

INTERIM REPORT

2015

**Q3**

22.10.2015

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TALENTUM INTERIM REPORT 22 October 2015 at 8.30 a.m.

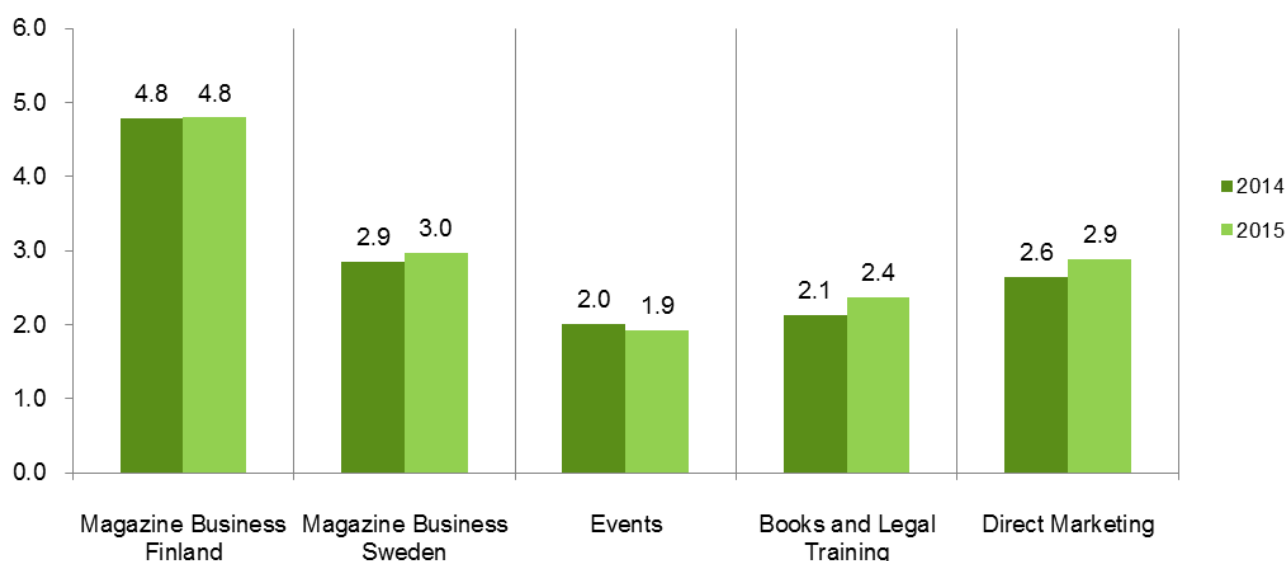
Talentum Corporation Interim Report for July-September 2015:

**STRONG THIRD QUARTER**

**JULY-SEPTEMBER 2015 IN BRIEF**

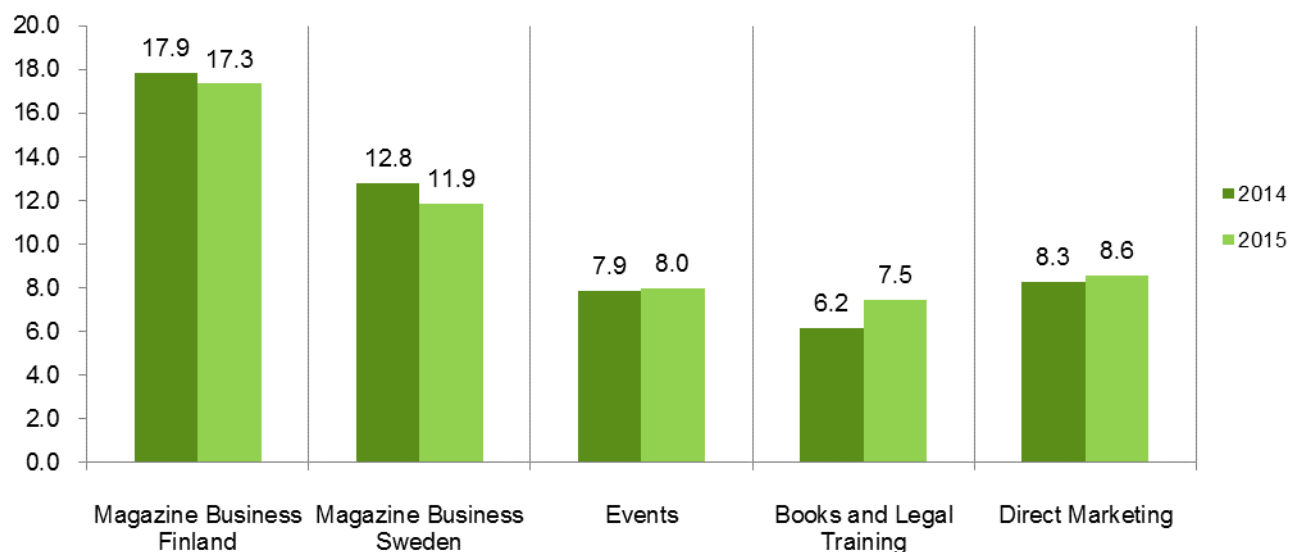
- Talentum Group's net sales totalled EUR 14.4 million (EUR 13.7 million)
- Operating profit without non-recurring items was EUR 0.3 million (EUR -0.4 million) and operating profit (EBIT) was EUR 0.0 million (EUR -0.3 million)
- Operating profit excluding non-recurring items from Books and Legal Training increased markedly compared to the previous year
- Operating profit excluding non-recurring items from Magazine Business Finland also increased markedly. Advertising sales continued to weaken but circulation sales improved.
- Magazine Business Sweden and Direct Marketing improved their operating income. Operating income from the Events segment was similar to that in the reference period.
- Alma Media made a voluntary public exchange offer for Talentum at the end of the third quarter. Talentum's Board of Directors recommends that the shareholders accept Alma Media's offer.

**Net sales of business segments (EUR million):**



**JANUARY-SEPTEMBER 2015 IN BRIEF**

- Talentum Group's net sales totalled EUR 51.3 million (EUR 50.6 million)
- Operating profit without non-recurring items was EUR 2.4 million (EUR 1.0 million) and operating profit (EBIT) was EUR 1.7 million (EUR 0.2 million)
- Operating income of Events, Magazine Business Finland, Direct Marketing and Books and Legal Training improved in comparison with previous year
- Operating income of Magazine Business Sweden improved slightly

**Net sales of business segments (EUR million):****FINANCIAL FIGURES**

EUR million	7-9 2015	7-9 2014	1-9 2015	1-9 2014	1-12 2014
Net sales	14.4	13.7	51.3	50.6	72.3
Operating income without non-recurring items	0.3	-0.4	2.4	1.0	4.1
as % of net sales	2.0	-3.2	4.7	1.9	5.7
Operating income	0.0	-0.3	1.7	0.2	3.4
as % of net sales	0.0	-2.5	3.4	0.4	4.8
Income before taxes	0.1	-0.5	1.6	0.3	3.8
Net cash from operating activities			1.0	0.8	4.4
Total assets			52.3	51.9	51.8
Investments	0.5	0.1	2.9	3.9	4.2
as % of net sales	3.5	0.5	5.6	7.6	5.8

**Chief Executive Officer Aarne Aktan:**

“Alma Media made a voluntary public exchange offer for Talentum at the end of the third quarter. Consequently, there is currently more interest in Talentum than usual. On 28 September 2015, Talentum and Alma Media signed an agreement to merge their businesses. The exchange offer was prepared in collaboration between the two companies and Talentum’s Board of Directors recommends that the shareholders accept Alma Media’s offer. The transaction requires the approval of the shareholders.

From the perspective of the Group, the third quarter exceeded our own expectations. Contrary to earlier trends, we were able to generate a profit in the third quarter of this year. Our magazines and books are not published in the summer so income for the third quarter has generally been negative. The positive result was due to long-term work to change the company’s cost structure and the effects of this work are now being realised. A further factor was the excellent result generated by the book business.

Net sales of digital products and services amounted to EUR 2.2 million in the third quarter. This represents growth of 5.6 per cent on the previous year and the proportion of net sales accounted

for by digital sales was 15.6 per cent. Advertising accounted for 55.1 per cent of the digital sales, while content sales accounted for 44.9 per cent.

The operating income from Magazine Business Finland was good. Circulation sales showed good growth but sales of advertising continued to weaken. Mikrobitti, a magazine we acquired in the spring, has begun to show promise as a Talentum publication. The product has been overhauled and the ramp-up has surpassed our expectations in every way.

Magazine Business Sweden improved its profitability. Recruitment advertising continues to be a problem but sales of product advertisements began to appear more positive. Content sales have shown good growth.

The investments that were made in Books and Legal Training in the first half of the year are beginning to bear fruit. Both net sales and operating profit improved markedly in comparison with the previous year. The segment has developed digital services and created diverse service packages for its target groups.

Direct Marketing is doing well in all three countries. The unit improved its net sales and operating profit in the third quarter.”

## KEY FIGURES

EUR million	7-9 2015	7-9 2014	1-9 2015	1-9 2014	1-12 2014
Return on invested capital %			8.6	2.8	17.5
Return on equity %			7.0	1.3	14.7
Equity ratio, %			45.4	43.0	47.2
Gearing ratio, % (net debt to equity)			31.1	23.0	3.8
Interest-bearing liabilities			6.8	6.0	5.4
Net interest-bearing liabilities			5.6	3.9	0.7
Personnel on average			731	721	721
Earnings per share, EUR	-0.00	-0.01	0.03	0.01	0.06
Cash flow from operating activities per share, EUR			0.02	0.02	0.10
Equity per share, EUR			0.40	0.38	0.43

### Talentum prospects for 2015 unchanged, new for 2016

Talentum estimates that its net sales for 2015 will remain approximately at the same level as in 2014. Operating income without non-recurring items will be higher than in 2014. Operating income without non-recurring items was EUR 4.1 million in 2014.

Concerning 2016, Talentum’s preliminary estimate is that its net sales will remain approximately on the same level as in 2015. Operating income without non-recurring items in 2016 is preliminarily estimated to be higher than in 2015.

### Alma Media’s Exchange Offer for Talentum

On 29 September 2015, Talentum Corporation and Alma Media Corporation announced that they had agreed on the combination of their businesses under a combination agreement entered into on 28 September 2015. Pursuant to the combination agreement, the combination will be implemented by Alma Media offering to acquire all of Talentum’s issued and outstanding shares and securities entitling to shares, which are not owned by Talentum or its subsidiaries. Prior to the exchange offer, Alma Media held, directly or indirectly, 32.14 per cent of Talentum’s shares.

In the exchange offer, Alma Media offers 0.25 new Alma Media shares as share consideration and EUR 0.70 as cash consideration for each Talentum share. The offer also concerns options entitling to shares. The structure of the offer gives Talentum's shareholders the possibility to receive cash consideration for their shares while continuing as shareholders in the company combining the businesses of Alma Media and Talentum.

Talentum's Board of Directors has announced that it considers the offer to be in the interests of the Talentum shareholders and recommends that the shareholders and option rights holders accept the exchange offer.

The offer period of the exchange offer began on 15 October 2015 and is initially expected to end on 12 November 2015 unless the offer period is extended. The combined exchange offer document and listing prospectus, including the unaudited pro forma financial information illustrating the financial effects of the combination, was published on 14 October 2015.

### Consolidated net sales and income for July-September 2015

Consolidated net sales for July-September increased by 4.6 %, totalling EUR 14.4 million (EUR 13.7 million). The exchange rate of the Swedish krona against the euro had a negative impact of EUR 0.1 million (EUR 0.2 million) on net sales.

Consolidated operating income without non-recurring items was EUR 0.3 million (EUR -0.4 million). Non-recurring items for July-September, that amounted to EUR -0.3 million (EUR 0.1 million), consisted mostly of reorganisation of Magazine Business Finland.

Consolidated operating income for July-September was EUR 0.0 million (EUR -0.3 million) and 0.0% (-2.5%) of net sales. Financial items were EUR 0.1 million (EUR -0.2 million).

The exchange rate of the Swedish krona against the euro did not have a material impact on operating income.

Income before taxes was EUR 0.1 million (EUR -0.5 million). The Group's taxes for the period under review were EUR -0.2 million (EUR 0.1 million). Consolidated income for July-September was EUR -0.1 million (EUR -0.4 million).

### Consolidated net sales and income for January-September 2015

Consolidated net sales for January-September increased by 1.4%, totalling EUR 51.3 million (EUR 50.6 million). The exchange rate of the Swedish krona against the euro had a negative impact of EUR 0.5 million (EUR 0.8 million) on net sales.

Consolidated operating income without non-recurring items was EUR 2.4 million (EUR 1.0 million). Non-recurring items for January-September, that amounted to EUR -0.7 million (EUR -0.8 million), consisted mostly of reorganisation of Magazine Business Finland and Magazine Business Sweden and in comparative period also of items relating to reorganisation of Events Business as well as integration of the B2B business acquired from Sanoma Pro.

Consolidated operating income for January-September was EUR 1.7 million (EUR 0.2 million) and 3.4% (0.4%) of net sales. Financial items were EUR -0.2 million (EUR 0.1 million).

The exchange rate of the Swedish krona against the euro did not have a material impact on operating income.

Income before taxes was EUR 1.6 million (EUR 0.3 million). The Group's taxes for the period under review were EUR -0.3 million (EUR -0.1 million). Consolidated income for January-September was EUR 1.3 million (EUR 0.2 million).

### Strategic measures during the period under review

The strategic focal points are improving profitability, investing in content and digital sales, and making better use of the brands, particularly in the Events business.

- The organisation of the Books and Legal Training segment was overhauled in accordance with the development programme. One of the main goals of the change was to increase the amount of resources for the digital business. At the same time, the segment's name was changed to Talentum Pro (as of 1 October 2015) and communications were released to this effect.
- Mikrobitti, which was acquired in the spring and has now been overhauled, was published successfully. The launch was preceded by new sales and marketing campaigns and by the merger of MB and MPC to create the new Mikrobitti magazine.
- The Events business continued to invest in its training business and digital marketing
- Efforts to clarify the company structure began in Sweden with the objective of making the company easier to steer and manage
- A new Swedish subsidiary named Edlegio AB was established with a focus on online training



## BUSINESS AREAS

Talentum's business operations are divided into six segments: Magazine Business Finland, Magazine Business Sweden, Events, Books and Legal Training, Direct Marketing and Other Activities.

According to TNS Media Intelligence, the advertising market decreased during January-September by 3.5 % in Finland and by 0.5% in Sweden (Sveriges Mediebyråer). Advertising decreased during January-September by 15.5 % in Finnish periodicals and by 22.8 % in Swedish professional journals. In Finland online advertising revenues increased by 4.4 % during January-September and by 21.8 % in Sweden.

EUR million	7-9 2015	7-9 2014	1-9 2015	1-9 2014	1-12 2014
<b>Net sales</b>					
Magazines Finland	4.8	4.8	17.3	17.9	24.3
Magazines Sweden	3.0	2.9	11.9	12.8	18.1
Events	1.9	2.0	8.0	7.9	11.5
Books and Legal Training	2.4	2.1	7.5	6.2	10.5
Direct Marketing	2.9	2.6	8.6	8.3	10.8
Other Activities	-0.6	-0.7	-1.9	-2.3	-3.0
<b>Total</b>	<b>14.4</b>	<b>13.7</b>	<b>51.3</b>	<b>50.6</b>	<b>72.3</b>
<b>Operating income without non-recurring items</b>					
Magazines Finland	0.4	0.2	2.1	1.7	2.5
Magazines Sweden	-0.3	-0.5	-0.4	-0.3	0.2
Events	-0.2	-0.2	0.1	-0.4	0.2
Books and Legal Training	0.3	0.0	0.5	0.2	1.3
Direct Marketing	0.4	0.3	1.0	0.8	1.0
Other Activities	-0.2	-0.3	-0.8	-1.0	-1.1
<b>Total</b>	<b>0.3</b>	<b>-0.4</b>	<b>2.4</b>	<b>1.0</b>	<b>4.1</b>
<b>Non-recurring items</b>					
Magazines Finland	-0.2	-	-0.3	-	-0.2
Magazines Sweden	-0.0	0.0	-0.2	-0.4	-0.3
Events	-	0.0	-0.0	-0.1	-0.1
Books and Legal Training	-	0.0	0.1	-0.3	-0.1
Direct Marketing	-	-	-	-	-
Other Activities	-0.0	0.0	-0.3	0.0	0.0
<b>Total</b>	<b>-0.3</b>	<b>0.1</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-0.7</b>
<b>Operating income</b>					
Magazines Finland	0.2	0.2	1.9	1.7	2.4
Magazines Sweden	-0.3	-0.4	-0.6	-0.8	-0.2
Events	-0.2	-0.2	0.0	-0.4	0.0
Books and Legal Training	0.3	0.0	0.6	-0.1	1.2
Direct Marketing	0.4	0.3	1.0	0.8	1.0
Other Activities	-0.2	-0.3	-1.1	-1.0	-1.0
<b>Total</b>	<b>0.0</b>	<b>-0.3</b>	<b>1.7</b>	<b>0.2</b>	<b>3.4</b>

### Magazine Business Finland

Financial development for Finnish periodicals is reported in the Magazine Business Finland segment. The magazines with the highest circulation are Talouselämä and Tekniikka & Talous. Magazine Business Finland segment includes also the Group's share of the income of the joint venture Oy Medi uutiset Ab. MB magazine acquired from Sanoma Media Finland Oy is reported under this segment since the acquisition date on 1 May 2015.

**July-September**

Net sales for the Magazine Business Finland for July-September amounted to EUR 4.8 million (EUR 4.8 million), an increase of 0.3% from the previous year.

In July-September, operating income (EBIT) from the Magazine Business Finland was EUR 0.2 million (EUR 0.2 million). In July-September, operating income (EBIT) without non-recurring items from the Magazine Business Finland was EUR 0.4 million (EUR 0.2 million).

In July-September, circulation revenue increased by 8.9% from the previous year. Circulation revenue accounted for 68.5% (63.1%) of net sales in the Magazine Business Finland.

In July-September, advertising revenue decreased by 15.4% from the previous year. Advertising revenue accounted for 30.0% (35.6%) of net sales in the Magazine Business Finland.

The Group's share of the joint venture Oy Mediutiset Ab's income in July-September was EUR 0.0 million (EUR 0.0 million).

**January-September**

Net sales for the Magazine Business Finland for January-September amounted to EUR 17.3 million (EUR 17.9 million), a decrease of 2.8% from the previous year.

In January-September, operating income (EBIT) from the Magazine Business Finland was EUR 1.9 million (EUR 1.7 million). In January-September, operating income (EBIT) without non-recurring items from the Magazine Business Finland was EUR 2.1 million (EUR 1.7 million).

In January-September, circulation revenue increased by 3.0% from the previous year. Circulation revenue accounted for 67.6% (63.8%) of net sales in the Magazine Business Finland.

In January-September, advertising revenue decreased by 12.5% from the previous year. Advertising revenue accounted for 31.4% (34.9%) of net sales in the Magazine Business Finland.

The Group's share of the joint venture Oy Mediutiset Ab's income in January-September was EUR 0.1 million (EUR 0.1 million).

**Magazine Business Finland revenue**

EUR million	7-9 2015	7-9 2014	1-9 2015	1-9 2014	1-12 2014
<b>Net sales</b>					
Advertising revenue	1.4	1.7	5.5	6.2	8.4
Product advertising	1.2	1.5	4.5	5.2	7.0
Recruitment advertising	0.2	0.2	0.9	1.1	1.4
Circulation revenue	3.3	3.0	11.7	11.4	15.7
Other revenue	0.1	0.1	0.2	0.2	0.3
<b>Total</b>	<b>4.8</b>	<b>4.8</b>	<b>17.3</b>	<b>17.9</b>	<b>24.3</b>

**Magazine Business Sweden**

Financial development for Swedish periodicals is reported in the Magazine Business Sweden segment. The magazines with the highest circulation are Ny Teknik and Affärsvärlden.



**July-September**

Net sales for the Magazine Business Sweden for July-September amounted to EUR 3.0 million (EUR 2.9 million), an increase of 4.1% from the previous year.

In July-September, operating income (EBIT) from the Magazine Business Sweden was EUR -0.3 million (EUR -0.4 million). In July-September, operating income (EBIT) without non-recurring items from the Magazine Business Sweden was EUR -0.3 million (EUR -0.5 million).

In July-September, circulation revenue increased by 2.3% from the previous year. Circulation revenue accounted for 46.9% (47.6%) of net sales in the Magazine Business Sweden.

In July-September, advertising revenue decreased by 4.5% from the previous year. Advertising revenue accounted for 45.2% (49.2%) of net sales in the Magazine Business Sweden.

**January-September**

Net sales for the Magazine Business Sweden for January-September amounted to EUR 11.9 million (EUR 12.8 million), a decrease of 7.4% from the previous year.

In January-September, operating income (EBIT) from the Magazine Business Sweden was EUR -0.6 million (EUR -0.8 million). In January-September, operating income (EBIT) without non-recurring items from the Magazine Business Sweden was EUR -0.4 million (EUR -0.3 million).

In January-September, circulation revenue decreased by 2.3% from the previous year. Circulation revenue accounted for 50.0 % (47.4%) of net sales in the Magazine Business Sweden.

In January-September, advertising revenue decreased by 16.5% from the previous year. Advertising revenue accounted for 45.8% (50.8%) of net sales in the Magazine Business Sweden.

**Magazine Business Sweden revenue**

EUR million	7-9 2015	7-9 2014	1-9 2015	1-9 2014	1-12 2014
<b>Net sales</b>					
Advertising revenue	1.3	1.4	5.4	6.5	9.2
Product advertising	0.8	0.8	3.1	3.5	5.2
Recruitment advertising	0.6	0.6	2.3	3.0	4.0
Circulation revenue	1.4	1.4	5.9	6.1	8.5
Other revenue	0.2	0.1	0.5	0.2	0.4
<b>Total</b>	<b>3.0</b>	<b>2.9</b>	<b>11.9</b>	<b>12.8</b>	<b>18.1</b>

**Events**

The financial development for the Events segment in Finland, Sweden and Denmark is reported under the Events segment. The Events segment includes also the Group's share of the income of the associated company Professio Oy.

**July-September**

Net sales for the Events segment for July-September amounted to EUR 1.9 million (EUR 2.0 million), a decrease of 4.7% from the previous year.

In July-September, operating income (EBIT) for the Events segment was EUR -0.2 million (EUR -0.2 million).

The Group's share of the associated company Professio Oy's income in July-September was EUR 0.0 million (EUR 0.0 million).

#### **January-September**

Net sales for the Events segment for January-September amounted to EUR 8.0 million (EUR 7.9 million), an increase of 1.4% from the previous year.

In January-September, operating income (EBIT) for the Events segment was EUR 0.0 million (EUR -0.4 million). In January-September, operating income (EBIT) without non-recurring items for the Events segment was EUR 0.1 million (EUR -0.4 million).

The Group's share of the associated company Professio Oy's income in January-September was EUR 0.0 million (EUR 0.1 million).

### **Books and Legal Training**

Financial development for book publishing and legal training is reported in the Books and Legal Training segment. The best-known book in the book publishing business is the green Finnish Law book. The B2B business acquired from Sanoma Pro is reported under this segment since the acquisition date on 30 April 2014.

#### **July-September**

Net sales for the Books and Legal Training segment for July-September amounted to EUR 2.4 million (EUR 2.1 million), an increase of 11.1% from the previous year.

In July-September, operating income (EBIT) was EUR 0.3 million (EUR 0.0 million).

#### **January-September**

Net sales for the Books and Legal Training segment for January-September amounted to EUR 7.5 million (EUR 6.2 million), an increase of 21.3% from the previous year.

In January-September, operating income (EBIT) was EUR 0.6 million (EUR -0.1 million). Operating income (EBIT) without non-recurring items from the Books and Legal Training segment was EUR 0.5 million (EUR 0.2 million).

### **Direct Marketing**

In the Direct Marketing segment, financial development is reported for the direct marketing business. The operations of Talentum's subsidiary, Suoramarkkinointi Mega Oy, in Finland, Estonia and Latvia belong to this segment. The companies operate in the telemarketing business.

#### **July-September**

Net sales for the Direct Marketing business for July-September amounted to EUR 2.9 million (EUR 2.6 million), an increase of 8.9% from the previous year.

In July-September, operating income (EBIT) was EUR 0.4 million (EUR 0.3 million).

#### **January-September**

Net sales for the Direct Marketing business for January-September amounted to EUR 8.6 million (EUR 8.3 million), an increase of 3.3% from the previous year.

In January-September, operating income (EBIT) was EUR 1.0 million (EUR 0.8 million).

### Other Activities

The Other Activities segment comprises Group operations as well as the Russian associated company, Conseco Press.

The Group's share of the associated company Conseco Press' income in July-September was EUR 0.0 million (EUR 0.0 million) and in January-September EUR 0.0 million (EUR 0.0 million).

### Consolidated cash flow and financial position

Cash flow from business operations in January-September was higher than in the previous period. Consolidated cash flow from operating activities was EUR 1.0 million (EUR 0.8 million). The change in consolidated working capital was EUR -0.1 million (EUR 1.1 million). Working capital is negative, as is usual for the sector, because liabilities include subscription fee advances received from customers of EUR 12.9 million (EUR 11.9 million). For balance sheet items, the comparison date is 31 December 2014.

The consolidated balance sheet total at the end of the period under review stood at EUR 52.3 million (EUR 51.8 million). The Group's interest-bearing loans and borrowing amounted to EUR 6.8 million (EUR 5.4 million). The Group's liquid assets were EUR 1.2 million (EUR 4.7 million). Interest-bearing net liabilities were EUR 5.6 million (EUR 0.7 million).

The available bank overdraft limit, which is valid until further notice, is EUR 12.0 million. EUR 4.2 million of the limit was in use at the end of the period under review (EUR 4.0 million).

The equity ratio at the end of the period under review was 45.4% (47.2%). The Group's equity per share was EUR 0.40 (EUR 0.43). The Group does not hedge against currency fluctuations with regard to the acquisition of subsidiaries. The weakening or strengthening of the Swedish krona against the euro affects the Group's equity through the translation difference arising from the acquisition of the Swedish subsidiaries. On 30 September 2015, the translation difference in the Group's equity was EUR -1.0 million. The change in January-September was EUR 0.0 million (negative).

### Investments

Investments in tangible and intangible assets for January-September totalled EUR 2.9 million (EUR 3.9 million), which was 5.6% (7.6%) of net sales. Investments include the MB magazine acquired from Sanoma Media Finland Oy and in comparative period the B2B business acquired from Sanoma Pro.

### Changes in Group structure

On 1 September 2015, a Swedish subsidiary named Edlegio AB was established with a focus on online training. Talentum Sweden AB owns 70% of the new company and a minority shareholder owns 30%.

### Seasonal variation and short-term risks for the business

The media and advertising markets are subject to seasonal variations. Talentum's magazines and books do not generally come out during the summer holiday season, which is why the third quarter is the weakest in terms of net sales. Historically, income for the third period is negative. Operations are generally at their busiest in the final quarter.

The Finnish Tax Administration issued a tax inspection report on 27 May 2015 setting out the Tax Administration's view that Talentum Media Oy should have accounted for the tax effect of

advance payments received in 2011 for group subscriptions by allocating tax payments to 2012, 2013 and 2014.

Talentum's estimate of the potential financial effect of this is between EUR -0.7 million and EUR -0.9 million. Talentum considers the Tax Administration's decision to be incorrect and has issued a response to the tax inspection report. The company does not consider it likely that the Tax Administration's viewpoint will be implemented and therefore has recognised no provision.

No other significant changes have occurred in Talentum Group's short-term business risks compared to the risks described in the financial statements for 2014.

## TALENTUM GROUP

### Shares and share capital

On 30 September 2015, Talentum Corporation's share capital totalled EUR 18,593,518.79 and the company had 44,295,787 fully paid shares. The shares are listed on the NASDAQ OMX Helsinki stock exchange.

A total of 386,113 Talentum shares were traded in January-September, which corresponded to 0.9% of the total number of shares. The highest price paid for shares in January-September was EUR 1.33 and the lowest was EUR 0.99. The closing price for the shares on 30 September 2015 was EUR 1.33. Market capitalisation at the closing price for the period was EUR 58.9 million (EUR 49.2 million).

On 30 September 2015, the company held 370,273 treasury shares, which is 0.8% of Talentum's total shares and votes.

### Shareholding of management and governing bodies

On 30 September 2015, the number of Talentum Corporation shares and options owned by members of the Board of Directors and the CEO, personally or through companies in which they have a controlling interest, was 358,156 representing 0.8% of the company's total shares and votes.

A total of 275,400 Talentum Corporation shares were held by the management group on 30 September 2015 representing 0.6% of the company's total shares and votes. In addition the CEO and rest of the management group have a stock option plan, the conditions of which have been provided in stock exchange release on 6 March 2014.

### Corporate governance

The AGM on 27 March 2015 decided that there should be five members in the Board of Directors. Joachim Berner, MBA, BBA; Atte Palomäki, Group Vice President Corporate Communications; Kai Telanne, CEO, Henri Österlund, CEO and Mitti Storckovius, Head Of Global Business Operations, were re-elected as members of the Board.

Kai Telanne was re-elected as the Chairman of the Board and Henri Österlund was elected as the Deputy Chairman.

### Fees of the members of the Board of Directors

The AGM decided to pay the following annual fees: EUR 24,000 to the members of the Board, EUR 30,000 to the Deputy Chairman and EUR 48,000 to the Chairman. The AGM also decided

to use approximately 40% of the annual fee to acquire Talentum Corporation shares on behalf of the Board members. The proportion of the fee payable in shares may also be paid by transferring treasury shares held by the company. In the event, that the purchase of shares cannot be implemented due to a cause by the company or a board member or any other reason, the annual remuneration will be paid in money.

In May, treasury shares held by the company were transferred to the members of the Board of Directors in an amount corresponding to 40% of the annual fee. The number of treasury shares held by the company that were conveyed to the members of the Board of Directors was 50,000. The impact of the conveyance on the value of the Group's treasury shares in the Group's equity was EUR 0.2 million. The conveyance of shares resulted in a loss of equity of EUR 0.1 million, which was recognised under retained earnings.

### Auditing

Authorised Public Accountants PricewaterhouseCoopers Oy were re-elected auditors, with APA Samuli Perälä as the accountable auditor.

### Authorisation for the acquisition of treasury shares

The AGM decided to authorise the Board of Directors to acquire a maximum of 3,500,000 of treasury shares, which corresponds to approximately eight (8) per cent of all Talentum Corporation shares. The authorisation will remain in force until 30 June 2016.

On 30 September 2015, Talentum held a total of 370,273 treasury shares.

### Authorisation to decide on a share issue

The AGM authorised the Board of Directors to decide on a share issue including the conveyance of treasury shares and the issue of special rights. Based on the authorisations, a maximum number of 3,500,000 new shares may be issued and/or shares held by the company may be disposed of, which corresponds to approximately eight (8) per cent of the company's shares. The authorisations will remain in force until 30 June 2016.

### Authorisation to decide on the distribution of additional dividend or distribution of assets from the reserve of invested unrestricted equity

The AGM decided to authorize the Board of Directors to decide on the distribution of additional dividend from the retained earnings and/or distribution of assets from the reserve of invested unrestricted equity or both so that the distribution of dividend and/or other distribution of assets based on the authorization is in total a maximum of EUR 0.20 per share. The distribution of additional dividend and/or other distribution of assets can be made in one or more instalments. The authorizations remain in force until the beginning of the next AGM. The AGM decided to authorise the Board of Directors to decide otherwise on all the conditions regarding the distribution of additional dividend and/or other distribution of assets.

### Executive management

The composition of the executive management team is as follows:

- Chief Executive Officer: **Aarne Aktan** (Chairman). CEO is also responsible for the Magazine Business Sweden segment.
- Chief Financial Officer: **Niclas Köhler**
- Deputy CEO, General Counsel: **Lasse Rosengren**. Mr Rosengren is also responsible for the Books and Legal Training segment.
- Director responsible for the Events segment: **Tapio Teppo**

-Director responsible for the Magazine Business Finland segment: **Tuomas Hämäläinen**

The members of the executive management team report to the CEO.

### Stock option plan to Talentum Management

On 13 December 2013 the Board of Directors of Talentum Corporation decided to grant stock option plan to Talentum's key management. The plan includes options with the symbols 2013A and 2013B. The share subscription period for 25% of the stock options 2013A and 2013B will commence on or about 1 February 2016 and for 75% of the stock options 2013A and 2013B on or about 1 February 2017. The share subscription period for all the stock options ends on 31 March 2018. The key terms and conditions of the plan were described in the Financial Statements 2014.

The fair value of options is determined with the Black-Scholes option pricing model. The fair value determined for options at the grant date is recognised as costs for the commitment period. During July-September and January-September 2015 the effect of options on the Group's result amounted to EUR -0.0 million.

### SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred after the reporting period.



**TABLES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	7-9 2015	7-9 2014	1-9 2015	1-9 2014	1-12 2014
<b>Net sales</b>	<b>14.4</b>	13.7	51.3	50.6	72.3
Other operating income	0.1	0.1	0.4	0.3	0.7
Materials and services	1.8	1.8	6.8	7.1	10.0
Employee benefit expenses	7.5	7.1	25.4	25.6	34.5
Depreciation, amortisation and impairment	0.3	0.3	0.9	0.9	1.3
Other operating expenses	4.9	5.0	17.0	17.2	24.0
Share of income of associated companies and joint ventures	0.0	0.0	0.1	0.1	0.2
<b>Operating income</b>	<b>0.0</b>	-0.3	1.7	0.2	3.4
Financial income	0.3	0.1	0.4	0.5	0.8
Financial expenses	0.2	0.2	0.5	0.4	0.4
<b>Income before taxes</b>	<b>0.1</b>	<b>-0.5</b>	<b>1.6</b>	<b>0.3</b>	<b>3.8</b>
Taxes	-0.2	0.1	-0.3	-0.1	-1.1
<b>Income for the period</b>	<b>-0.1</b>	<b>-0.4</b>	<b>1.3</b>	<b>0.2</b>	<b>2.8</b>
<b>Other comprehensive income</b>					
<b>Items that may be later transferred into profit or loss</b>					
Translation differences	-0.5	0.1	-0.0	-0.8	-1.6
<b>Items that will not be later transferred into profit or loss</b>					
Actuarial gain or loss on defined benefit pension obligation	-0.0	-0.0	0.0	-0.1	0.3
Income tax on actuarial gain or loss	0.0	0.0	-0.0	0.0	-0.1
Other comprehensive income	-0.5	0.1	-0.0	-0.9	-1.3
Total comprehensive income for the period	-0.6	-0.3	1.3	-0.7	1.5
<b>Income for the period attributable to</b>					
Owners of the parent company	-0.1	-0.4	1.3	0.2	2.8
Non-controlling interest	-0.0	0.0	0.0	0.0	0.0
<b>Total comprehensive income for the period attributable to</b>					
Owners of the parent company	-0.6	-0.3	1.3	-0.7	1.5
Non-controlling interest	-0.0	0.0	0.0	0.0	0.0
Basic and diluted earnings per share, EUR*	-0.00	-0.01	0.03	0.01	0.06

\* Earnings per share are calculated from the income attributed to the equity owners of the parent company.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	30.9.2015	30.9.2014	31.12.2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	0.8	1.0	0.9
Goodwill	20.8	20.5	20.1
Other intangible assets	15.5	14.4	14.2
Investments in associates	0.5	0.6	0.5
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	0.6	1.2	0.7
Other non-current receivables	0.8	0.8	0.8
<b>Total non-current assets</b>	<b>39.0</b>	<b>38.4</b>	<b>37.2</b>
<b>Current assets</b>			
Inventories	1.0	1.0	1.0
Trade and other receivables	11.2	10.4	8.9
Cash and cash equivalents	1.2	2.1	4.7
<b>Total current receivables</b>	<b>13.3</b>	<b>13.5</b>	<b>14.5</b>
<b>TOTAL ASSETS</b>	<b>52.3</b>	<b>51.9</b>	<b>51.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent company</b>			
Share capital	18.6	18.6	18.6
Treasury shares	-0.8	-0.7	-0.9
Other reserves	-1.0	-0.3	-1.0
Invested non-restricted equity fund	-1.5	-1.5	-1.5
Retained earnings	2.5	0.6	3.5
<b>Total</b>	<b>17.8</b>	<b>16.7</b>	<b>18.7</b>
Non-controlling interest	0.1	0.1	0.1
<b>Total equity</b>	<b>17.9</b>	<b>16.8</b>	<b>18.8</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3.2	3.2	3.2
Non-current financial liabilities	1.3	1.6	0.8
Pension obligation	0.1	0.4	0.1
Non-current provisions	0.2	0.3	0.2
<b>Total non-current liabilities</b>	<b>4.8</b>	<b>5.5</b>	<b>4.4</b>
<b>Current liabilities</b>			
Current financial liabilities	5.5	4.4	4.5
Advances received	12.9	12.9	11.9
Trade and other payables	11.1	11.8	11.6
Current provisions	0.1	0.5	0.5
<b>Total current liabilities</b>	<b>29.7</b>	<b>29.6</b>	<b>28.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>52.3</b>	<b>51.9</b>	<b>51.8</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**

EUR million	1-9 2015	1-9 2014	1-12 2014
<b>Cash flows from operating activities</b>			
Operating income	1.7	0.2	3.4
Adjustments to operating income*	0.3	-0.0	-0.3
Change in working capital	-0.1	1.1	1.6
Dividends received from associates and joint ventures	0.1	0.1	0.2
Financial items and taxes	-1.1	-0.6	-0.6
<b>Net cash generated from operating activities</b>	<b>1.0</b>	<b>0.8</b>	<b>4.4</b>
<b>Cash flows from investment activities</b>			
Business acquisitions	-1.7	-1.5	-1.5
Acquisition of property, plant and equipment and intangible assets	-1.2	-0.7	-1.0
Loan receivables granted and repaid	-	-0.2	-0.2
<b>Net cash used in investment activities</b>	<b>-2.9</b>	<b>-2.4</b>	<b>-2.7</b>
<b>Cash flows from financing activities</b>			
Change in current loans	0.1	-0.8	-1.1
Change in non-current loans	0.7	1.5	1.3
Dividends paid and other return on equity	-2.2	-1.8	-1.8
Sale of treasury shares	-	0.5	0.5
Acquisition of treasury shares	-0.1	-0.1	-0.2
Capital investment of non-controlling interest in a subsidiary	0.1	-	-
<b>Net cash used in financing activities</b>	<b>-1.5</b>	<b>-0.6</b>	<b>-1.3</b>
Change in cash and cash equivalents	-3.4	-2.2	0.4
Cash and cash equivalents in the beginning of the period	4.7	4.3	4.3
Foreign exchange adjustment	-0.0	-0.0	-0.0
Change in cash and cash equivalents	-3.4	-2.2	0.4
<b>Cash and cash equivalents at the end of the period</b>	<b>1.2</b>	<b>2.1</b>	<b>4.7</b>

\* Adjustments to operating income consist of depreciation and exchange rate differences as well as the income adjustment of associated companies and joint ventures. The adjustments include also the effect on operating income of non-monetary items recognised in business acquisitions.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

a = Share capital	f = Retained earnings
b = Treasury shares	g = Equity attributable to equity owners of the parent
c = Fair value reserve	h = Non-controlling interest
d = Translation reserve	i = Total equity
e = Invested non-restricted equity fund	

EUR million	a	b	c	d	e	f	g	h	i
Equity 1 January 2015	18.6	-0.9	-	-1.0	-1.5	3.5	18.7	0.1	18.8
Dividend distribution						-2.2	-2.2	-0.0	-2.2
Conveyance of treasury shares		0.2				-0.1	0.1		0.1
Acquisition of treasury shares		-0.1					-0.1		-0.1
Management's incentive plan						0.0	0.0		0.0
Capital investment of non-controlling interest in a subsidiary								0.1	0.1
Total comprehensive income for the period				-0.0		1.3	1.3	0.0	1.3
<b>Equity 30 September 2015</b>	<b>18.6</b>	<b>-0.8</b>	<b>-</b>	<b>-1.0</b>	<b>-1.5</b>	<b>2.5</b>	<b>17.8</b>	<b>0.1</b>	<b>17.9</b>
Equity 1 January 2014	18.6	-2.4	-	0.6	-1.5	3.4	18.6	0.1	18.7
Dividend distribution						-1.8	-1.8		-1.8
Conveyance of treasury shares		1.7				-1.2	0.5		0.5
Acquisition of treasury shares		-0.1					-0.1		-0.1
Management's incentive plan						0.0	0.0		0.0
Total comprehensive income for the period				-0.8		0.2	-0.7	0.0	-0.7
<b>Equity 30 September 2014</b>	<b>18.6</b>	<b>-0.7</b>	<b>-</b>	<b>-0.3</b>	<b>-1.5</b>	<b>0.6</b>	<b>16.7</b>	<b>0.1</b>	<b>16.8</b>

## NOTES

In the preparation of this interim report, Talentum has applied the same principles as in the financial statements for 2014, and those new and revised IFRS-standards that have been described in the financial statements for 2014.

### Business acquisitions

#### Acquisitions of subsidiaries and businesses

Talentum's Finnish subsidiary, Talentum Media Oy, acquired MB magazine from Sanoma Media Finland Oy with an asset deal transaction concluded on 1 May 2015. MB was a magazine for consumers in the area of information technology and entertainment electronics. The purchase price was paid in cash on the day the transaction was concluded. In connection with the acquisition the five editorial employees were transferred into Talentum.

In connection with the acquisition, publishing rights were recognised as a separate intangible asset. The goodwill arisen from the acquisition is presented as a EUR 0.7 million item in the balance sheet of the reporting date. The fair value of the net assets acquired is provisional and dependent on the final determination. Goodwill is regarded as arising principally from market position.

The consolidated financial statements at the time of reporting include the acquired business' net sales and income after the acquisition. The effect of the transaction on consolidated cash flow is equivalent to the acquisition costs.

**ASSETS AND LIABILITIES OF THE ACQUIRED BUSINESSES AT THE DATE OF ACQUISITION**

EUR million	Recognised fair values on 1 May 2015
Intangible assets	0.9
Non-interest bearing current receivables	0.9
<b>Total assets</b>	<b>1.8</b>
Non-interest bearing current liabilities	0.9
<b>Total liabilities</b>	<b>0.9</b>
Net assets	0.9
Cost of an acquisition	1.7
Goodwill	0.7

**TALENTUM GROUP BY SEGMENT**

1-9 2015 EUR million	Books and Legal Training Marketing Other						Total
	Mag Fi	Mag Swe	Events	Training	Marketing	Other	
External sales	17.3	11.9	7.9	7.5	6.7	0.1	51.3
Inter-segment net sales	0.1	0.0	0.0	-	1.8	-2.0	0.0
Operating income	2.1	-0.4	0.1	0.5	1.0	-0.8	2.4
<b>Segment income before taxes</b>	<b>2.1</b>	<b>-0.4</b>	<b>0.1</b>	<b>0.5</b>	<b>1.0</b>	<b>-0.8</b>	<b>2.4</b>
Reconciliation							
Segment income before taxes	2.1	-0.4	0.1	0.5	1.0	-0.8	2.4
Non-recurring items							-0.7
Financing items, net							-0.2
Consolidated income before taxes							1.6

1-9 2014 EUR million	Books and Legal Training Marketing Other						Total
	Mag Fi	Mag Swe	Events	Training	Marketing	Other	
External sales	17.8	12.8	7.8	6.2	6.0	0.1	50.6
Inter-segment net sales	0.0	0.0	0.1	-	2.3	-2.4	0.0
Operating income	1.7	-0.3	-0.4	0.2	0.8	-1.0	1.0
<b>Segment income before taxes</b>	<b>1.7</b>	<b>-0.3</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.8</b>	<b>-1.0</b>	<b>1.0</b>
Reconciliation							
Segment income before taxes	1.7	-0.3	-0.4	0.2	0.8	-1.0	1.0
Non-recurring items							-0.8
Financing items, net							0.1
Consolidated income before taxes							0.3

1-12 2014 EUR million	Books and Legal Training Marketing Other						Total
	Mag Fi	Mag Swe	Events	Training	Marketing	Other	
External sales	24.3	18.1	11.4	10.5	8.0	0.1	72.3
Inter-segment net sales	0.1	0.1	0.1	-	2.9	-3.1	0.0
Operating income	2.5	0.2	0.2	1.3	1.0	-1.1	4.1
<b>Segment income before taxes</b>	<b>2.5</b>	<b>0.2</b>	<b>0.2</b>	<b>1.3</b>	<b>1.0</b>	<b>-1.1</b>	<b>4.1</b>
Reconciliation							
Segment income before taxes	2.5	0.2	0.2	1.3	1.0	-1.1	4.1
Non-recurring items							-0.7
Financing items, net							0.4
Consolidated income before taxes							3.8



**CHANGE IN SHARE QUANTITIES \***

1,000 shares	1-9 2015	1-9 2014	1-12 2014
Shares outstanding at the beginning of the period	43 963	43 722	43 722
Number of shares outstanding at the end of the period	43 926	44 085	43 963

\* Excluding treasury shares held by the company.

For the period under review, the weighted average number of shares used in the calculation of earnings per share during the financial period is 43,917,804 (43,992,648 shares 19/2014).

The total number of shares issued is 44,295,787.

**PERSONNEL BY SEGMENT ON AVERAGE**

	1-9 2015	1-9 2014	1-12 2014
Magazines Finland	118	113	113
Magazines Sweden	75	84	82
Events	57	64	63
Books and Legal Training	51	48	49
Direct Marketing	390	381	382
Other Activities	41	32	32
<b>Total</b>	<b>731</b>	<b>721</b>	<b>721</b>
<b>Total without Direct marketing</b>	<b>341</b>	<b>339</b>	<b>339</b>

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR million	1-9 2015	1-9 2014	1-12 2014
Carrying amount at the beginning of the period	0.9	1.2	1.2
Additions	0.2	0.2	0.2
Business acquisitions	-	0.0	0.0
Decreases	-0,0	-2.5	-2.8
Accumulated depreciation of decreases	-	2.5	2.7
Depreciation for the period	-0.3	-0.4	-0.5
Translation differences	-0,0	0.0	-0,0
<b>Carrying amount at the end of the period</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>

## CHANGES IN INTANGIBLE ASSETS

EUR million	1-9 2015	1-9 2014	1-12 2014
Carrying amount at the beginning of the period	34.3	32.6	32.6
Additions	1.0	0.5	0.8
Business acquisitions	1.7	3.1	3.1
Decreases	-	-3.8	-3.8
Accumulated depreciation of decreases	-	3.8	3.8
Depreciation for the period	-0.6	-0.6	-0.8
Translation differences	-0.0	-0.8	-1.4
<b>Carrying amount at the end of the period</b>	<b>36.3</b>	<b>34.9</b>	<b>34.3</b>

## RELATED PARTY TRANSACTIONS

EUR million	1-9 2015	1-9 2014	1-12 2014
Employee benefits for key management	1.0	0.9	1.2
Associates and joint ventures			
Sales	1.3	1.5	2.0
Purchases	1.6	1.2	2.3
Receivables	0.3	0.3	0.3
Liabilities	1.0	0.9	1.2

## AVAILABLE-FOR-SALE FINANCIAL ASSETS

EUR million	1-9 2015	1-9 2014	1-12 2014
Carrying amount at the beginning of the period	0.0	0.0	0.0
<b>Carrying amount at the end of the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Available-for-sale investments include unlisted shares. Available-for-sale investments are all denominated in euros. Unlisted shares are shown at their acquisition cost which is considered to approximate the fair value. The maximum credit risk for available-for-sale investments corresponds to the book value at the end of the financial period.

## GUARANTEES

EUR million	30.9.2015	30.9.2014	31.12.2014
Guarantees posted for own commitments			
Guarantees	1.0	1.2	1.1

### Calculations of key indicators

Earnings per share = Profit for the period attributable to parent company shareholders / Adjusted average number of shares at the end of the financial period

Equity per share = Equity attributable to parent company shareholders / Adjusted average number of shares at the end of the financial period

Return on investment, % = Income before taxes + interest and other financial expenses / Balance sheet total – non-interest-bearing liabilities (average of beginning and end of financial year) x 100

Return on equity, % = Result for the financial period / Total equity (average of beginning and end of financial year) x 100

Equity ratio, % = Total equity / Balance sheet total – advances received x 100

Gearing, % = Interest-bearing liabilities – cash and cash equivalents / Total equity x 100

Market capitalisation = Number of shares at the end of the financial period x trading price at the end of the financial period

This interim report is unaudited.

### General statement

The forecasts and estimates presented here are based on the management's current view of economic development, and the actual results may differ substantially from what is now expected of the company.

### Full-year result

Talentum is planning to publish its full-year result 2015 on 11 February 2016.

### Briefing

A briefing will be held for analysts and media on 22 October 2015 at 11.00 a.m. at Sokos Hotel Vaakuna, Asema-aukio 2, 00100, Helsinki.

TALENTUM OYJ  
Board of Directors

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