.2	12.6	10.9	9.1	9.9
Alma Markets	8.6	8.2	5.8	7.9	7.3	7.3	4.0	5.3	5.1
Alma Talent	3.8	3.3	3.9	2.8	3.3	4.6	4.7	2.1	3.4
Alma Consumer	2.7	2.3	4.6	4.7	4.4	3.0	5.1	3.8	4.0
Eliminations and non-allocated	-2.2	-1.6	-3.0	-1.5	-1.8	-2.3	-2.8	-2.1	-2.6
% OF REVENUE	14.5	13.2	11.6	16.2	14.1	13.9	11.7	11.2	10.8
Alma Markets	35.5	34.5	26.2	37.8	35.7	37.2	22.0	31.2	29.0
Alma Talent	13.7	11.7	12.5	11.7	11.6	15.5	15.3	9.0	11.2
Alma Consumer	7.3	5.8	10.3	11.4	9.8	7.2	11.4	9.4	9.1
Non-allocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ADJUSTED ITEMS	4.5	0.7	-5.4	0.3	1.8	-1.2	-4.3	-0.2	-0.8
Alma Markets	0.0	0.7	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Alma Talent	-0.1	0.0	0.0	-0.1	0.7	0.0	-0.4	-0.2	-1.5
Alma Consumer	4.3	0.0	-1.4	0.1	0.0	-0.8	-1.7	0.0	0.7
Non-allocated	0.3	0.0	-4.0	-0.2	1.1	-0.4	-2.2	0.0	0.0
OPERATING PROFIT/LOSS	17.4	12.9	5.8	14.3	15.0	11.4	6.7	8.9	9.1
Alma Markets	8.6	8.9	5.8	8.4	7.3	7.3	4.0	5.3	5.1
Alma Talent	3.7	3.3	3.9	2.7	4.0	4.6	4.3	1.8	1.9
Alma Consumer	7.0	2.3	3.1	4.8	4.4	2.1	3.4	3.8	4.7
Non-allocated	-1.9	-1.6	-7.0	-1.6	-0.7	-2.6	-5.1	-2.2	-2.6
Finance income	0.2	0.0	0.0	0.0	0.2	0.0	0.4	0.0	0.3
Finance expenses	0.8	0.1	0.1	0.6	0.5	0.4	0.7	1.0	0.7
Share of profit of associated companies	0.1	0.1	0.0	0.3	0.2	0.2	0.1	0.3	0.2
PROFIT BEFORE TAX	16.9	12.9	5.8	14.0	14.9	11.3	6.5	8.2	9.0
Income tax	-3.1	-2.5	-1.4	-2.8	-2.7	-2.3	-1.4	-1.7	-2.1
PROFIT FOR THE PERIOD	13.8	10.4	4.4	11.2	12.2	8.9	5.1	6.5	6.9

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 2017 and the new and revised IFRS standards described in the 2017 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 2017. 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:

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and liabilities. It also introduces changes to the rules governing hedge accounting as well as a new impairment model for financial assets. The new rules have been applied by the Group retrospectively starting from 1 January 2018 in such a way as to take advantage of the practical expedients provided by the standard. The comparison figures for 2017 are not adjusted. The most significant impacts of IFRS 9 adoption in the Group are related to the impairment of trade receivables and the classification of financial assets and liabilities, which is based on business models defined by the Group's management.

In recognising expected credit losses, the Group applies the simplified approach defined in IFRS 9, according to which lifetime expected credit losses can be recognised for all trade receivables. For the purposes of determining expected credit losses, trade receivables have been grouped on the basis of shared credit risk characteristics and delinquency in payment. The MEUR 0.2 increase in the loss allowance related to trade receivables reduces the opening balance of retained earnings on 1 January 2018.

Amendment to IFRS 2 *Share-based Payments*. The amendment concerns incentive schemes with net settlement features to cover withholding tax obligations and where the employer has an obligation to withhold tax from the received benefit on the share-based payment. The previous standard requires the entity to divide the payment into an equity-settled component and a cash-settled component. According to the new IFRS 2, compensation costs will be recognised for such payments based on the entire scheme being an equity-settled payment. Compensation costs are recognised based on the number of gross shares awarded, in spite of the employee ultimately only receiving the net shares and the Group paying the portion required to meet the withholding obligations to the tax authority in cash. The withholding paid by the Group to the tax authority is recognised directly in equity.

The Group's 2017 financial statements included a EUR 1.6 million short-term liability relating to the cash-settled component. Due to the amendment, this portion has been adjusted in the opening balance sheet from the liabilities to equity's retained earnings.

IFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019). Under the new standard, all leases except short-term (less than 12-month) contracts and contracts with low value will be recognised as having the right to be used on the balance sheet. Operating leases and finance leases will no longer be differentiated between. The change will move off-balance sheet liabilities to the balance sheet, and thus increase the amount of lease property and debt. 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 from business premises and cars. Lease contracts for IT equipments are considered to be treated as off-balance sheet liabilities as a opposite for treatment according to current IAS 17.

Alma Media has started preparing to implement the standard and assessed the preliminary effects of the standard's implementation. The change does have an impact on the Group's financial statements. The change will also affect the key indicators based on the balance sheet, such as gearing.

IFRS 16: Estimated effect on Alma Media group financial reporting (preliminary)	31.12.2017		31.12.2018	
	Assets	Liabilities	Assets	Liabilities
Balance sheet (MEUR)				
Property & other lease	60.1	60.1	52.1	52.1
Car lease	0.8	0.8	0.8	0.8
IT lease	-1.7	-1.8	-1.7	-1.8

Total	59.1	59.1	51.2	51.1
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Profit & Loss (MEUR)	FY18
Other expenses - <i>decrease</i>	7.8
Ebitda	7.8
Depreciation - <i>increase</i>	-7.2
Ebit	0.6
Interest expense - <i>increase</i>	-0.6
Result	0.0

IFRS 16: Balance sheet and key financial ratios (preliminary)	Reported Dec 2017	Adjusted Dec 2017
Assets total, MEUR	333.8	392.9
Interest bearing debt, MEUR	61.3	120.4
Net debt, MEUR	40.2	99.3
Equity ratio, %	50.9	42.8
Net debt/EBITDA ratio	0.6	1.3
EBITDA, MEUR	66.9	74.7
EBITDA adjusted, MEUR	67.4	75.2
EBIT, MEUR	46.6	47.2
EBIT adjusted, MEUR	51.1	51.7
EPS	0.39	0.39

IFRS 15 Revenue from Contracts with Customers is a new standard governing the recognition of revenue. Alma Media has adopted the standard on 1 January 2018 using the modified retrospective approach, which means that the cumulative effects arising from the application of the standard have been recognised in retained earnings on 1 January 2018 and comparison figures are not adjusted. In the company's view, the new standard has not had a material effect on the consolidated financial statements.

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 $\text{digital business/revenue} * 100$. 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 expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised by the Group as adjustments. Adjustments are recognised in the profit and loss statement within the corresponding income or expense group.

Interest-bearing net debt (MEUR)

Interest-bearing debt — cash and cash equivalents

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 newspaper 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:

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Alma Media's financial calendar 2018

Alma Media will publish financial reports in 2018 as follows:

- Interim report for January–September October 2018 on Thursday, 25 October 2018 at approximately 8:00 EEST