

Q1 2022 Earnings Call

Alma Media Oyj

Corrected Transcript 22-Apr-2022

Company representatives:

Elina Kukkonen, Senior Vice President-Communications & Brand, Alma Media Oyj

Kai Telanne, President, Chief Executive Officer & Chairman, Alma Media Oyj

Juha Nuutinen, Chief Financial Officer, Alma Media Oyj

Vesa-Pekka Kirsi Senior Vice President-Alma Career, Alma Media Oyj

OTHER PARTICIPANTS (On-site):

Petri Gostowski Analyst, Inderes Oyj

Sanna Perälä, Analyst, Nordea Bank Abp

MANAGEMENT DISCUSSION SECTION

Elina Kukkonen, Senior Vice President-Communications & Brand, Alma Media Oyj: “Good morning, ladies and gentlemen, and welcome to this Interim Report Session of Alma Media's First Quarter 2022. My name is Elina Kukkonen. I'm responsible of the communications and brand here at Alma. We'll begin the presentation shortly and first to go on stage will be our CEO, Mr. Kai Telanne. He will present the overall results and highlight the performance of each Alma Media's segment – business segment. And then Kai will be followed by Mr. Juha Nuutinen, our CFO, about the financial position of Alma today. And then Mr. Telanne returns about the strategy going forward and also the operating environment and our outlook for the year 2022. And we have reserved the questions-and-answers session. So, please present questions. We take questions first here onsite at Alma premises, and then also from the online chat function. Please don't hesitate - all the questions are more than welcome. So, on my behalf, I think we are ready to begin. Welcome again and thanks for joining us today.”

Kai Telanne, President, Chief Executive Officer & Chairman, Alma Media Oyj: “Thank you very much, Elina. Good morning, everybody. Welcome to this 2022 first quarter result presentation on my behalf as well. As said, I'm more than happy to answer all your questions. Don't hesitate to post them if you have any – we are here to answer those. As you already might have read, despite the prolonged COVID-19 and the geopolitical crisis that we have faced, Alma is in very good speed. Our revenue and operating profit increased significantly, might say by acquisitions that we made last year, especially the Nettix acquisition, and very strong organic growth all over.

I will concentrate in my presentation into the highlights. And as said, Juha will follow with the financials. He will take a deeper dive into the segments and especially the balance sheet and the questions that might have raised on those. We had a really good start of the year that was above our own expectations. I know it sounds a bit weird while we're having this crisis quite close to us, especially close to our Career businesses in the East and Central Europe, that we had this strong growth in revenues and profitability as well. We had a very nice organic growth both outside of Finland and inside of Finland, organic growth over 17% and a really high profitability ending the margin to 25.8% and operating profit jumped 77%. Because of the good cash flow, good profitability, our balance sheet is, of course, developing very favorably. Our gearing went down to 102.4% from last year's 159.7%. That is of course according to our plans in order to be able to invest again near in the future. And equity ratio went up from 29.4% to 33%. Good performances during the start of the year. And here you can see that all segments performed well, especially the Career segment with

high profitability from €10.5 million, revenue increased €7.2 million - we can say that it was really good performance.

Alma Consumer, nice performance of revenues. We have a lot of initiatives and investment costs there in technology and marketing at the moment. And Alma Talent performed as expected or a little bit above our expectations. There we had quite a demanding comparables. Shared Services, minus €0.5 million in operating profit are due to increased long-term incentive. As we all know, main strategy has been for years to transform the business from print to digital. We have proceeded according to the plan or even faster. After the first quarter, 80% of our revenues are now from digital services. This is of course, important for us to be able to continue this transformation. We are heading to the business' markets which are growing from the markets which are slowing down or decreasing, meaning print businesses. As you can see from the right side of the slide, our digital business growth during the first quarter was 41%. One has to take into account the last year's quite modest performance still: 3%. The reason for this was the COVID19 which was going on last year. So, the comparables from now on will be much more demanding than they have been so far. But one can say that from the second quarter of last year, our performance has been speeding up and it has been even better than we ourselves expected.

Let's have a short look at the different business segment performance then. I start from the Alma Career which was, of course, the biggest performer behind the good start of the year. All-time high revenue growth, all-time high profitability growth, revenues went up 65% and operating profit 140% to a margin of 46%. It's really important for us to be able to grow and develop the core businesses, the core listing business, which is, of course, the most important part of our business. Around 90% of the revenues in the Career group comes from the core job listing business. The other 10% comes from new businesses like add-on services, added value services, which are growing also nicely. We are happy to have those new initiatives as well. It seems that despite the crisis in Ukraine, despite the COVID-19, the labor markets are quite tight all over the Europe, which keeps the demand and the energy in the labor market quite high and our revenues as well. It seems that that will continue. There are no signs of slowdown in the labor market at the moment. But then I had to have the disclaimer, of course, who then knows what's going to happen when the world is in this kind of situation. There's inflation coming in, interest rates are rising and all those you know. So, there are, of course, uncertainties in the market. But in our business, we haven't seen and we can't see them at the moment. The expenses are going up of course because of the high increase of the volume. So, in the Career segment, many or most of the expenses are related to the volume that we do. Like marketing expenses, salary expenses .. so that's natural that those are rising when the volumes and revenues are rising. But it's good to see and have a look at the margin, which is developing nicely. Of course, we want to speed up the growth, put more energy on the development and marketing if there is demand in the market then like it seems there is now. On the right side of the slide, you can see how the revenue is split by the country. Czech Republic is by far the biggest, very nice growth of 66% during the first quarter. And a very nice growth in all markets, as you can see. The slowest market is actually Finland. But in Finland also our growth has been speeding up all the time. So, we are gaining the speed here as well with the new technology in place. We are actually quite happy with the Finnish development as well. We have shown you this curve which tries to explain the differences between revenue – invoicing and revenues. In our figures, revenue recognition is the gray curve here. It is the invoicing curve. You can say that that is like order book. And when the gray line here is above the revenues, it tells us that there will be a nice revenue growth also in the future and we are going up at the moment. Below of this slide, you can see different kind of KPIs which are very important for us, of course, telling how well the services are taken in the market, how well they are used, what is the development of the usage of the services and so on. Unique visitors, users with

job alerts and number of paid job ads. Number of paid job ads, these are thousands, increasing nicely. Tells about the volume and the revenue growth. Users with job alerts, registered users and the intensity of the usage is of course important. Unique visitors, it's declining a little bit and that tells us about the tightness of the labor market. The smaller the unemployment rate in a market is, the more difficult it is for the companies to find skilled labor. Like in Czech Republic, the unemployment rate is close to zero. Like in other countries as well, it means that there's less unique visitors. So, people are changing jobs less, and we need to market our services more than in a different situation. So, those are some things that you can and would like to follow us as well. Overall, a spectacular start for the year for Alma Career.

Then on Alma Consumer. Our Finnish Consumer business, a nice combination of leading online consumer media, Iltalehti.fi and a top of mind classified business for houses, premises, cars, different kind of comparison services and so on. Very nice revenue growth of 41%. Of course, mainly based on the acquisition of Nettix last year, but also very nice organic growth of 11%. Adjusted operating profit went up by 47%. We had behind that a very nice growth of digital advertising of 29%. So, our performance in Finland in digital advertising development has been extremely good. Our newest initiatives, the Iltalehti Plus paid digital subscription, has been proceeding even above our expectations, good growth there. We have, at the moment, around 32,000 subscriptions there. With that, we are able to mitigate the decline of print, single copy sales of Iltalehti. The increase of digital subscription, the revenues are able to mitigate the decline of print business, which is, of course, one of the key strategies and the targets for transformation of a media business from old to new. Very good profitability level, still a lot of new initiatives inside the classified businesses in Finland: houses and premises, new technology development, new projects as well as on the mobility side. We are preparing for the future for the new generation of our services at the moment and putting quite a lot of money there, in order to be competitive also during coming years. And being on a good profitability level, you can, and you even should do this kind of new initiatives and product development as we do.

Lastly, Alma Talent, very good development again on digital subscriptions, which is one of the key targets inside this group as well as the digital services. Very nice growth also on advertising, 9.5%, as a combination of print and digital. Recurring revenue, one of the main key KPIs here, developing favorably, more than two-thirds. Clearly, above two-thirds of the service revenues are from recurring revenues on a good or even a very good profitability level. A nice EBITDA margin 21.7%, very happy with that as well. As you can see from the right side of the slide, above – around half of the revenues inside this segment is coming from media business. The other half is coming from other businesses which are actually growing more than the traditional media business. We have a very good plan and forecast for the Talent revenues to grow also in the future. These were the highlights, more or less, of the first quarter. Now, I give the floor to Juha. He will go more deeply into the financial position and then I come back with the forecast.”

Juha Nuutinen Chief Financial Officer, Alma Media Oyj: “Thank you, Kai. Good morning and good afternoon. Next slides will include key comments on our financial operations and cash flow and long-term targets. We had pretty busy quarter, because a lot of actions there. But, first, net debt level, we have €156 million net debt at the end of March. We will decrease the net debt level roughly €20 million in each quarter if there is no major M&A actions or dividends or that kind of exceptional items. Our balance sheet is going stronger and stronger in each quarter like you can see during the last year here. The next quarter, the net debt will not decrease in the second quarter because we had the annual general meeting at the end of March and we paid dividends in the beginning of April: €29 million. Next quarter will be much more stable in that sense. But on the other hand, when we

have this annual general meeting in March – the dividend will affect in equity ratio because we make the booking of dividend liability in March already. So, equity ratio, you can see the decrease already and from now on, the equity ratio will be higher and higher towards the year-end. We estimate that the equity ratio is roughly 40% at the end of this year. We made also some paybacks of loans in March, €30 million concerning the term loan and gradually we will decrease the amount of those loans. I think the balance sheet is going stronger and stronger and we have more and more room also for the future M&A acquisitions as well. The cash flow was strong. Like, Kai said, we had a strong result and that's why also the cash flow is strong like you can see on the right side. It's coming from the better results but also we have exceptional high customer advanced payments at the moment, and that's makes also the cash flow better than, perhaps, at the normal rate, it's coming from the lower working capital, which has been happening during the last six – nine months. So, that's why the curve is growing, growing so rapidly up now. But it will be stable from now on, because the working capital level will be higher towards the year-end. So, the cash flow is not growing that way in the future quarters. The CapEx level were €1.4 million and it included our investments in our marketplace unit, our housing and real estate software investments and that kind of operations. We didn't have any acquisitions in this quarter. Pretty good and clean quarter, I would say, from the cash flow point of view. And then earnings per share, of course, it's also affecting the good results, €0.19 is one of the highest levels, what we have had ever, in one quarter. It's coming from the better operating result, naturally. But also, if you can see from the financial items, finance income and finance expenses, we have there positive finance net result, it's coming from the derivatives, actually. We have interest derivatives where it's a suitable, a fair value change in this quarter. We made a new interest derivative in the December last year, and it's bringing a pretty good favorable fair value in this quarter because interest rates have been increasing and there is a positive fair value, and we make the bookings right away when the fair value is changing. That's why it's coming into our results very soon, actually. But it's effect was €2 million in this quarter. It's one reason also behind this better earnings per share. And return on equity and return on investment, they are at really good level at the moment so, no complaints of about that.

Then the long-term financial targets which Kai also mentioned earlier, we have a long-term target for revenue, 5%. And, like you see, 31% revenue there, it includes acquisitions naturally from the Nettix and Netello and that's they are affecting in this quarter. But also we have a pretty good organic growth, more than 10%. It was exceptional good quarter. But to be honest, next quarters, like I showed to you, the digital revenue growth graph before, there are strong quarters of now ahead of us. So, the revenue increase will be not lower in the future quarters now.

And then the adjusted operating margin, we increased our target level to 25% in the beginning of this year. And now, we have actually achieved this and we are a little ahead of our own on target in that sense. 26% margin is really good achievement in this quarter. And then the net debt and EBITDA ratio, we are now below 2 in that sense and that 2.5 ratio is our maximum level target. In that sense, we are in a good track as well. So, in many ways, this quarter was better than we expected, and also, from the financial point of view, it has been very, very strong. But Kai can continue and comment about the outlook and future, and then that's really interesting as well.”

Telanne: “Thank you, Juha. Just to remind you that we are prepared for the questions you might have. We are living in a very strange situation in terms of operating environment. We were about to recover from the COVID-19, and in this company, we are in a good situation, and had healthy situation here. And then came the Ukrainian crisis and this seems to continue. Luckily, the companies has shown flexibility, agility quite a lot during these times. We haven't actually suffered very much from the changing environment. And that's a good sign for us and for me as a CEO, of

course that you can count on that whatever happens, we have the ability to adjust our operations accordingly. But then in long-term, of course, the underlying operating environment and the economies are important for us. The better they are, the better business we can, of course, do, and it's good to have a look at the environments.

We did speed the actions and set up new initiatives in order to help the Ukrainians in the beginning of the crisis to find jobs for them. All over the Europe, we have fine-tuned our operations, our services all over the place. And, if you read early in the morning, we informed about the new initiative, Workania.eu, which is a combined service for the Ukrainians applying jobs all over the Europe, and especially in the Eastern Europe, which are our main markets. We do what we can to help them as well as possible and to find jobs. There are already hundreds of new jobs and a lots of applicants in the service, that's one way. We have donated some money as well by ourselves, with our decisions for the Ukrainians, and have done many kind of operations with the international aid organisations, of course, as other companies. Whatever we can do, we do. The good thing for us is, of course, that we don't have any operations in Russia or in Ukraine. So, this war hasn't any direct effects on our businesses. Those are indirect through the development of the other European economies and sanctions. That is to be seen later in the future. As noted earlier, at the end of last year and during the full year 2021 result presentation, the forecast for the European economy's growth was quite positive. The left side of the slide shows you that they were between 3% and 5.5%. Since the outbreak of the war, all the institutions have come down with their forecasts. And the current destinations and estimates have come down one-third or even 50% of the previous ones. This will probably have its effect on our businesses as well in long term. But as said in short term, we haven't seen any of this. But of course, we have to take these into account, as everybody has and prepare for a slowing economic development in all of the European countries. I don't have the knowledge to say that this is the figure that we have to count and do the businesses or the plans according to this. I would say that we don't have at the moment any needs for changing our strategy or change our plans that we have on the table in different business segments. So we continue as is, which seem to go pretty well.

The Finnish ad market is of course, fluctuating a lot. The biggest fluctuations are coming from the cars, maybe in long term for houses and premises. The car advertising is declining. That is mainly due to the lack of components of the new cars. So, the delivery times are too long for the customers, for the consumers and that leads to a decreasing volumes of new car advertising. Luckily, we have a lot of businesses around used cars like Nettiauto and other vehicle classifieds, which then despite this new new car problem will work pretty well. Here you can see that the Finnish ad market growth has slowed down and it will slow down. We just got the March figures. They were around 4.7% growth. The total market here we have only February figures. So, tomorrow morning we get the newest one. 4.7% means that year-to-date growth will continue to slow down. The digital growth, online advertising growth here, the year-to-date is around 10%. Our first quarter digital growth was 18% in Alma. We are growing approximately or at least double the speed of Finnish market at the moment, which is, of course, is the target for us as well. As you can see from the right site, our market share has been increasing steadily. It's now 38% of the Finnish players market and that will hopefully continue as planned. That was the underlying economy forecast.

Very briefly, as said, we are continuing with the strategy, transforming the core from print to digital, from digital current service to new services and so on. We are intensifying the cooperation with the group, the business units, especially the Career, as it's the Career United program, which is really, really important for us in order to use all of the capabilities that we have inside that segment and to combine all of that knowledge with other segments as well. On that, we will grow in digital

businesses so, develop and invest in new digital platforms, diversify our businesses in the value chain and, of course, concentrate heavily on world-class digital capabilities. So, we are competing with the best digital capabilities in the market with other companies as well. We have to be able to get the best, the best people and best technology as we can at the moment. And then, thirdly, continue with the internationalization of the business to expand in new geographies whenever there are possibilities for expand our businesses in the current geographies in new services. This strategy is divided into the business segments' responsibilities and all of the segment has its own plan onboard. On Career, these are the main important drivers for growth. So, we are continuing the transformation from traditional job boards to add-on services and other services; in Consumer business, a combination of media with high quality digital classified services; and on Talent as well, a new kind of high quality digital services, as well as the digital subscriptions of the business-to-business media on a high level of growth and profitability.

What do we do then during the next quarter? As said, the Workania is one of the new initiatives. It's really important for the Ukrainians and to show solidarity in the market. As you all know, we do transactions, both investments and divestments, all the time. This quarter was time for divestments. We divested E-kontakti which didn't actually fit very well to our current strategy and Bolt minority share as well. We have progressed nicely with Alma Talent digital transformation, both in marketing, advertising, and subscriptions, as well as Iltalehti Plus advertising market which grew 29% in around digital advertising on that side and subscriptions as well over 32,000 digital subscribers, 80% of our revenues on digital side which is a pretty good situation for us. And as said, the Career United is really important for the further purposes to use all the resources inside the Career business in all countries. And lastly, we created and established a new joint editorial office in the cars and mobility in Finland which means that in Talent, Kauppalehti, Talouselämä or Iltalehti and our classified services through the content and services together with cars and mobility. That will enforce our capabilities to serve customers who are interested in cars and mobility. We will later see the results of this.

As said, we expect our full year revenue and adjusted operating profit from continuing operations to increase from last year's level. The start of the year has been extremely good, no sign of decline at the moment. So, we are pretty confident. Even though uncertainty definitely continue also in all of the Europe. That's our interim report for the start of the year. And now, if you have any questions, we are happy to answer those. Please.“

Petri Gostowski Analyst, Inderes Oyj Q: “Petri Gostowski from Inderes. Starting with the demand side, we've seen some discussion on the housing market slowing down. It doesn't seem, from your figures, that you're witnessing any slowdown. Can you talk about the revenue recognition model here? And how you see the market developing lately?”

Telanne: “The revenue recognition model is a little bit different than we have in the Career side. So, the decline will be seen faster in the revenues as well. But we are pretty confident that because of the crisis, the people will become more careful. Because of the rising inflation and the rising interest rates, the increase of demand would or should decline a little bit or slow down at the later part of the year. I would be really amazed that if that didn't happen like that, that's a common sense. When this kind of shock attacks you, the immediate reaction for the customers and the normal people is that now, we have to wait to see what happens. There will be a decline and there is – there has been a decline of the visitors on the sites. And then, it starts to recover and it has done so here in Finland, but then it remains to be seen where the level will be in the long term. So, the common sense expectation is that there won't be that kind of a high demand as it has been last or the previous

years. But then, on the other hand, there's been imbalance between demand and supply in the housing market. There has been, all of the time, a bigger demand than supply. We have suffered from the lack of the houses and premises in the market and in our service. There has been always a higher demand, which has increased, of course, the prices, but it remains to be seen. Our common sense view, would be that it's really weird if the current situation wouldn't effect on the market of the houses and premises. The car market is then a little bit different, that suffers from the long and the component problems that we have had during the COVID time and the lead time for that is a bit different. But then on the other hand, what would happen also that people would be a little bit more careful with buying this kind of bigger investments for their personal use. “

Petri Gostowski Analyst, Inderes Oyj Q: “Thank you then continuing on the cost side. Last year and especially in Q4, we discussed that you had some product development costs on the cost base. Can you comment on the level of these costs here in Q1 and where should we expect them to move going forward?”

Telanne A: “They will be pretty much on the level that we have at the moment. We have on the consumer side, especially we have two big initiatives on the table and going on. And those are for the houses and premises. We are developing the technology. We're talking about millions and the same on the cars and vehicles. We Alma Media Oyj are heading to transformational businesses which means that we need to develop the underlying technology and the services in line. And as we – our tradition has been not to accrue them, but to put mainly on cost this kind of continuous development. They're actually millions, this kind of product development of technology development on those as they are on the consumer side. And we have a similar situation on Talent with DIAS. The good profitability will come later with the good development of the DIAS that we invested in. It's been proceeding according to the plan as well.”

Petri Gostowski Analyst, Inderes Oyj Q: “Just to continue with this, on the time line, can you comment if you expect these projects to continue throughout the year 2022?”

Telanne A: “Yeah, they are long – quite long development projects the outcome would be seen 2023 and 2024 for these step-by-step”.

Gostowski: “Thank you.”

Sanna Perälä, Analyst, Nordea Bank Abp Q: “Hi. Sanna here from Nordea, continuing with the mobility services in Consumer. What explains the high growth in that area if the automotive industry is suffering from production disturbances?”

Telanne A: “There is the comparables are different like we have this Nettix acquisition there. And that Nettix is fully on our figures since the April of last year. So, that is the biggest explanation for that. I would say that the car services, the revenue development are pretty much on par of last year or something like that, like organically. And the split between the business inside the mobility services is pretty much like following: the new car advertising is declining or had declined, and the used car business is pretty much like flat at the moment.”

Perälä Q: “Thank you. And then on Career, you had like very big EBIT growth. So, is the EBIT growth explained by the product mix? The revenue growth wasn't that high? So, is there any clarification on that like you have higher margins there?”

Telanne A: “We haven't disclosed the margins business-by-business, but the overall picture is

following: if the core business grows like it has right around, so the margins on the core business is really high. And that explains the growth or the margins – margin – high margin growth of the whole segment. As we have tried to explain that when we are this 10% of the new business in the big beginning, they are, of course, unprofitable businesses like investments. The 10% of the revenues approximately, that we have this kind of add-on services and new services, usually that is – that's like an investment that took like many, many years to be profitable. But now when the biggest growth came from the core business of a high margin. So, that actually brings the whole segment profitability on a top level. You can say that – if the segment's EBIT is around, 40%, a single core classifieds – job classifieds EBIDTA can be 60% or something like that.

Perälä Q: “Thank you. That's very clear. Then one more question about Career. I know the Ukrainian crisis and the effects are uncertain, but what kind of negative impact would it possibly have on Career? What type?”

Telanne: “A Career - like usually when the economies are turning to recession, we will see that around six months before in our Career business before that happens. That's like the touch that we have had during the history. And that seems to – not to happen at the moment, but the demand for labor and for our services will go down the companies start to prepare for the recession, and there, decreasing demand, that hasn't happened. So, the decreasing revenues will be there. In our case, if the overall recession would appear, definitely.

Perälä Q: “Thank you. Would it affect salaries in Career especially?”

Telanne A: “No, we'll have this as you know, the inflation is quite high and it's speeded up. And at the end of the day, that will affect also the salaries. So, the salary increase will be there. We haven't had that unusually or it has been not like an unusual level in our case, even though there is a higher salary increase into Eastern Europe because of the tight labor market, and especially on the technology side, as we have also in Western Europe. And so, the salary inflation is there, but we haven't seen this kind of overall salary inflation there. But my personal view is that that will, sooner or later, come with the other inflation. You can't avoid that. Now, for all of us, our buying power is decreasing compared to the inflation rate. And, again, maybe we'll say that, as we know, that most of the inflation now comes from the energy prices, but that will, affect also other prices as well in the long term. But I would say that, at Alma, we don't have any specific issue with this. So, I would say that that our case is not different from other companies' or businesses' case.”

Perälä: “That's all from me.”

Teemu Salmi, IR Manager Alma Media Oyj: “And then, we have a number of questions online. Sami Sarkamies from Danske Markets is the first one to ask: Can you talk about the operating environment in Finland and abroad at the moment and this continues. How has it developed since the Russian invasion started and does the situation continue to get worse or have you seen stabilization?”

Telanne A: No. I'm not an expert on geopolitical issues but, as I said, we haven't seen like effects on our markets in the labor market, I would say, that it's been continuing like it has been so far. And would say that I would be amazed if the market development wouldn't change from the previous expect as the institutions have marked and as I showed you before. So, our estimate that this, so that somehow the GDP development, the markets will slow down, the growth will slow down. We are not waiting for the recession to happen. We are waiting for the markets to slow down a little bit during the last part of the year. In Finland, the ad market is still pretty good. And especially our market, this has been really good. As said before, only the, in our case, a new car advertising and IPO

advertising, like the IPOs have been postponed, have the effect on especially on Talent segment revenues. And you can estimate that, okay, that there are also IPOs waiting behind the door. They might or should come at the end of the day but you never know. That's our current view.

Salmi: "And then, moving on to the analyst Pia Rosqvist-Heinsalmi from Carnegie. She actually has a lot of questions. Q: Your long-term financial targets: can you discuss your path towards and timelines to the targets in the light of, first, your strong Q1 performance and, two, the increasing economic volatility due to the war in Ukraine?"

Telanne A: "If you are referring to that situation that we already achieved our long-term financial targets, so we were a little bit amazed by ourselves as well. You can say that we have to review our long-term targets even we beat that two months ago or something like that. No, we are not doing that because there will be this kind of fluctuation and we don't know how the economies are developing or so. So, we see that having a overall 5% revenue growth with 25% EBIT, it's really, really interesting developing from a shareholder's point of view. You can imagine how the value of the company should and would develop with that path. So, we are not renewing the targets at the moment. We have a very good plan and a very good strategy. It's the segment-wide by strategy and, as a combination of Alma that I tried to explain in short, we don't need to change the plan. So, we are just pushing the plan of transformation and digital development. They have – there are hundreds of things to do inside the segments and we don't have the time to go them through, we then have the CMD again and go deeper into the details. But so far, we are very confident that we can reach the level and, if we are lucky enough, we will revert to the long-term financial targets by the end of the year. And, if needed, we will revise them even higher."

Salmi: "Thank you. And the second question is regarding the M&A strategy. Q: You say you have the capacity to act in the near future. Your gearing is improving quickly. Should we understand that you could proceed with larger acquisitions as well?"

Telanne A: "Not really. Juha described you the speed of the balance sheet development and which tells us that with this kind of speed, with this kind of results and cash flow, we will be on like a – on a zero level in two or three years, maybe three years. We don't need to be debt-free or net debt-free, but the level of below 2.5 net debt/EBITDA ratio is good for us. We can do this kind of smallish add-on investments like €30 million, €40 million per year having a developing dividend policy even on the table, but without going into the equity market at the moment, we can't do this kind of remarkable investments that we had done like Nettix or other that kind of big investment. But that comes from the balance sheet. But, of course, we can go to the market if needed, if we have a very good target and a specific vision there. So, why not? I would say that at least on an international level, international market, these kind of businesses that we are in, there's quite a big demand on that kind of initiatives. So, we would quite easily get the equity for that kind of purposes."

Salmi: "Thank you. Pia's third question is about Alma Career. You have been able to consistently increase the invoicing per paid advertisement since 2018 and seem to have reached a record high level in Q1 of €81 million. Is this level sustainable if advertisement volumes come down?"

Telanne A: "Ad volumes have not come down, they are going up. As we have seen the invoicing level of ours, which is like the order book, is going up still, which means that there will be adverts going on. The problem in the market, in a tight labor market is the gap between the skilled labor and the demand. Like I said in those markets where the unemployment rate is so low, it's difficult to find the skilled labor and that actually calms down the volumes of ours as well. So, we need to push the market like advertise our services to do many kind of things in order to speed up the change and to

find the new people. This is like a combination of this kind of supply and demand management, more or less. But right now, it seems that the good demand is going to continue. As we said, we have this – it is actually here. This – the gray curve here floating above the revenue curve tells about the good order book, which says that the number of paid job ads level is sustainable at the moment, but nobody knows what's going to happen next year. It depends very much of the forthcoming crisis that we might have.

Salmi Q: “Enento Group announced in March that in Sweden banks decided to terminate the cooperation agreement with Enento related to its Swedish platform supporting housing transaction processes for banks and real estate brokers. Can you compare your service DIAS with Enento service? And do you see a risk that a similar termination could happen here in Finland?”

Telanne A: “I'm not an expert on Enento services. I don't know what kind of services they exactly have there. But in our case, the banks are very well along with our businesses. They are minority owners also in the company. So, we don't see that kind of problems. Actually we are on an investment phase, on a new business more than an old one. So, won't see that kind of difficulties, even though I don't know what kind of difficulties the Enento has there, being precise.

Salmi: “Great. And final question from Pia. On Alma Consumer, you say the benefits of the integration of Nettix and its synergies are becoming increasingly apparent. Can you please add some concrete examples here?”

Telanne A: “Nettix and Consumer synergies. We are actually using the traffic and the data heavily at the moment, of course, there are other things as well. Our Alma Media services, led by Tiina Järvilehto, is responsible for the advertising: display advertising or any kind of advertising outside the classified listing service business, which is, of course, this kind of corporate level joint effort or synergy. And then, of course, the technology behind this, we are developing new technology with the help of the hand of corporate technology staff. And, of course, the traffic that we move between the services. The Nettix classified services can use the high traffic and the reach of Iltalehti.fi, and vice versa. And the newest initiative, of course, is the joint content editorial team that we created. And this kind of new initiatives will come step by step. So, we are proceeding well according to the plan that we have. And the big steps will be when we're moving more to the transformational businesses to different add-on and adjacent services inside the vehicles and that will come after we have those new deployed.

Salmi: “Perfect. Then Maria Wikström, analyst from Skandinaviska Enskilda Banken. She is interested in trends in used car advertising. Nettiauto.com - we don't have comparable figures, but could you share your views where we are in terms in ad growth in Nettiauto and in Autotalli.com compared to last year, like-for-like?”

Telanne A: “Might not remember this precisely. They might be in the interim report, but gut feeling is that the used car advertising has been or is quite flat. The new car advertising, also in our services, has declined because the lead times of the new cars, as said before, what we have been able to do is to use the Alma Media services and the programmatic advertising and deliver that advertising into those services step by step. So, we had this kind of postponement when we started to integrate the Nettix service into Alma and took the responsibility from Otava. We had a short period of lagging the display advertising from those services, but then we have been able to get them back. So, the – I would say that we are suffering on that side also from the same market-related problem that we have in the market. The March figures in the market of car advertising was minus 15% or something, would say. We take our part of that as well, of course, being the market leader in the digital

advertising. Actually 16% minus, the car advertising.

Salmi Q: "And Maria's follow-up question is how much of the recruitment ads is linked to the car industry? If new car factories remain closed, would this have an impact for you and how big?"

Vesa-Pekka Kirsi Senior Vice President-Alma Career, Alma Media Oyj A: "We've been looking into the car industry effect. And so far as Kai has been telling, there is no change in the demand for any industry, including the cars. In our case, we submit labor for the white collar labor. So, the top layer of the car industry to begin with. So, the floor labor is less in our task. So, if these factories start cutting their personnel, it will not be the first into our business with them, but that's at the moment all we can say."

Telanne: "And as said, we don't have any direct business in Ukraine or Russia. And there are no signs for our factories to be closed down in Eastern or Western Europe. There will be this kind of transformation from combustion engines to electricity and so, but that is a long term change, of course. So, we don't have – we have haven't seen any change so far."

Salmi Q: "Matthias Durner is asking, can you quantify the growth investments in Alma Consumer in Q1 and give an indication of the expected margin development in this division over the course of the year, and thank you for the great Q1 results."

Telanne A: "Thank you very much. We haven't disclosed the exact figures. They're more or less competition sensitive information, but I would say that this cost level will continue. And if the advertising market will continue favorable as it, we will be able to continue with the margin level. That would be the broad level. We are not planning to intensify the investment in short-term, they are there already, we have a plan there. There are differences with the quarters, of course, but not that much. I would say that like the Consumer segment is heavily dependent on the ad market and in relation to the ad market development, of course, the revenues and the profitability will change. We are in a good speed with the digital advertising, which is, of course, the most important part of that. We have good development with the digital circulation development, as well as the others. So, pretty confident with the good continuation.

Salmi: "Great. And final question and it is from Mr. Massin. And this actually, Vesku covered a little bit, but the exact question is: could you please remind us of the split of white and blue collars overall on the Career segment?"

Telanne: "Vesku can continue with that."

Vesa-Pekka Kirsi A: "We offer mostly white collar services. We do have blue collar services here and there in Czech Republic. We have our second service called Prace.cz. We also run blue collar services in one of the Baltic states and one blue collar application in Poland and Czech Republic. However, from the business point of view, these are, in the minorities, great deal. So, we are primarily in the white collar business."

Telanne: "The person who gave the answer is the Head of Alma Career segment, Vesa-Pekka Kirsi for those who didn't see who's speaking.

All right. So, if there are no further questions, I thank you very much for your attention. And kindly will ask you to come back after the second quarter when we have this report. Hopefully we can continue with the good results then as well. Thank you very much. Have a good day."