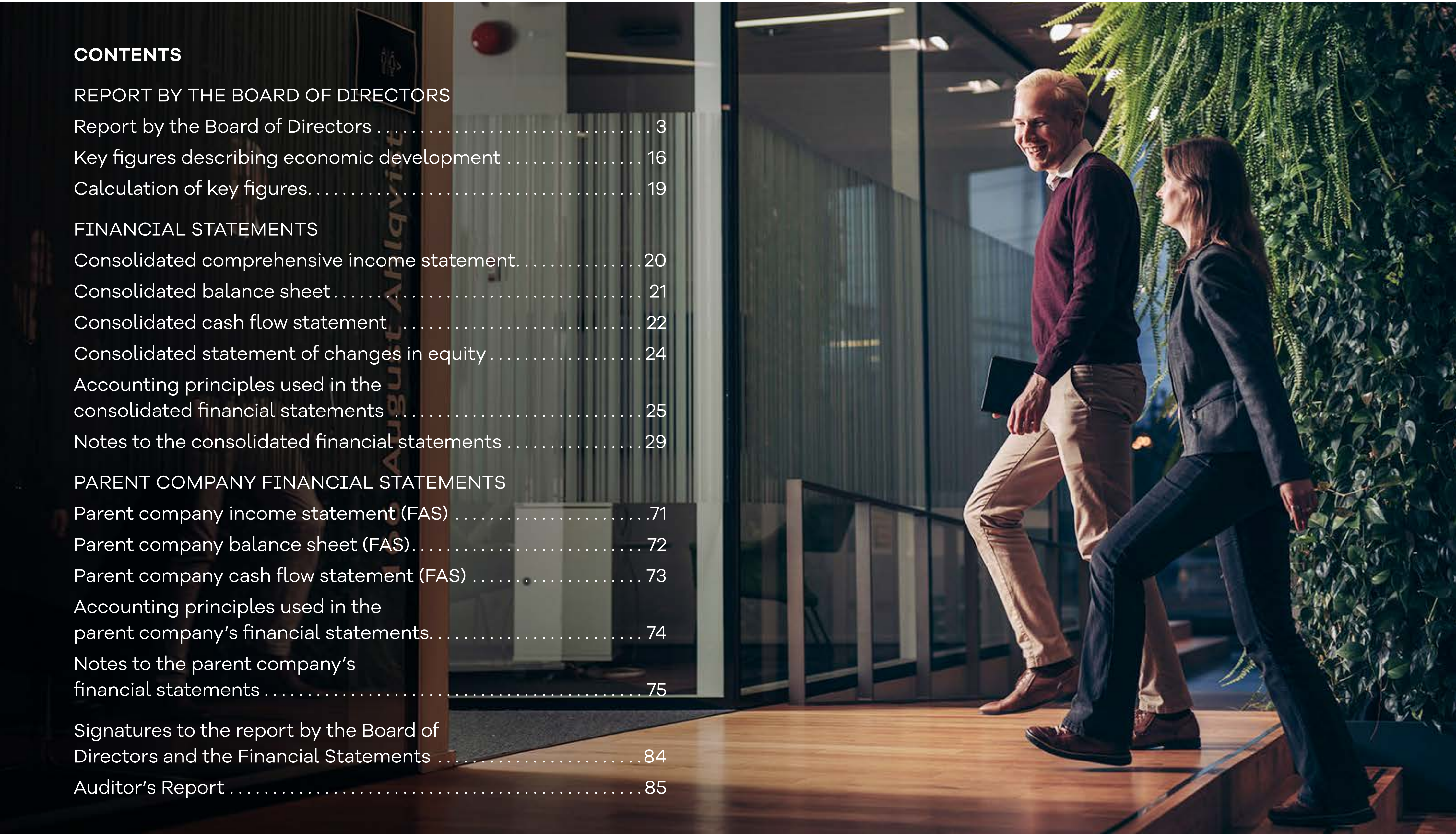
Report by the Board of Directors and Financial Statements 2017

ALMA MEDIA CORPORATION



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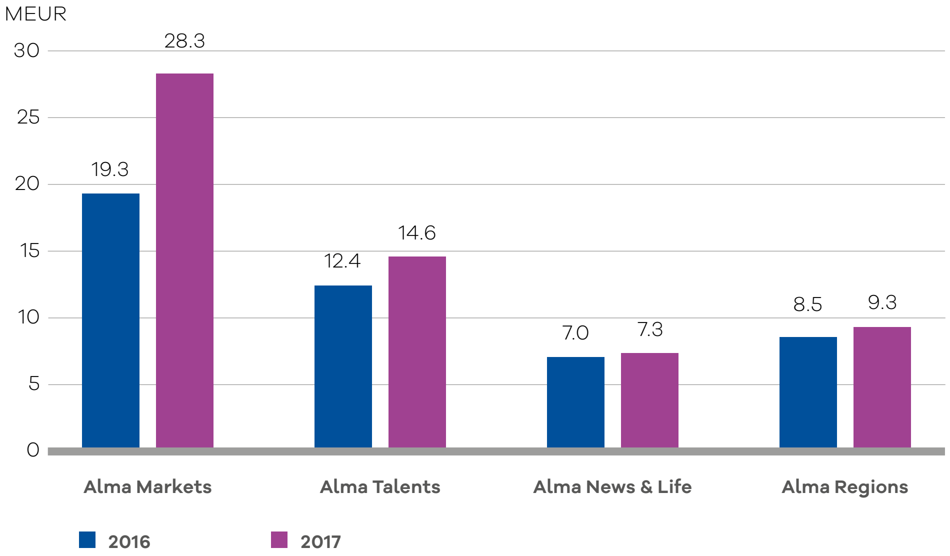
Report by the Board of Directors

FINANCIAL PERFORMANCE FULL YEAR 2017:

- Revenue MEUR 367.3 (353.2), up 4.0%.
- Adjusted operating profit MEUR 51.1 (35.2), or 13.9% (10.0%) of revenue, up 45.2%.
- Operating profit MEUR 46.6 (26.8), or 12.7% (7.6%) of revenue, up 74.0%.
- Earnings per share were EUR 0.39 (0.20).
- The Board's dividend proposal is EUR 0.24 (0.16) per share.
- At the end of the period, the gearing ratio was 25.4% (41.4%) and the equity ratio was 50.9% (45.7%).

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



KEY FIGURES

MEUR	2017 Q1–Q4	2016 Q1–Q4	Change %
Revenue	367.3	353.2	4.0
Content revenue	125.8	128.3	-1.9
Content revenue, print	109.3	113.5	-3.7
Content, digital	16.5	14.8	11.4
Advertising revenue*	185.8	171.6	8.3
Advertising revenue, print	62.8	68.5	-8.5
Sales of advertising, digital	120.5	101.3	19.0
Service revenue*	55.7	53.3	4.4
Adjusted total expenses	320.8	318.9	0.6
Adjusted EBITDA	67.4	53.3	26.5
EBITDA	66.9	47.9	39.6
Adjusted operating profit	51.1	35.2	45.2
% of revenue	13.9	10.0	
Operating profit/loss	46.6	26.8	74.0
% of revenue	12.7	7.6	
Profit for the period	36.7	19.9	85.0
Earnings per share, EUR (undiluted and basic)	0.39	0.20	90.8
Digital business revenue	156.6	133.5	17.3
Digital business, % of revenue	42.6	37.8	

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

Dividend proposal to the Annual General Meeting

On 31 December 2017, the Group's parent company had distributable funds totalling EUR 134,532,841 (124,646,114). Alma Media's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share (2016: EUR 0.16 per share) be paid for the financial year 2017. Based on the number of outstanding shares on the closing date 31 December 2017, the dividend payment totals EUR 19,733,564 (13,181,309).

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

Operating environment in 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

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.

Kai Telanne, President and CEO

In 2017, Alma Media's operative performance was good, and we achieved all three of our long-term financial goals. Full-year revenue grew by 4 per cent to MEUR 367 and adjusted operating profit increased by 45 per cent to MEUR 51. Earnings per share increased by 90 per cent to EUR 0.39 despite restructuring costs and impairment. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share be paid.

In the Alma Markets segment, the basic business was supported by the continued strong economic development in Eastern Central Europe and the Finnish economy returning to growth. The business segment also implemented highly active sales efforts and expanded its product portfolio. Costs were increased by investments in sales and marketing as well as the development of online services, such as the renewed Etuovi online service.

The Alma Talent segment's revenue in 2017 was on a par with the previous year, but the business unit's profitability improved substantially. The fusion synergies expected from the merger of Alma Talent and Talent were fully achieved in 2017. Alma Talent aims to rapidly increase digital content sales and, to support this, we redesigned the Arvopaperi and Talouselämä online services last year. The business segment is also seeking synergies between the unit's different business operations, such as the book and training business.

In the Alma News & Life segment, digital advertising saw strong growth and was at a record level at the end of the year. Growth was particularly strong in programmatic buying and content marketing. The development can be attributable to major advertisers shifting from print media to national digital media. Digital business now constitutes more than half of the segment's revenue. Content revenue declined due to a decrease in Iltalehti's print circulation.

In Alma Regions, measures to ensure the profitability of publishing operations continued. The structural transformation of advertising was clearly demonstrated in the decline of regional newspaper advertising. Content revenue was increased by investments in the development of online services and sales of digital subscriptions, for example. Service revenue was increased by growth in the external revenue of printing operations.

The Finnish economy experienced a strong growth spurt in 2017, but this was not reflected in the long-awaited revival of the advertising market. According to TNS Kantar, investments in media advertising fell in 2017 by 2.8 per cent to MEUR 0.9. This level of advertising investment is not sufficient to ensure Finland's competitiveness in the long term. International platform operators account for around half of the Finnish digital advertising market. A positive aspect of this development is that, unlike in many other countries, the growth of these operators has not accelerated towards the end of the year in the Finnish advertising market.

Our rapidly growing international business operations accounted for most of our profitable growth in 2017. The Czech Republic, Slovakia and Croatia were among the fastest growing countries in 2017. Our operations outside of Finland accounted for 23 per cent of our revenue and 39 per cent of our operating profit.

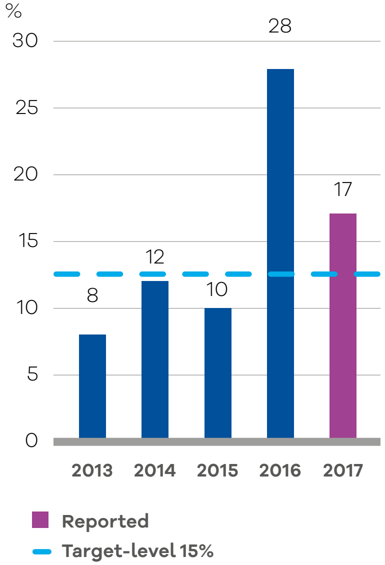
Strategy and related activities during the financial period

The main directions of Alma Media's strategic development include developing and expanding existing business operations as well as growth in new business areas and markets through both organic growth and acquisitions. The cornerstones of the development of the Group's business operations during the financial period were multi-channel content, marketing and advertising solutions, digital services and improving resources and competencies.

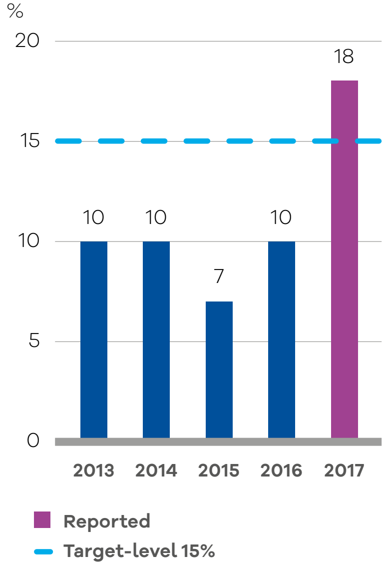
In accordance with its strategy, Alma Markets develops its operations by expanding and deepening its service offering around the current entities focused on housing, cars and recruitment. In digital service development, a transaction completed in March 2017 saw the share capital of the renovation and construction marketplace Urakkamaailma.fi become fully owned by Alma Mediapartners, a subsidiary of Alma Media. At Urakkamaailma.fi, consumers and housing companies can find verified contractors with reviews by users for renovation and construction projects. As a continuation to its previous company acquisitions in the competitive bidding and comparison market, Alma Mediapartners acquired a minority share (25%) in Muuttomaailma Oy in July 2017. Muuttomaailma.fi carries out competitive bidding between moving service providers and offers users of the Etuovi.com and Vuokraovi.com services a convenient way to arrange their move.

ALMA MEDIA'S LONG-TERM FINANCIAL TARGETS AND THEIR ACHIEVEMENT

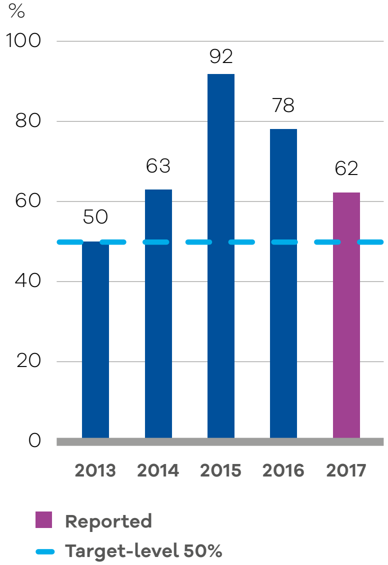
Digital business growth



Return on investment



Dividend payout ratio



The strategy of Alma Media's Czech subsidiary LMC is to offer the best possible tools for the users of its recruitment services, whether they are jobseekers or employers. In addition to its basic recruitment business, LMC has expanded its product portfolio to include mobile services that take advantage of social media, such as a service focusing on recommendations from colleagues and conveniently sharing of job advertisements on social media. In 2017, LMC launched a similar employer rating service, Atmoskop. In this service, employees can share their reviews on employers and companies' corporate cultures. LMC has also successfully developed online training services to complement its recruitment services. Aimed at employee skills development, the Seduo training portal and learning platform works in cooperation with instructors, several universities and training companies to provide more than 100 online courses in different fields.

Private leasing, car sharing and other alternatives to car ownership are an emerging automotive megatrend. In spring 2017, the Alma Markets online service Autotalli.com launched a new mobility service that presents information on the various ways to gain access to a car and the costs associated with them. The aim of the new service is to make it convenient for consumers to find the right solution for gaining access to a car. The service brings together the offerings of various service providers on a single platform.

Alma Talent's business focuses on the professionals and decision-makers of different fields, offering them information, tools and training. To further broaden its target groups, Alma Talent acquired full ownership of Mediuutiset from Bonnier Business Press, which is part of the Bonnier Group, in June 2017. Prior to the acquisition, Alma Talent held a 50% stake in Mediuutiset. Mediuutiset is an independent health care news media company for physicians, medical professionals and decision-makers in public health care and companies.

In accordance with its multimedia strategy, Alma Talent aims to offer content for easy use via different channels using a reading experience of the customer's choice. January saw the launch of the first development project under Alma Talent's new strategy, the online service of Arvopaperi. Broader than its predecessor and partly behind a paywall, the new digital service represents an even better response to the needs of readers who follow the markets closely. The largest financial magazine in the Nordic countries, Talouselämä and its online service, also underwent a redesign in October.

Chatbots, customer service software robots based on artificial intelligence, are rapidly becoming more commonplace internationally. Kauppalehti launched the KL Assistant service in 2017. KL Assistant is a chatbot on the Facebook Messenger platform that sends customised Kauppalehti news on selected topics at user-specified times. Alma News & Life has invested in video production and the development of multimedia solutions in order to increase the size of its digital media audience. May 2017 saw the launch of Sensuroimaton Päivärinta (Päivärinta Uncensored), a new web TV talk show. At its peak, the audience of journalist Susanne Päivärinta's weekly live IL-TV talk show has exceeded 400,000 video starts, boosting the growth of Iltalehti's video advertising. In August 2017, Iltalehti also signed an agreement to produce news broadcasts for Bauer Media's biggest radio stations, Radio Nova and Iskelmä, from October. Radio Nova is Finland's most popular commercial radio station with 1.3 million weekly listeners. Iskelmä has over 700,000 listeners a week. (National Radio Survey, KRT). Iltalehti has produced news for Radio Nostalgia since the beginning of the year and for Business FM since the spring.

The Alma Regions segment continued to ensure the profitability of publishing operations in 2017. The Pohjolan Sanomat title that was previously published as Lapin Kansa's other edition was given up at the start of year. In addition, all digital media services were moved under the Lapin Kansa brand. The statutory personnel negotiations held in connection with the restructuring measures led to a reduction of 12 employees. In August 2017, a bill of sales was signed with Kaleva's subsidiary Kaleva365 Oy for the sale of the local newspapers published by Alma Regions in Pohjois-Pohjanmaa, the Raahen Seutu and Raahelainen papers published in Raahe and the Pyhäjokiseutu paper published in Oulainen. The cooperation negotiations conducted to secure the profitability of Alma Regions' publishing business and streamline its operations were also concluded in November 2017. As a result of the negotiations, the number of employees was reduced by 35 person-years. Most of the reductions were implemented through severance packages or retirement solutions. The negotiations concerned all employee groups in the publishing business, excluding the newspaper business of Alma Lappi and the employees of Lännen Media.

During the news coverage of the municipal elections in April 2017, Alma Regions' media used a news robot algorithm that produces text automatically based on data. Alma Media is participating in Immersive Automation, a project led by the University of Helsinki and Tekes, the Finnish Funding Agency for Technology and Innovation. The project's news robot produced news based on data provided by the Finnish Ministry of Justice on the election results of all Finnish municipalities and their voting districts. Aamulehti also uses a bot that scans City of Tampere agendas for keywords specified by the editorial team. Robot journalism is also utilised in financial statements analyses produced by Alma Talent and in financial news coverage to automatically update different types of dynamic elements, such as share prices and visualisations.

During the summer, Alma Media piloted a geolocation-based service at the Särkänniemi amusement park in Tampere to provide free access to the Aamulehti news application for customers visiting the park. In the future, geolocation can also be used in the delivery of other content services, such as news and tips on nearby events and attractions as well as various product and service offers that are of interest to customers. The geolocation service is part of Alma Regions' Reviiri project.

In order to offer increasingly better advertising solutions for advertisers, Alma Media initiated several measures in 2017 to improve the visibility, functioning and effectiveness of advertisements. The most important of these is the viewability project. Viewability values are used to measure how long advertisements are displayed and how well they are noticed on the screen. These have a major impact on the effectiveness of advertising. According to a survey, Alma Media's inventory of programmatic buying has obtained above average values compared to the market. Alma Media regularly monitors and develops the effectiveness of advertising together with its customers.

Content marketing is currently one of the fastest growing areas in marketing and one of Alma Media Solutions' focus areas in addition to mobile advertising and programmatic buying. Alma Media has considerably diversified its content marketing services to its advertising customers. Marketing integrated into Alma's media, such as content entities originating from the customer, individual articles supplied by advertisers and native solutions that direct the audience to the customer's own media are now complemented by videos and supported by social media channels.

At the end of the year, Alma Media established a joint eCom team between the business units to develop digital subscription sales as well as increase and share knowledge related to e-commerce. With the support of the eCom team, the the digital customer path is actively managed in order to increase reader loyalty and subscription propensity. The eCom team also enables Alma-level campaigns and measures to be implemented more easily.

As part of the development of digital services, Alma News & Life launched a new online store for its Matkapörssi service in November 2017. The reservation system of the online travel agency makes it easy to buy package tours, flights and hotel accommodation from any device. Additional services, such as transport services, seat reservations and travel insurance, can also be bought as part of the booking process.

Market situation in the main markets

According to Kantar TNS, the total advertising volume in Finland decreased by 2.8% (increased by 0.2%) in 2017, while advertising in online media increased by 7.3% (13.6%). Advertising in city papers and newspapers declined by 9.7% (4.8%) and advertising in magazines in Finland decreased by 5.9% (9.7%). In terms of volume, the total market for afternoon papers in Finland declined by 12.3% (15.4%) in 2017.

According to Sveriges Mediebyråer, the total advertising volume in Sweden increased by 3.7% (5.1%) in 2017. Advertising in online media grew by 10.2% in Sweden. Advertising in trade magazines in Sweden decreased by 9.6% (11.5%).

Alma Media's main markets in Eastern Central Europe are the Czech Republic and Slovakia. According to the European Commission's forecast, the Czech GDP will grow by 3% in 2018. The Czech National Bank estimates that the GDP will grow by 3.4% in 2018. In Slovakia, GDP growth in 2018 will be 3.8% according to the European Commission. The National Bank of Slovakia estimates GDP growth in 2018 to be 4.3%.

Changes in Group structure in 2017

Alma Mediapartners, a subsidiary of Alma Media, acquired the remaining share capital to become the full owner of Remonttibulevardi Oy in February 2017. Remonttibulevardi Oy was previously consolidated into the Group's financial statements. Alma Media Group owns 65 per cent of the Alma Mediapartners group.

Alma Talent Oy, a part of Alma Media, acquired full ownership of Oy Mediuutiset Ab in June 2017. Prior to the acquisition, Alma Talent held a 50% stake in Mediuutiset. The seller was Bonnier Business Press Ab, which is part of the Bonnier Group.

In August 2017, Alma Career Oy's subsidiary LMC sold the VysokeSkoly.cz online service, which offers information and services focused on tertiary education, to EDURoute. In the arrangement, Alma Media recognised a sales gain of MEUR 0.6.

In October 2017, the local papers published by Alma Regions in Pohjois-Pohjanmaa were sold to Kaleva's subsidiary Kaleva365 Oy. The transaction has no impact on the result of Alma Media Group.

Group revenue and result full year 2017

Revenue increased by 4.0% to MEUR 367.3 (353.2) in 2017.

Content revenue declined by 1.9% to MEUR 125.8 (128.3). Content revenue declined due to the decline of print subscriptions and single-copy sales. The increase in content revenue from digital distribution channels was not sufficient to cover the decline in print media content revenue.

Revenue from advertising sales increased by 8.3% to MEUR 185.8 (171.6). Advertising sales for print media decreased by 8.5% from the comparison period, to MEUR 62.8 (68.5). Digital advertising sales increased by 19% to MEUR 120.5 (101.3).

Service revenue totalled MEUR 55.7 (53.3). Service revenue was increased by growth in the external sales of printing and distribution services.

Total adjusted expenses increased by MEUR 1.9, or 0.6%, to MEUR 320.8 (318.9). Depreciation and impairment included in the total expenses amounted to MEUR 20.3 (21.1).

Adjusted operating profit was MEUR 51.1 (35.2), or 13.9% (10.0%) of revenue. Operating profit was MEUR 46.6 (26.8), or 12.7% (7.6%) of revenue. The operating profit includes net adjusted items of MEUR -4.5 (-8.4).

The result for 2017 was MEUR 36.7 (19.9), and the adjusted result was MEUR 41.2 (28.2).

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, Websales and Webrent. Also reported in this segment are Nettikoti, which specialises in software for ERP systems in new construction and renovation, Kivi, a real estate agency system, and Urakkamaailma, a marketplace for renovation and construction work.

For 2017 the Alma Markets segment's revenue increased in both domestic and international operations and amounted to MEUR 83.2 (69.4). Revenue from the recruitment business increased by 22.6% during the review period and accounted for 78.1% (76.4%) of the segment's revenue for 2017. The effect of exchange rate changes was MEUR 0.8 on revenue growth and MEUR 0.2 on operating profit growth in the Czech Republic.

The segment's adjusted total expenses for 2017 amounted to MEUR 55.0 (50.2). The increase in expenses was attributable to investments in the development of online services and marketing. The change in expenses includes MEUR 2.0 associated with discontinued IFRS 3 fair value depreciation allocated to the LMC business.

The Alma Markets segment's adjusted operating profit was MEUR 28.3 (19.3) for 2017. The adjusted operating profit was 34.1% (27.8%) of revenue. The segment's operating profit was MEUR 28.9 (19.3). The financial year's adjusted items, MEUR 0.5, were related to a sales gain. The adjusted item in the comparison year was related to proceeds on sale connected to an incremental acquisition.

Alma Talent

The Alma Talent business segment publishes 20 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 Mediuutiset. In Sweden, Alma Talent's publications include Affärsvärlden, Ny Teknik and Dagens Media.

The Alma Talent segment's revenue amounted to MEUR 113.2 (114.0). Digital business accounted for 33.8% (31.3%) of the segment's revenue. The net effect of reorganisation and discontinued operations on the decrease in revenue was MEUR 1.2. The effect of the changed exchange rate of the Swedish crown on revenue change was MEUR -0.3.

The content revenue of the Alma Talent segment decreased by 2.7% to MEUR 48.2 (49.6). The decline in content revenue was attributable to lower print media content sales and a decrease in the Pro unit's book sales.

Advertising sales in 2017 amounted to MEUR 35.5 (32.7). Online advertising revenue increased by 8.2% year-on-year, mainly boosted by content marketing and mobile sales. The revenue of Mediuutiset, acquired in July 2017, contributed MEUR 1.1 to the increase in advertising sales.

Service revenue decreased by 6.8% to MEUR 29.5 (31.7), largely due to the effect of discontinued businesses.

The segment's adjusted total expenses were MEUR 98.7 (101.8) and total expenses MEUR 98.9 (105.9). The expenses were reduced by restructuring measures implemented last year, integration-related employee expense savings in Media Finland, Media Sweden and Information Services as well as discontinued businesses.

The Alma Talent segment's adjusted operating profit was MEUR 14.6 (12.4) and operating profit MEUR 15.2 (8.8). The adjusted operating profit was 12.9% (10.9%) of revenue. The adjusted items recognised during the financial period were related to a sales gain on acquisition achieved in stages and the restructuring of business operations. The adjusted expenses in the comparison period were related to operational restructuring.

Alma News & Life

The Alma News & Life segment includes the various digital and print news and lifestyle content of the national Iltalehti. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment.

The Alma News & Life segment's revenue increased by 6.0% to MEUR 48.8 (46.1) as a result of growth in digital advertising. Digital business accounted for 50.8% (42.5%) of the segment's revenue.

The segment's content revenue declined by 9.4% to MEUR 19.5 (21.6) in 2017, mainly due to the decrease in Iltalehti's circulation.

The segment's advertising sales increased by 15.6% to MEUR 25.8 (22.3). The segment's digital advertising revenue increased by 22.1% to MEUR 21.3 (17.5) on the strength of mobile advertising and programmatic buying.

Service revenue was MEUR 3.5 (2.2), with the increase being attributable to the revenue of the Rantapallo business acquired in spring 2016.

The segment's total expenses were MEUR 41.5 (39.1). The increase in expenses was attributable to the acquisition of Rantapallo as well as investments in systems to support the digital business and solutions for sales and marketing.

The segment's adjusted operating profit was MEUR 7.3 (7.0), or 15% (15.1%) of revenue.

No adjusted items were reported during the financial period. The comparison period's adjusted items, MEUR 0.9, were related to a sales gain on the Rantapallo acquisition achieved in stages.

Alma Regions

The print and online publishing business of Aamulehti, Satakunnan Kansa, Lapin Kansa and several local and town papers is reported in the Alma Regions segment. The printing and distribution unit Alma Manu is also included in this segment.

The Alma Regions segment's revenue amounted to MEUR 126.3 (127.7) in January–December. Digital business accounted for 8.3% (7.0%) of the segment's revenue. The segment's content revenue increased by 1.5% to MEUR 58.1 (57.2) in 2017 due to the growth in digital content revenue.

The segment's advertising sales declined by 9.3% to MEUR 47.5 (52.4). Advertising sales for print media decreased by 10.8% in spite of the boost provided by the municipal elections in the spring. The decline is attributable to reduced advertising spending in the retail sector. The segment's digital advertising sales increased by 10.4% to MEUR 3.9 (3.5).

The segment's service revenue increased by 14.1% to MEUR 20.7 (18.2) due to the external sales of printing and delivery services.

The segment's adjusted total expenses were MEUR 117.2 (119.6) and total expenses MEUR 119.6 (122.6).

The segment's adjusted operating profit was MEUR 9.3 (8.5) and operating profit MEUR 7.2 (5.5). The adjusted operating profit was 7.4% (6.6%) of revenue. Adjusted items in the review period, MEUR 2.2, were related to restructuring costs and a sales gain. Two statutory personnel negotiation rounds concerning the publishing business were concluded during the year. The adjusted items in the comparison period were related to corresponding restructuring costs.

Associated companies

Alma Media sold its share of ownership of Tampereen Tietoverkko (TTV) Oy to Elisa Corporation in June 2017. Alma Media owned 35.14% of the company.

Alma Talent Oy, which is part of Alma Media, acquired full ownership of Mediuutiset Oy in June 2017. Alma Talent previously held a 50% stake in Mediuutiset Oy.

In July 2017, Alma Mediapartners Oy acquired 25 per cent of the share capital of Muuttomaailma Oy, which offers competitive tender services for moving houses.

In September 2017, Alma Media's subsidiary Tau on-line acquired a 30% minority interest in Vrabotuvanje Online, the leading online recruitment service in Macedonia.

In September 2017, Alma Media's subsidiary Alma Media Kustannus Oy sold Holding Oy Vision. Alma Media owned 24.74% of the company.

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	2017 1–12	2016 1–12
Alma Markets		
Gains (losses) on the sale of assets	0.5	0.0
Alma Talent		
Impairment losses		-1.0
Restructuring	-0.1	-3.0
Gains (losses) on the sale of assets	0.7	0.4
Alma News & Life		
Gains (losses) on the sale of assets		0.9
Alma Regions		
Impairment losses	0.0	-2.0
Restructuring	-2.4	-0.8
Gains (losses) on the sale of assets	0.2	-0.2
Non-allocated		
Impairment losses	-4.0	0.0
Restructuring	-0.4	
Costs related to the Talentum acquisition		-2.8
Gains (losses) on the sale of assets	0.9	0.1
ADJUSTED ITEMS IN OPERATING PROFIT	-4.5	-8.4
ADJUSTED ITEMS IN PROFIT BEFORE TAX	-4.5	-8.4

Balance sheet and financial position

At the end of December 2017, the consolidated balance sheet stood at MEUR 333.8 (327.0). The Group's equity ratio at the end of December was 50.9% (45.7%) and equity per share was EUR 1.66 (1.44).

The consolidated cash flow from operations in January–December was MEUR 51.7 (42.3). Cash flow before financing activities was MEUR 34.5 (31.4).

On 31 December 2017, the Group's interest-bearing debt amounted to MEUR 61.0 (80.4). The total interest-bearing debt comprised MEUR 56.0 in finance leasing debt and MEUR 5.0 in loans from financial institutions. The Group's interest-bearing net debt on 31 December 2017 stood at MEUR 40.2 (57.1). The interest-bearing debt increased in the fourth quarter of the year due to investments.

Alma Media has two MEUR 15.0 committed financing limits at its disposal, which were entirely unused as at 31 December 2017. In addition, the company has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was entirely unused on 31 December 2017.

Alma Media did not have financial assets or liabilities created in conjunction with business combinations measured at fair value and recognised through profit or loss on 31 December 2017.

Capital expenditure

Alma Media Group's capital expenditure in 2017 totalled MEUR 22.2 (10.0). The capital expenditure mainly consisted of the acquisitions of Urakkamaailma.fi and Ab Mediuutiset Oy as well as the redemption of the office and production facility at Patamäenkatu 7. The capital expenditure also includes normal operating and maintenance investments.

Research and development costs

The Group's research and development costs in 2017 totalled MEUR 5.0 (MEUR 5.0). Of this total, MEUR 4.9 (MEUR 4.2) was recognised in the income statement and MEUR 0.1 (MEUR 0.8) was capitalised to the balance sheet in 2017. On 31 December 2017, capitalised research and development costs on the balance sheet totalled MEUR 2.2 (MEUR 3.3).

Employees

During 2017, Alma Media had on average 2,280 (2,289) employees, calculated as full-time employees (excluding delivery staff). The number of newspaper delivery staff was 870 (845) on average.

Governance

Alma Media Corporation's Annual General Meeting, held on 22 March 2017, elected Niklas Herlin, Matti Korkiatupa, Esa Lager, Petri Niemisvirta, Catharina Stackelberg-Hammarén, Mitti Storckovius and Harri Suutari as member of the company's Board of Directors. In its constitutive meeting held after the AGM, the Board of Directors elected Harri Suutari as its Chairman and Petri Niemisvirta as its Vice Chairman.

The Board of Directors also appointed the members to its permanent committees. Matti Korkiatupa and Catharina Stackelberg-Hammarén were elected as members of the Audit Committee and Esa Lager as Chairman of the Committee. Niklas Herlin, Harri Suutari and Mitti Storckovius were elected as members of the Nomination and Compensation Committee, and Petri Niemisvirta was elected Chairman of the Committee.

The Board of Directors has assessed that with the exception of Matti Korkiatupa, Esa Lager and Niklas Herlin, the members of the Board are independent of the company and its significant shareholders. The members mentioned above are assessed to be independent of the company but not independent of its significant shareholders. Matti Korkiatupa has been in an employment relationship with Ilkka-Yhtymä Oyj during the past three years as the company's Managing Director, Esa Lager as a member of the Board of Ilkka-Yhtymä Oyj and Niklas Herlin as the Chairman of the Board of Mariatorp Oy.

Publisher Niklas Herlin, Member of the Board of Alma Media Corporation since 2013, deceased unexpectedly in October. Niklas Herlin also served as Chairman of the Board of Directors of Mariatorp Oy from 2005. Mariatorp's and Niklas Herlin's personal holdings in Alma Media's shares amount to 19.4 per cent.

Mikko Korttila, General Counsel of Alma Media Corporation, serves as the secretary to the Board of Directors in accordance with the Board's Charter.

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

The AGM authorised the Board of Directors to decide on donations amounting to no more than EUR 50,000 to universities in 2017–2018, with the more detailed conditions of the donations to be decided by the Board of Directors.

The duties of Alma Media Corporation's Shareholders' Nomination Committee include preparing proposals related to the election and remuneration of the members of the Board of Directors to be submitted to the Annual General Meeting. The Nomination Committee for the spring 2018 Annual General Meeting was appointed in October 2017. The following were appointed as members of Alma Media's Nomination Committee: Timo Aukia, Chairman of the Board of Directors, Ilkka Group; Peter Immonen, Member of the Board of Mariatorp Oy; Henrik Ehrnrooth, Chairman of the Board of Otava Oy; and Timo Sallinen, Head of Listed Securities, Varma Mutual Pension Insurance Company. At the constitutive meeting, Timo Aukia was elected Chairman of the Shareholders' Nomination Committee. In addition, the Chairman of the Board of Directors of Alma Media Corporation, Harri Suutari, acts as an expert member in the Nomination Committee.

Dividends

In accordance with the proposal of the Board of Directors, the AGM resolved on 22 March 2017 that a dividend of EUR 0.16 per share be paid for the financial year 2016. The dividend were to be paid to shareholders who were registered in Alma Media Corporation's shareholder register maintained by Euroclear Finland Ltd on the record date, 24 March 2017. The payment was made on 31 March 2017.

Other decisions by the Annual General Meeting

Authorisation to the Board of Directors to repurchase own shares

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots. The proposed maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The shares shall be acquired using the company's non-restricted shareholders' equity through trading in a regulated market arranged by Nasdaq Helsinki Ltd and in accordance with its rules and instructions, for which reason the acquisition is directed, in other words the shares will be purchased otherwise than in proportion to shareholders' current holdings. The price paid for the shares shall be based on the price of the company share in the regulated market, so that the minimum price of purchased shares is the lowest market price of the share quoted in the regulated market during the term of validity of the authorisation and the maximum price, correspondingly the highest market price quoted in the regulated market during the term of validity of the authorisation. Shares can be purchased for the purpose of improving the company's capital structure, financing or carrying out corporate acquisitions or other arrangements, implementing incentive schemes for the management or key employees, or to be otherwise transferred or cancelled. It is proposed that the authorisation be valid until the following AGM; however, until no later than 30 June 2018.

Authorisation to the Board of Directors to decide on the transfer of own shares

The AGM authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company. A maximum of 824,000 shares may be issued on the basis of this authorisation. The proposed maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more parts. The Board of Directors can use the authorisation to implement incentive programmes for the management or key employees of the company.

It is proposed that the authorisation be valid until the following AGM; however, until no later than 30 June 2018. This authorisation would override the corresponding share issue authorisation granted at the AGM of 17 March 2016.

Authorisation to the Board of Directors to decide on a share issue

The AGM authorised the Board of Directors to decide on a share issue. The authorisation entitles the Board to issue a maximum of 16,500,000 shares. The proposed maximum number of shares corresponds to approximately 20 per cent of the total number of shares in the company. The share issue can be implemented by issuing new shares or transferring shares now in possession of the company. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more parts.

The Board can use the authorisation for developing the capital structure of the company, widening the ownership base, financing or realising acquisitions or other arrangements, or for other purposes decided on by the Board. The authorisation cannot, however, be used to implement incentive programmes for the management or key employees of the company.

It is proposed that the authorisation be valid until the following AGM; however, until no later than 30 June 2018.

The Alma Media share

In October–December, altogether 945,634 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 1.1% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the review period, 29 December 2017, was EUR 7.19. The lowest quotation during the review period was EUR 6.42 and the highest EUR 7.50. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 592.3.

Shareholdings

20 PRINCIPAL SHAREHOLDERS ON 31 DECEMBER 2017

	Pcs	% of total shares	Share of total votes (%)
1. Ilkka-Yhtymä Oyj	22,493,473	27.30	27.30
2. Mariatorp Oy	15,675,473	19.03	19.03
3. Otava Oy	8,326,821	10.11	10.11
4. Keskinäinen Työeläkevakuutusyhtiö Varma	5,327,994	6.47	6.47
5. Kunnallisneuvos C. V. Åkerlundin Säätiö	2,282,871	2.77	2.77
6. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2,177,095	2.64	2.64
7. Keskinäinen Työeläkevakuutusyhtiö Elo	1,852,800	2.25	2.25
8. Sr Nordea Nordic Small Cap	1,780,786	2.16	2.16
9. Veljesten Viestintä Oy	851,500	1.03	1.03
10. Keskisuomalainen Oyj	782,497	0.95	0.95
11. Häkkinen Matti	747,263	0.91	0.91
12. Suomen Kulttuurirahasto Sr	677,170	0.82	0.82
13. Sr Evli Suomi Select	614,702	0.75	0.75
14. OP-Suomi Pienyhtiöt	478,871	0.58	0.58
15. Koskinen Riitta Inkeri	440,848	0.54	0.54
16. Sr Danske Invest Suomi Yhteisöosake	439,604	0.53	0.53
17. Sr Taaleritehdas Mikro Markka	435,255	0.53	0.53
18. Sr Alfred Berg Suomi Focus	422,091	0.51	0.51
19. Sinkkonen Raija	333,431	0.40	0.40
20. Danilostock Oy	330,000	0.40	0.40
Total	**66,470,545**	**80.68**	**80.68**
Nominee-registered	3,356,369	4.07	4.07
Other	12,556,268	15.25	15.25
Total	**82,383,182**	**100**	**100**

OWNERSHIP STRUCTURE ON 31 DECEMBER 2017

	Number of owners (pcs)	% of total (%)	Number of shares (pcs)	% of shares (%)
Private companies	298	3.61	34,408,265	41.77
Financial and insurance institutions	20	0.24	20,465,323	24.84
Public entities	6	0.07	9,375,402	11.38
Households	7,797	94.34	10,511,465	12.76
Non-profit associations	112	1.36	4,029,526	4.89
Foreign owners	23	0.28	38,174	0.05
Nominee-registered shares	9	0.11	3,356,369	4.07
In general account		0.0	198,658	0.24
Total	**8,265**	**100.0**	**82,383,182**	**100.0**
Distribution of ownership				
1–100	2,274	27.5	120,818	0.1
101–1,000	4,283	51.8	1,861,108	2.3
1,001–10,000	1,501	18.2	4,378,023	5.3
10,001–100,000	173	2.1	4,281,048	5.2
100,001–500,000	19	0.2	4,863,814	5.9
500,000–	15	0.2	66,679,713	80.9
In general account			198,658	0.2
Total	**8,265**	**100.0**	**82,383,182**	**100.0**

Purchase and disposal of own shares

The company began purchasing its own shares on 22 February 2017. By 30 September 2017, the company had acquired 227,272 shares, representing approximately 0.3% of all Alma Media shares. The shares were acquired for the purpose of implementing the company's share-based incentive programme.

The company's own shares were acquired using the company's non-restricted shareholders' equity at the market price valid at the time of purchase of the shares through trading in a regulated market arranged by Nasdaq Helsinki Ltd, and the shares were purchased otherwise than in proportion to shareholders' current holdings. The shares were acquired and paid for according to the rules and instructions of Nasdaq Helsinki Ltd and Euroclear Finland Ltd.

Alma Media Corporation conveyed a total of 67,272 treasury shares without consideration and according to the plan terms to the key management participating in the Fixed Matching Share Plan LTI 2015 I of the company's Long-Term Incentive Programme launched in 2015.

The directed share issue was based on an authorisation given by the Annual General Meeting held on 22 March 2017. Following the disposal of shares, the company holds 160,000 treasury shares.

Management ownership

The members of the Board of Directors, the President and CEO of the parent company and the other members of the Group Executive Team together held 416,673 shares in the company on 31 December 2017, representing 0.5% of the total number of shares and votes.

THE INDIVIDUAL HOLDINGS OF ALMA MEDIA SHARES AND POTENTIAL SHARE REWARDS ON 31 DECEMBER 2017 WERE AS FOLLOWS*

	Shares	Fixed matching plan LTI 2015 I, II, III	Performance matching share plan LTI 2015 I, II, III	Performance matching share plan LTI 2015 I, II, III
Harri Suutari, Chairman	70,932			
Petri Niemisvirta, Deputy Chairman	19,767			
Matti Korkiatupa, member	5,871			
Esa Lager, member	13,825			
Mitti Storckovius, member	10,499			
Catharina Stackelberg-Hammarén, member	21,419			
Kai Telanne, President and CEO	119,408	70,000	100,000	100,000
Santtu Elsinen, Group Executive Team	17,600	15,000	15,000	15,000
Kari Juutilainen, Group Executive Team	12,538	0	10,000	10,000
Virpi Juvonen, Group Executive Team	8,909	10,000	14,000	14,000
Tiina Järvilehto, Group Executive Team	8,889	10,000	14,000	14,000
Kari Kivelä, Group Executive Team	21,076	23,000	33,000	33,000
Mikko Korttila, Group Executive Team	14,305	17,000	23,000	23,000
Elina Kukkonen, Group Executive Team		0	0	0
Juha-Petri Loimovuori, Group Executive Team	22,675	26,000	36,000	36,000
Raimo Mäkilä, Group Executive Team	34,773	26,000	36,000	36,000
Juha Nuutinen, Group Executive Team	14,187	17,000	23,000	23,000
Total	**416,673**	**214,000**	**304,000**	**304,000**

* The figures include holdings of entities under their control as well as holdings of related parties.

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 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 first matching share plan, which commenced in 2015 (LTI 2015 I), 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 first performance matching plan, which commenced in 2015 (2015 LTI I), 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 duration of the plans, until March 2017, 2018, 2019, 2020 and 2021. 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 SCHEMES STARTED IN 2016 AND 2017

On 17 March 2016, the Board of Directors of Alma Media Corporation decided on a share-based incentive scheme to be launched in 2016 based on the LTI 2015 scheme (LTI 2015 II) and, on 22 March 2017, the Board made a corresponding decision on a share-based incentive scheme to be launched in 2017 (LTI 2015 III). The main terms of the incentive schemes correspond to those of the share-based incentive scheme that was launched in 2015.

Other authorisations of the Board of Directors

The Board of Directors also has a share issue authorisation granted by the Annual General Meeting held on 22 March 2017. A maximum of 16,500,000 shares can be issued based on the authorisation. The maximum number of shares corresponds to approximately 20 per cent of the total number of shares in the company.

Market liquidity guarantee

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

Flagging notices

On 15 March 2017, Alma Media Corporation received a notice of a change in shareholding pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act as follows: Otava Oy announced that Otava’s holding of the shares and votes in Alma Media Corporation has risen to over ten (10) per cent.

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 digital products and services for consumers and businesses.

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

The most important operational risks are disturbances in information technology and data transfer, as well as an interruption of the printing operations.

Corporate Governance Statement for 2017

In 2017, Alma Media Corporation applied the Finnish Corporate Governance Code 2015 for listed companies, issued by the Securities Market Association on 1 October 2015, in its unaltered form. A Corporate Governance Statement required by the Corporate Governance Code is presented as a separate report in connection with the Annual Report. In addition, it is publicly available on Alma Media's website at www.almamedia.fi/en/investors/governance/corporate-governance-statement/. The Remuneration Statement for 2017 will be issued concurrently with the CG Statement on 21 February 2018 and it will be published on the company's website at www.almamedia.fi/en/investors/governance/remuneration.

Statement on non-financial information for 2017

Alma Media will also publish its Statement on non-financial information for 2017 together with the publication of the Report by the Board of Directors on 21 February 2018. The statement will be published on the Alma Media Corporation website at www.almamedia.fi/en/investors/reports-and-presentations/financial-reports-and-annual-reviews.

Key figures describing economic development

Key figures are calculated applying IFRS recognition and measurement principles.

INCOME STATEMENT

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Revenue	MEUR	367.3	4.0	353.2	21.2	291.5	-1.3	295.4	-1.6	300.2
Digital revenue	MEUR	156.6	17.3	133.5	27.9	104.3	10.4	94.5	11.8	84.5
% of revenue	%	42.6		37.8		35.8		32.0		28.1
Operating profit/loss	MEUR	46.6	74.0	26.8	51.5	17.7	-14.7	20.7	-23.3	27.0
% of revenue	%	12.7		7.6		6.1		7.0		9.0
Adjusted operating profit	MEUR	51.1	45.2	35.2	50.4	23.4	9.2	21.4	-11.6	24.2
% of revenue	%	13.9		10.0		8.0		7.2		8.0
Adjusted items*	MEUR	4.5	-46.4	8.4	46.9	5.7	716.1	0.7	-125.0	-2.8
Profit before tax	MEUR	45.9	81.2	25.4	51.3	16.8	-14.9	19.7	-12.1	22.4
Adjusted profit before tax	MEUR	50.4	49.5	33.7	50.2	22.5	11.3	20.2	-17.6	24.5
Profit for the period	MEUR	36.7	85.0	19.9	64.6	12.1	-23.2	15.7	-1.9	16.0
Share of profit of associated companies	MEUR	0.7	30.5	0.9	41.4	1.6	7.7	1.7	-142.5	-4.1
Net financial expenses	MEUR	1.3	-45.8	2.4	-6.4	2.5	-6.9	2.7	440.0	0.5
Net financial expenses %	%	0.3		0.7		0.9		0.9		0.2

* Adjusted items are described in more detail in the Report by the Board of Directors

BALANCE SHEET

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Balance sheet total	MEUR	333.8	2.1	327.0	-0.4	328.3	28.2	256.1	-5.4	270.7
Interest-bearing net debt	MEUR	40.2		57.1		76.2		71.1		97.6
Interest-bearing liabilities	MEUR	61.3	-23.8	80.4	-11.3	90.6	9.1	83.0	-24.4	109.9
Non-interest-bearing liabilities	MEUR	114.2	5.1	108.6	-0.7	109.4	57.5	69.4	-4.1	72.4

OTHER INFORMATION

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Average no. of employees, calculated as full-time employees, excl. delivery staff		2,280	-0.4	2,289	27.6	1,793	-1.9	1,828	-7.2	1,969
Delivery staff total (no. of employees)		870	3.0	845	-9.1	929	-5.7	985	-1.3	998
Capital expenditure	MEUR	22.2	121.1	10.0	-83.3	60.2	318.0	14.4	-77.1	62.8
Capital expenditure, % of revenue	%	6.0		2.8		20.6		4.9		20.9
Research and development costs	MEUR	5.0	0.3	5.0	-9.4	5.5		5.5	3.8	5.3
Research and development costs, % of revenue	%	1.4		1.4		1.9		1.9		1.8

KEY FIGURES

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Return on equity (ROE)	%	24.8	66.3	14.9	43.4	10.4	-36.6	16.4	-11.8	18.6
Return on investment (ROI)	%	17.5	73.5	10.1	46.7	6.9	-29.8	9.8	-2.0	10.0
Equity ratio	%	50.9		45.7		42.5		42.6		34.4
Gearing	%	25.4		41.4		59.4		68.5		110.5

PER SHARE DATA

		IFRS 2017	Change %	IFRS 2016	Change %	IFRS 2015	Change %	IFRS 2014	Change %	IFRS 2013
Earnings per share	EUR	0.39		0.20		0.13		0.19		0.20
Cash flow from operating activities per share	EUR	0.63		0.51		0.43		0.35		0.32
Shareholders' equity per share	EUR	1.66		1.44		1.35		1.17		1.14
Dividend per share	EUR	0.24*		0.16		0.12		0.12		0.10
Payout ratio	%	61.5		78.2		92.3		63.2		50.2
Effective dividend yield	%	3.3		3.2		4.0		4.4		3.3
P/E Ratio		18.4		24.6		23.1		14.6		15.0
Highest share price	EUR	7.50		5.45		3.25		3.16		5.0
Lowest share price	EUR	4.88		2.95		2.51		2.55		2.49
Share price on 31 December	EUR	7.19		5.03		3.0		2.75		2.99
Market capitalisation	MEUR	592.3		414.4		247.1		207.6		225.7
Turnover of shares, total	kpcs	5,795		14,088		9,668		5,977		8,130
Relative turnover of shares, total	%	7.0		17.1		12.7		7.9		10.8
Average no. of shares (1,000 shares), basic	kpcs	82,383		82,383		76,394		75,487		75,487
Average no. of shares (1,000 shares), diluted	kpcs	82,383		82,383		76,394		75,487		75,487
Adjusted no. of shares on 31 December	kpcs	82,383		82,383		82,383		75,487		75,487

* Proposal of the Board of Directors to the Annual General Meeting.

Calculation of key figures

Return on shareholders' equity, % (ROE	Profit for the period / Shareholders' equity + non-controlling interest (average during the year)	x 100
Return on investment, % (ROI)	Profit for the period + interest and other financial expenses / Balance sheet total - non-interest-bearing debt (average during the year)	x 100
Equity ratio, %	Shareholders' equity + non-controlling interest / Balance sheet total - advances received	x 100
Operating profit	Profit before tax and financial items	
EBITDA	Operating profit excluding depreciation, amortisation and impairment losses	
Online sales, % of revenue	Online sales / Revenue	x 100
Basic earnings per share, EUR	Share of net profit belonging to parent company owners / Average number of shares adjusted for share issues	
Diluted adjusted earnings per share, EUR	Share of net profit belonging to parent company owners / Diluted average number of shares adjusted for share issues	
Gearing, %	Interest-bearing debt - cash and bank receivables / Shareholders' equity + non-controlling interest	x 100
Net financial expenses, %	Financial income and expenses / Revenue	x 100
Dividend per share, EUR	Dividend per share approved by the Annual General Meeting With respect to the most recent year, the Board's proposal to the AGM	
Payout ratio, %	Dividend/share / Share of EPS belonging to parent company owners	x 100
Effective dividend yield, %	Dividend/share adjusted for share issues / Final quotation at close of period adjusted for share issues	x 100
Price/earnings (P/E) ratio	Final quotation at close of period adjusted for share issues / Share of EPS belonging to parent company owners	
Shareholders' equity per share, EUR	Equity attributable to equity holders of the parent / Basic number of shares at the end of period adjusted for share issues	
Market capitalisation of share stock, EUR	Number of shares x closing price at end of period	

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:

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

Consolidated comprehensive income statement

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Revenue	1.1, 1.2	**367.3**	**353.2**
Other operating income	1.2	3.3	2.2
Change in inventories of finished products		0.0	-0.2
Materials and services	1.3	74.3	74.0
Expenses arising from employee benefits	1.3, 1.4	148.8	149.6
Depreciation, amortisation and impairment	2.1, 2.2, 2.3	20.3	21.1
Other operating expenses	1.3	80.6	83.8
Operating profit	1.1	**46.6**	**26.8**
Finance income	3.1	0.6	0.4
Finance expenses	3.1	1.8	2.8
Share of profit of associated companies	4.4	0.7	0.9
Profit before tax		**45.9**	**25.4**
Income tax	5.1, 5.2	-9.2	-5.5
Profit for the period		**36.7**	**19.9**
Other comprehensive income			
Items that are not later transferred to be recognised through profit or loss			
Items arising due to the redefinition of net defined benefit liability (or asset item)		-0.2	0.1
Tax on items that are not later transferred to be recognised through profit or loss		0.0	0.0
Items that may later be transferred to be recognised through profit or loss			
Translation differences		0.5	-0.1
Other comprehensive income for the year, net of tax		0.3	0.0
Total comprehensive income for the year, net of tax		**37.0**	**19.9**
Profit for the period attributable to			
Owners of the parent company		32.2	16.9
Non-controlling interest		4.6	3.0

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Total comprehensive income for the period attributable to			
Owners of the parent company		32.5	16.9
Non-controlling interest		4.6	3.0

Earnings per share calculated from the profit for the period attributable to the parent company shareholders (EUR)

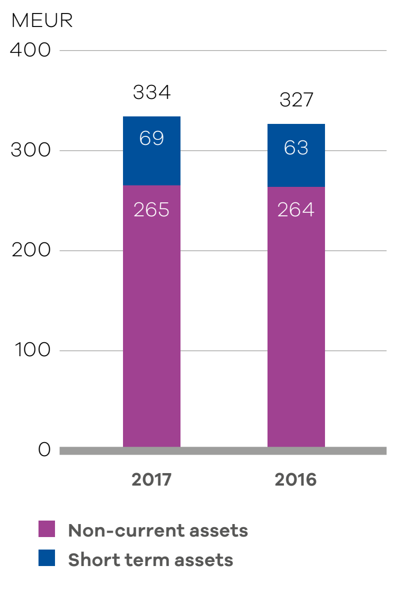
Earnings per share (basic)	3.9	0.39	0.20
Earnings per share (diluted)	3.9	0.39	0.20

Consolidated balance sheet

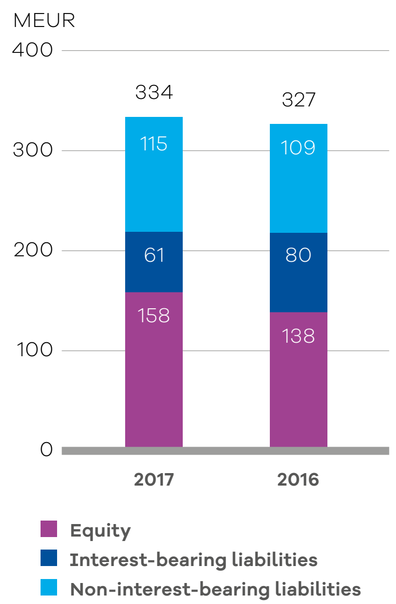
MEUR	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Goodwill	2.1	121.7	120.3
Other intangible assets	2.1	62.4	67.8
Tangible assets	2.2	59.8	64.8
Investment properties	2.3	10.2	0.0
Shares in associated companies	4.4	4.5	5.1
Pension receivables, defined benefit plans	3.6	0.0	0.2
Other non-current financial assets	3.2	4.0	4.4
Deferred tax assets	5.2	2.3	1.5
		265.1	**264.0**
Current assets			
Inventories	3.7	2.4	2.3
Tax receivables		0.6	0.2
Trade and other receivables	3.7	44.9	37.1
Other current financial assets	3.2	0.0	0.0
Cash and cash equivalents	3.2	20.7	23.3
		68.7	**62.9**
Assets, total		**333.8**	**327.0**
EQUITY AND LIABILITIES			
Share capital		45.3	45.3
Share premium reserve		7.7	7.7
Foreign currency translation reserve		-1.2	-1.7
Invested non-restricted equity fund		19.1	19.1
Retained earnings		65.8	48.3
Equity attributable to owners of the parent	3.9	**136.8**	**118.7**
Non-controlling interest		21.6	19.3
Total equity		**158.3**	**138.0**
Non-current liabilities			
Deferred tax liabilities	5.2	13.0	13.3
Pension liabilities	3.6	1.1	1.2
Provisions	1.3	0.4	0.3
Non-current financial liabilities	3.3	56.2	65.5
		70.7	**80.4**

MEUR	Note	31 Dec 2017	31 Dec 2016
Current liabilities			
Advances received		23.0	24.7
Income tax liability		5.1	1.7
Provisions	1.3	0.9	0.9
Current financial liabilities	3.3	5.7	15.9
Trade and other payables	3.7	70.1	65.4
		104.7	**108.6**
Liabilities, total		**175.5**	**189.0**
Equity and liabilities, total		**333.8**	**327.0**

Balance sheet, Assets



Balance sheet , Equity & liabilities

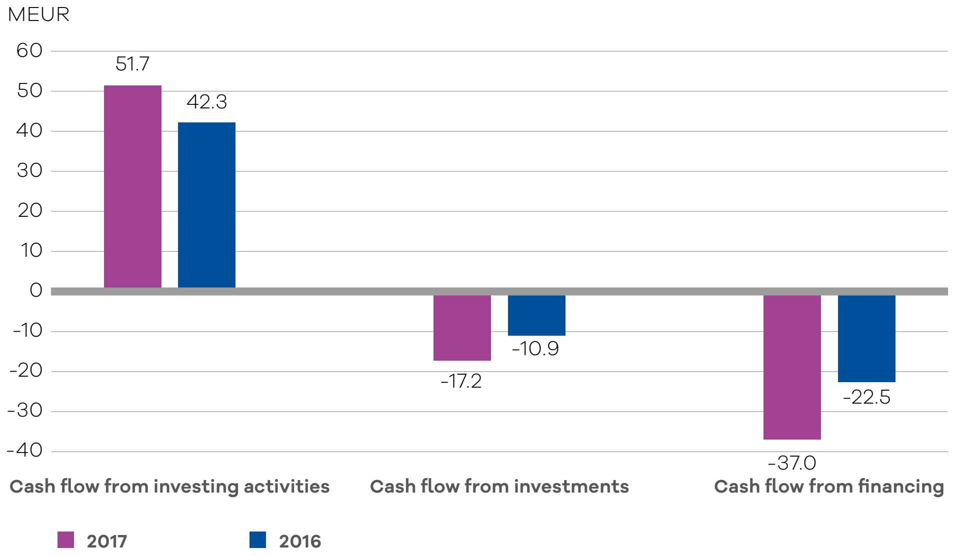


Consolidated cash flow statement

MEUR	Note	1 Jan–31 Dec 2017	31 Dec 2016
Operating activities			
Profit for the period		36.7	19.9
Adjustments		28.7	27.5
Change in working capital		-6.0	1.3
Dividend received		1.0	1.4
Interest received		0.1	0.2
Interest paid		-1.8	-2.5
Taxes paid		-7.1	-5.5
Net cash flow from operating activities		**51.7**	**42.3**
Investing activities			
Acquisitions of tangible assets		-1.6	-0.9
Acquisitions of intangible assets		-2.1	-3.1
Proceeds from sale of tangible and intangible assets		0.5	0.0
Other investments		-14.8	0.0
Proceeds from sale of available-for-sale financial assets		0.0	0.1
Change in loan receivables		0.0	0.0
Repayment of loan receivables		0.4	0.0
Business acquisitions less cash and cash equivalents at the time of acquisition		-2.0	-7.9
Proceeds from sale of businesses less cash and cash equivalents at the time of sale		1.1	0.0
Acquisition of associated companies	4.4	-0.3	0.0
Proceeds from sale of associated companies	4.4	1.5	0.9
Investing activities		**-17.2**	**-10.9**

MEUR	Note	1 Jan–31 Dec 2017	31 Dec 2016
Cash flow before financing activities		**34.5**	**31.4**
Financing activities			
Non-current loans taken		0.0	10.0
Repayment of non-current loans		-5.0	-3.3
Current loans taken		3.0	86.0
Repayment of current loans		-13.2	-98.3
Payments of finance lease liabilities		-5.0	-5.3
Acquisition of own shares		-1.2	0.0
Dividends paid and capital repayment	3.9	-15.5	-11.7
Financing activities		**-37.0**	**-22.5**
Change in cash and cash equivalent funds (increase + / decrease -)		**-2.4**	**8.8**
Cash and cash equivalents at beginning of period	3.2	23.3	14.4
Effect of change in foreign exchange rates		-0.1	0.0
Cash and cash equivalents at end of period	3.2	20.7	23.3

Cash flow from investing activities



FURTHER DETAILS FOR THE STATEMENT OF CASH FLOW

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Operating activities			
Adjustments:			
Depreciation, amortisation and impairment	2	20.3	21.1
Share of profit of associated companies	4.4	-0.7	-0.9
Capital gains (losses) on the sale of fixed assets and other investments		-2.3	-1.3
Financial income and expenses	3.1	1.3	2.4
Income tax	5.1	9.2	5.5
Change in provisions	1.3	0.1	0.4
Other adjustments		0.8	0.3
Adjustments, total		**28.7**	**27.5**
Change in working capital:			
Change in trade receivables		-8.8	-2.0
Change in inventories		-0.1	-0.2
Change in trade payables		2.9	3.4
Change in working capital, total		**-6.0**	**1.3**
Investing activities			
Investments financed through finance leases		-0.8	-1.0
Gross capital expenditure, payment-based*		-18.4	-4.0
Sold and purchased business operations, non-payment-based		-2.2	-5.0
Investments, total		**-21.5**	**-10.0**

* Excluding investments of acquired businesses.

Consolidated statement of changes in equity

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

MEUR	Note	Share capital	Share premium reserve	Foreign currency translation reserve	Invested non-restricted equity fund	Retained earnings	Equity attributable to the owners of parent	Minority interest	Total equity
Total equity on 1 Jan 2016	3.9	**45.3**	**7.7**	**-1.6**	**19.1**	**40.7**	**111.2**	**17.1**	**128.3**
Profit for the period						16.9	16.9	3.0	19.9
Other comprehensive income				-0.1		0.1	0.0		0.0
Transactions with equity holders									
Capital repayment by parent						-9.7	-9.7		-9.7
Dividends paid by subsidiaries								-1.8	-1.8
Share-based payment transactions						0.4	0.4		0.4
Change in ownership in subsidiaries								1.0	1.0
Total equity on 31 Dec 2016	3.9	**45.3**	**7.7**	**-1.7**	**19.1**	**48.3**	**118.7**	**19.3**	**138.0**
Equity on 1 Jan 2017		**45.3**	**7.7**	**-1.7**	**19.1**	**48.3**	**118.7**	**19.3**	**138.0**
Profit for the period						32.2	32.2	4.6	36.7
Other comprehensive income				0.5		-0.2	0.3	0.2	0.5
Transactions with equity holders									
Dividends paid by parent						-13.2	-13.2		-13.2
Dividends paid by subsidiaries								-2.3	-2.3
Acquisition of own shares						-1.2	-1.2		-1.2
Share-based payment transactions		0.0	0.0			0.5	0.5	0.0	0.5
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
Total equity on 31 Dec 2017	3.9	**45.3**	**7.7**	**-1.2**	**19.1**	**65.8**	**136.8**	**21.6**	**158.3**

Accounting principles used in the consolidated financial statements

Basic information on the group

Alma Media is a media company focusing on digital services and publishing. In addition to news content, the Group's products provide useful information related to lifestyle, career and business development. Alma Media builds sustainable growth for its customers by utilising the opportunities of digitalisation, including information services, system and expert services and advertising solutions. The services of Alma Media have expanded from Finland to the Nordic countries, the Baltics and Central Europe. The Group's parent company Alma Media Corporation is a Finnish public company established under Finnish law, domiciled in Helsinki at Alvar Aallon katu 3 C, PL 140, FI-00101 Helsinki.

A copy of the consolidated financial statements is available online at www.almamedia.fi or from the parent company head office.

The Board of Directors approved the financial statements for disclosure on 13 February 2018. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General Meeting of Shareholders held after publication. It is also possible to amend the financial statements at the General Meeting of Shareholders.

The figures in the financial statements are independently rounded.

Accounting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS. The IAS and IFRS standards and SIC and IFRIC interpretations in effect on 31 December 2017 have been applied. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU regulation (EU) no 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation.

The Group adopted IFRS accounting principles during 2005 and in this connection applied IFRS 1 (First-time adoption), the transition date being 1 January 2004.

The consolidated financial statements are based on the purchase method of accounting unless otherwise specified in the accounting principles below. Figures in the tables in the financial statements are presented in thousands of euros.

The Group's parent company, Alma Media Corporation (corporate ID code FI19447574, called Almanova Corporation until 7 November 2005) was established on 27 January 2005. The company acquired the shares of the previous Alma Media Corporation (corporate ID code FI14495809) during 2005. The acquisition has been treated in the consolidated accounts as a reverse acquisition based on IFRS 3. This means that the acquiring company was the old Alma Media Corporation and the company being acquired was the Group's current legal parent company, Almanova Corporation. The net fair value of the assets, liabilities and contingent liabilities on the acquisition date did not differ from their carrying values in the company's accounts. The acquisition cost was equivalent to the net fair value of the assets, liabilities and contingent liabilities and therefore no goodwill was created by the acquisition. The accounting principles adopted for the reverse acquisition apply only to the consolidated financial statements.

Impact of standards adopted during 2017

The Group has adopted the following new standards and interpretations from 1 January 2017 onwards:

IAS 7 Statement of Cash Flows amendment: Under the amended standard, entities must disclose changes in liabilities arising from financing activities. This covers changes from financing cash flows (such as taking out and repaying loans) as well as non-cash flow changes, such as acquisitions, disposals, accrued interest and unrealised changes in foreign exchange rates.

IAS 12 Income Taxes amendment Recognition of Deferred Tax Assets for Unrealised Losses:Amendments were made to IAS 12 in January 2016 to clarify the recognition of deferred taxes when an asset is measured at fair value and the fair value is lower than the taxable value of the asset in question. The amendment had no material effect on the consolidated financial statements.

Annual Improvements to IFRSs 2012–2014. Through the Annual Improvements procedure, small and less urgent amendments to the standards are collected and implemented together once a year. Their impacts vary standard by standard, but they have not had a material effect on the consolidated financial statements.

New and amended standards and interpretations to be applied in future periods

IASB has published the following new or amended standards and interpretations that the Group has not yet applied. The Group will begin applying them starting from the effective date of each standard and interpretation or, if the date of entry into effect is not the first day of the financial year, the Group will apply the standard or interpretation starting from the beginning of the next financial year:

IFRS 9 Financial Instruments and amendments thereto (effective for financial periods beginning on or after 1 January 2018): The new standard replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 will change the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. The classification and measurement of financial liabilities largely correspond to the current guidance in IAS 39. With regard to hedging, three hedging calculation types will remain in effect. More risk positions than before can be included in hedge accounting, and the principles regarding hedge accounting have been made more consistent with risk management. The Group is assessing the potential effects of the standard.

IFRS 15 Revenue from Contracts with Customers (effective for financial periods beginning on or after 1 January 2018): The new standard establishes a five-stage framework for recognising revenue from contracts with customers and replaces existing revenue guidance, including IAS 18, IAS 11 and the related interpretations. Revenue can be recognised over time or at a specific time, with the central criterion being the transfer of control. The standard will also expand the notes presented with financial statements.

An assessment was carried out in the financial year 2017 to evaluate the effect of the standard on the recognition practices in place in the Group. The report reviewed the revenue recognition processes and accrual principles used in the different invoicing systems and accounting of the Group's businesses, comparing the present situation to the requirements of the new standard. At the same time, manual practices in the revenue accrual process were automated. Due to the change in accrual practices. In the company's view, the amendment to the standard will not have a material effect on the accounting principles of the consolidated financial statements in future financial periods.

IFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019): IFRS 16 was issued in January 2016. As a result of the new standard, nearly all leases will be recognised in the balance sheet, as operating leases and finance leases will no longer be differentiated between. Under the new standard, a right-of-use asset is recognised, along with a financial liability representing the obligation to make future lease payments. The only exceptions are short-term leases and leases of low-value assets. Lessor accounting will not be subject to significant changes. The Group is assessing the effects of the standard's implementation.

IFRS 4 Insurance Contracts amendment (effective for financial periods beginning on or after 1 January 2018): Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. The amendment is not expected to have an effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

IFRS 2 Share-based Payments (effective for financial periods beginning on or after 1 January 2018): Clarifications to the classification and measurement of share-based payment transactions. The amendment is not expected to have a material effect on the consolidated financial statements. The amendments have not yet been approved for application in the EU.

Comparability of consolidated financial statements

The financial years 2017 and 2016 are comparable. The company has no discontinued operations to report in the financial periods 2017 and 2016.

Translation of items denominated in foreign currencies

Figures in the consolidated financial statements are shown in euro, the euro being the functional and presentation currency of the parent company. Foreign currency items are entered in euro at the rates prevailing at the transaction date. Monetary foreign currency items are translated into euro using the rates prevailing at the balance sheet date. Non-monetary foreign currency items are measured at their fair value and translated into euro using the rates prevailing at the balance sheet date. In other respects non-monetary items are measured at the rates prevailing at the transaction date. Exchange rate differences arising from sales and purchases are treated as additions or subtractions respectively in the statement of comprehensive income. Exchange rate differences related to loans and loan receivables are taken to other finance income and expenses in the profit or loss for the period.

The income statements of foreign Group subsidiaries are translated into euro using the weighted average rates during the period, and their balance sheets at the rates prevailing on the balance sheet date. Goodwill arising from the acquisition of foreign companies is treated as assets and liabilities of the foreign units in question and translated into euro at the rates prevailing on the balance sheet date. Translation differences arising from the consolidation of foreign subsidiaries and associated companies are entered under shareholders' equity. Exchange differences arising on a monetary item that forms part of the reporting entity's net investment in the foreign operation shall be recognised in the balance sheet and reclassified from equity to profit or loss on disposal of the net investment.

Assets available for sale and discontinued operations

Assets available for sale, and the assets related to a discontinued operation that are classified as available for sale, are measured at the lower of their book value or their fair value less the costs arising from their sale. The Group does not have assets classified under assets available for sale in the financial statements for 2017 or 2016.

Operating profit and ebitda

IAS 1 Presentation of Financial Statements does not include a definition of operating profit or gross margin. Gross margin is the net amount formed when other operating profit is added to net sales, and material and service procurement costs adjusted for the change in inventories of finished and unfinished products, the costs arising from employee benefits and other operating expenses are subtracted from the total. Operating profit is the net amount formed when other operating profit is added to net sales, and the following items are then subtracted from the total: material and service procurement costs adjusted for the change in inventories of finished and unfinished products; the costs arising from employee benefits; depreciation, amortisation and impairment costs; and other operating expenses. All other items in the profit or loss not mentioned above are shown under operating profit. Exchange rate differences and changes in the fair value of derivative contracts are included in operating profit if they arise on items related to the company's normal business operations; otherwise they are recognised in financial items.

Adjusted items

Adjusted items 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 adjusted items. Adjusted items are recognised in the profit and loss statement within the corresponding income or expense group. Adjusted items are described in the Report by the Board of Directors.

Accounting principles requiring management's judgement and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which may differ from actual results in the future. Management is also required to use its discretion as to the application of the accounting principles used to prepare the statements.

Accounting principles requiring management's judgement

The management of the Group makes judgement-based decisions pertaining to the selection and application of the accounting principles used in the financial statements. This particularly applies in cases where the existing IFRS regulations allow for alternative methods of recognition, measurement and presentation. A significant area in which the management has exercised this type of judgement is related to the Group's lease agreements. The Group has significant lease agreements for its business premises. Based on assessment of the terms of the agreements, the Group has determined that it does not bear any significant rewards and risks incidental to the ownership of the premises and therefore the agreements are by nature operating lease agreements.

Key sources of estimation uncertainty

The estimates made in conjunction with preparing the financial statements are based on the management's best assessments on the reporting period end date. The estimates are based on prior experience, as well as future assumptions that are considered to be the most likely on the balance sheet date with regard to issues such as the expected development of the Group's economic operating environment in terms of sales and cost levels. The Group monitors the realisation of estimates and assumptions, as well as changes in the underlying factors, on a regular basis in cooperation with the business units, using both internal and external sources of information. Any changes to these estimates and assumptions are entered in the accounts for the period in which the estimate or assumption is adjusted and for all periods thereafter.

Future assumptions and key sources of uncertainty related to estimates made on the balance sheet date that involve a significant risk of changes to the book values of the Group's assets and liabilities during the following financial year are presented below. The Group's management has considered these components of the financial statements to be the most relevant in this regard, as they involve the most complicated accounting policies from the Group's perspective and their application requires the most extensive application of significant estimates and assumptions—for example, in the valuation of assets. In addition, the effects of potential changes to the assumptions and estimates used in these components of the financial statements are estimated to be the largest.

The determination of the fair value of intangible assets in conjunction with business combinations is based on the management's estimate of the cash flows related to the assets in question. The determination of the fair value of liabilities related to contingent considerations arising from business combinations are based on the management's estimate. The key variables in the change in fair value of contingent considerations are estimates of future operating profit.

Impairment tests: The Group tests goodwill and intangible assets with an indefinite useful life for impairment annually and reviews any indications of impairment in the manner described above. The amounts recoverable from cash-generating units are recognised based on calculations of their fair value. The preparation of these calculations requires the use of estimates. The estimates and assumptions used to test major goodwill items for impairment, and the sensitivity of changes in these factors with respect to goodwill testing is described in more detail in the note which specifies goodwill.

Useful lives: Estimating useful lives used to calculate depreciation and amortisation also requires management to estimate the useful lives of these assets. The useful lives used for each type of asset are listed above under Property, Plant and Equipment and Intangible Assets.

Other estimates: Other management estimates relate mainly to other assets, such as the current nature of receivables and capitalised R&D costs, to tax risks, to determining pension obligations and to the utilisation of tax assets against future taxable income.

Notes to the consolidated financial statements

1 Segment and operating profit

1.1 Information by segment

Alma Media's reportable segments are Alma Markets, Alma Talent, Alma News & Life and Alma Regions. 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.

Segment information is based on internal management reporting, which has been prepared in accordance with IFRS.

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, Websales and Webrent. Also reported in this segment are Nettikoti, which specialises in software for ERP systems in new construction and renovation, Kivi, a real estate agency system, and Urakkamaailma, a marketplace for renovation and construction work.

The Alma Talent business segment publishes 20 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 Mediuutiset. In Sweden, Alma Talent's publications include Affärsvärlden, Ny Teknik and Dagens Media.

The Alma News & Life segment includes the various digital and print news and lifestyle content of the national Iltalehti. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment. The revenue of the E-kontakti business was transferred from Group advertising revenue to Group service revenue.

The print and online publishing business of Aamulehti, Satakunnan Kansa, Lapin Kansa and several local and town papers is reported in the Alma Regions segment. The printing and distribution unit Alma Manu is also included in this segment.

The segments' assets and liabilities are items used by the respective segments in their business operations

The Group's business is mainly divided between two geographical areas: Finland and the rest of Europe. Alma Markets operates in Finland and seven other European countries, principally the Czech Republic and Slovakia. The Alma Talent segment's business operations are located in Finland, the Baltic countries and Sweden. The Alma News & Life segment and the Alma Regions segment operate mainly in Finland.

The revenue and assets for different geographical regions are based on where the services are located. The following table shows a geographical breakdown of the Group's revenue and assets in 2017 and 2016:

REVENUE

MEUR	2017	Share of total, %	2016	Share of total, %
Segments, Finland	282.2	76.8	278.7	78.9
Segments, other countries	82.9	22.6	73.0	20.7
Segments total	365.1	99.4	351.7	99.6
Non-allocated and eliminations	2.2	0.6	1.5	0.4
Total	**367.3**	**100.0**	**353.2**	**100.0**

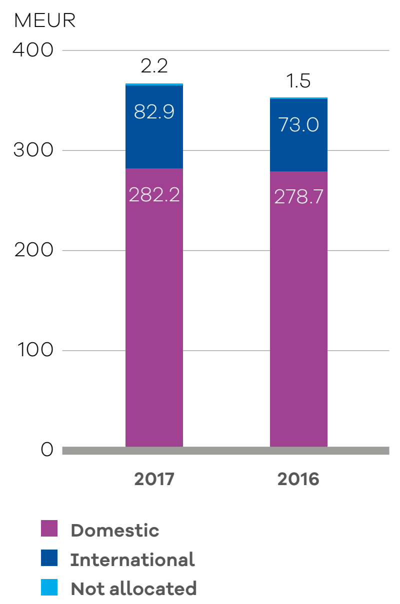
OPERATING PROFIT

MEUR	2017	Share of total, %	2016	Share of total, %
Segments, Finland	35.5	76.2	28.8	107.7
Segments, other countries	23.0	49.5	12.6	47.0
Segments total	58.5	125.7	41.4	154.7
Non-allocated	-12.0	-25.7	-14.6	-54.7
Total	**46.6**	**100.0**	**26.8**	**100.0**

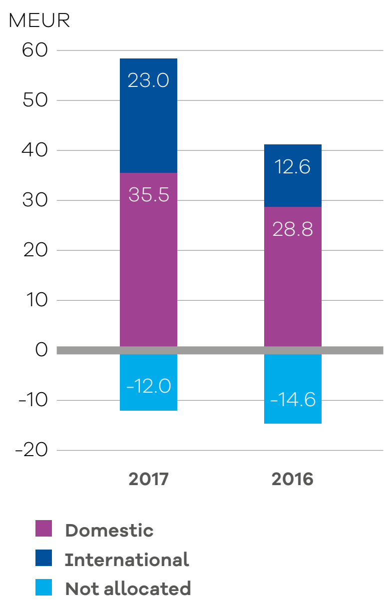
ASSETS

MEUR	2017	Share of total, %	2016	Share of total, %
Finland	233.5	70.0	231.0	70.7
Other countries	134.3	40.2	126.3	38.6
Eliminations	-34.1	-10.2	-30.3	-9.3
Total	**333.8**	**100.0**	**327.0**	**100.0**

Revenue



Operating profit

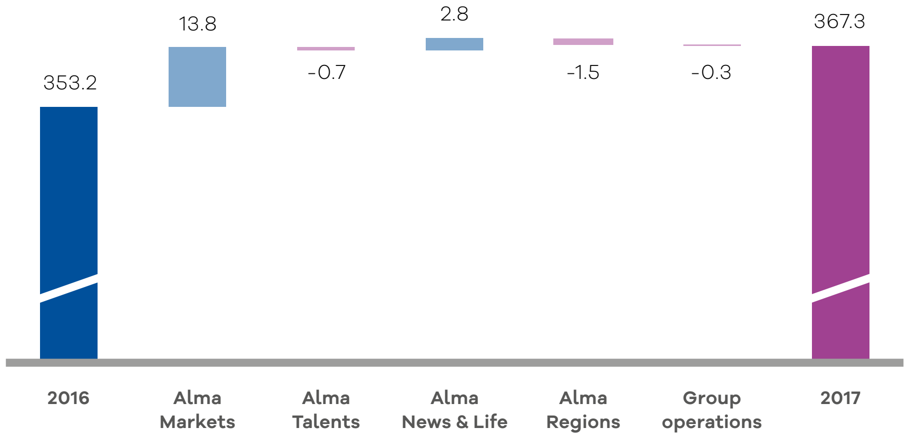


REVENUE

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2017							
Revenue							
External revenue	83.7	106.4	31.4	118.6	340.0	27.3	367.3
Inter-segment revenue	-0.4	6.8	17.4	7.7	31.5	-31.5	
Total	**83.2**	**113.2**	**48.8**	**126.3**	**371.6**	**-4.2**	**367.3**
Financial year 2016							
Revenue							
External revenue	69.7	109.0	32.2	120.1	331.1	22.1	353.2
Inter-segment revenue	-0.3	4.9	13.8	7.6	26.1	-26.1	
Total	**69.4**	**114.0**	**46.1**	**127.7**	**357.1**	**-3.9**	**353.2**

Change in revenue 2016–2017

MEUR



PROFIT FOR THE PERIOD

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2017							
EBITDA excluding adjusted items	31.3	18.8	7.9	13.0	70.9	-3.6	67.4
Depreciation, amortisation and impairment	-2.9	-4.2	-0.6	-3.6	-11.3	-5.0	-16.3
Operating profit excluding adjusted items	28.3	14.6	7.3	9.4	59.6	-8.5	51.1
Adjusted items	0.5	0.6		-2.2	-1.1	-3.4	-4.5
Operating profit/loss	28.9	15.2	7.3	7.2	58.5	-12.0	46.6
Share of profit of associated companies	0.5	0.1		0.0	0.6	0.1	0.7
Net financial expenses	-0.2	0.1	0.0	-0.1	-0.2	-1.1	-1.3
Profit before tax and appropriations	**29.2**	**15.3**	**7.3**	**7.1**	**58.9**	**-13.0**	**45.9**
Income tax						-9.2	-9.2
Profit for the period	**29.2**	**15.3**	**7.3**	**7.1**	**58.9**	**-22.2**	**36.7**
Impairments						4.0	4.0
Financial year 2016							
EBITDA excluding adjusted items	24.5	16.4	7.4	12.0	60.3	-7.1	53.3
Depreciation, amortisation and impairment	-5.2	-4.0	-0.5	-3.5	-13.3	-4.9	-18.1
Operating profit excluding adjusted items	19.3	12.4	7.0	8.5	47.1	-11.9	35.2
Adjusted items	0.0	-3.6	0.9	-3.0	-5.7	-2.7	-8.4
Operating profit/loss	19.3	8.8	7.9	5.5	41.4	-14.6	26.8
Share of profit of associated companies	0.0	0.5	0.0	0.0	0.5	0.4	0.9
Net financial expenses	-0.3	-0.2	-0.2	-0.2	-0.9	-1.5	-2.4
Profit before tax and appropriations	**19.1**	**9.0**	**7.7**	**5.3**	**41.1**	**-15.7**	**25.4**
Income tax						-5.5	-5.5
Profit for the period	**19.1**	**9.0**	**7.7**	**5.3**	**41.1**	**-21.2**	**19.9**
Impairments		1.0		2.0	3.0		3.0

ASSETS AND LIABILITIES

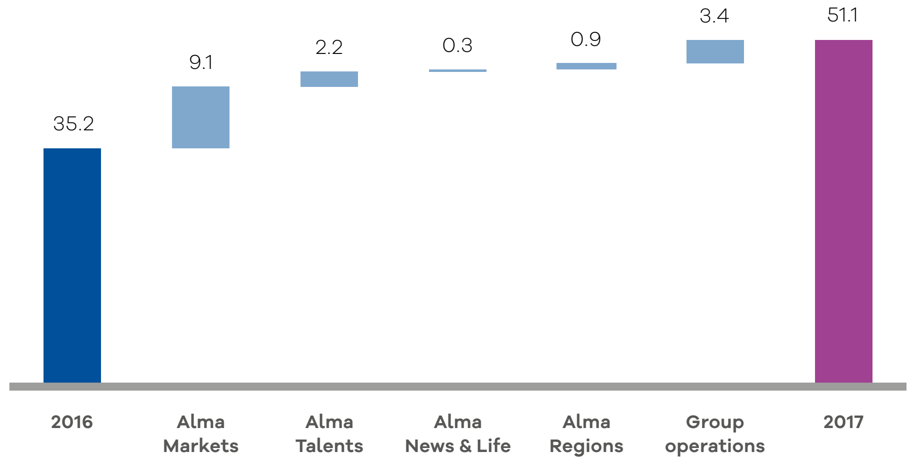
MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Segments, total	Non-allocated items and eliminations	Group
Financial year 2017							
Assets	78.5	110.8	15.0	53.1	257.3	72.0	329.3
Investments in associated companies and joint ventures	3.4	0.0		0.0	3.4	1.1	4.5
Assets, total	**81.9**	**110.8**	**15.0**	**53.1**	**260.7**	**73.1**	**333.8**
Liabilities, total	**25.7**	**31.1**	**7.1**	**58.3**	**122.1**	**53.4**	**175.5**
Capital expenditure	**2.3**	**2.1**	**0.0**	**0.9**	**5.3**	**16.9**	**22.2**
Financial year 2016							
Assets	76.3	109.4	16.1	56.9	258.8	63.1	321.8
Investments in associated companies and joint ventures	2.8	0.6		0.1	3.5	1.6	5.1
Assets, total	**79.2**	**110.0**	**16.1**	**57.0**	**262.3**	**64.7**	**327.0**
Liabilities, total	**21.0**	**31.1**	**0.2**	**60.7**	**113.0**	**75.9**	**189.0**
Capital expenditure	**1.7**	**1.6**	**3.2**	**1.3**	**7.9**	**2.2**	**10.0**

Assets not allocated to segments are financial assets and tax receivables.

Liabilities not allocated to segments are financial and tax liabilities.

Change in adjusted operating profit, 2016–2017

MEUR



1.2 Operating income

Alma Media Group's revenue consists of content revenue, advertising sales and service fees. Content revenue covers fees for content sold by the Group's media. Income from content sales arises from content sold for both print and online publications. For digital sales, content revenue is recognised over the contract period. For print publications, content revenue is recognised according to the publication calendar.

Advertising revenue consists of the sales of print and online advertising space in the Group's media. Both display advertising and classified advertising in print and online publications is reported as advertising revenue. The timing of revenue recognition from advertising sales is determined by the timing of the advertisement's publication. Revenue from the sales of advertisements with a long contract period (1–12 months) is recognised over the contract period.

The Group's service revenue includes, among other things, the sale of printing and delivery services to customers outside the Group, the Alma Talent segment's event and training business and the sale of information services. The Group also has online services aimed at consumers. Service revenue is recognised on an accrual basis in the period in which the service is delivered.

ⓘ IFRS 15 Revenue from Contracts with Customers (effective for financial periods beginning on or after 1 January 2018). The new standard establishes a five-stage framework for recognising revenue from contracts with customers and replaces existing revenue guidance, including IAS 18, IAS 11 and the related interpretations. Revenue can be recognised over time or at a specific time, with the central criterion being the transfer of control. The standard will also expand the notes presented with financial statements.

An assessment was carried out in the financial year 2017 to evaluate the effect of the standard on the recognition practices in place in the Group. The report reviewed the revenue recognition processes and accrual principles used in the different invoicing systems and accounting of the Group's businesses, comparing the present situation to the requirements of the new standard. At the same time, manual practices in the revenue accrual process were automated. In the company's view, the amendment to the standard will not have a material effect on the accounting principles of the consolidated financial statements in future financial periods.

1.2.1 Revenue

MEUR	2017	2016
Distribution of revenue between goods and services		
Sales of content*	125.8	128.3
Sales of advertising*	185.8	171.6
Sales of services*	55.7	53.3
Total	**367.3**	**353.2**

* Comparison data has been adjusted due to changes in revenue classification.

1.2.2 Other operating income

MEUR	2017	2016
Gains on sale of non-current assets	2.2	0.5
Proceeds on sale related to incremental acquisition	0.7	0.9
Other operating income	0.5	0.8
Total	**3.3**	**2.2**

1.3 Operating expenses

1.3.1 Materials and services

MEUR	2017	2016
Purchases during period	14.3	13.8
Change in inventories	-0.1	-0.3
Use of materials and supplies	**14.1**	**13.5**
External services	60.2	60.5
Total	**74.3**	**74.0**

1.3.2 Research and development costs

The Group's research and development costs in 2017 totalled MEUR 5.0 (MEUR 5.0 in 2016). Of this total, MEUR 4.9 (MEUR 4.2) was recognised in the income statement and MEUR 0.1 (MEUR 0.8 in 2016) was capitalised on the balance sheet in 2017. There were capitalised research and development costs totalling MEUR 2.2 on the balance sheet on 31 December 2017 (MEUR 3.3 in 2016).

1.3.3 Employee benefits expense

ⓘ Employee benefits cover short-term employee benefits, other long-term benefits, benefits paid in connection with dismissal, and post-employment benefits.

Short-term employee benefits include salaries and benefits in kind, annual holidays and bonuses. Other long-term benefits include, for example, a celebration, holiday or remuneration based on a long period of service. Benefits paid in connection with dismissal are benefits that are paid due to the termination of an employee's contract and not for service in the company.

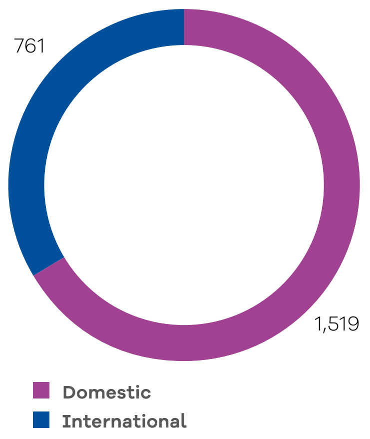
Post-employment benefits comprise pension and benefits to be paid after termination of the employee's contract, such as life insurance and healthcare. These benefits are classified as either defined contribution or defined benefit plans. The Group has both forms of benefit plans. The accounting principles related to pensions are presented in more detail in Note 3.6 Pension obligations.

Past service costs are recognised as expenses through profit or loss at the earlier of the following: when the plan is rearranged or downsized, or a when the entity recognises the related rearrangement expenses or benefits related to the termination of employment.

MEUR	2017	2016
Wages, salaries and fees	116.8	117.6
Pension costs – defined contribution plans	18.5	19.2
Pension costs – defined benefit plans	0.0	-0.1
Share-based payment transaction expense	1.7	0.9
Other payroll-related expenses	11.8	12.0
Total	**148.8**	**149.6**

Average number of employees, calculated as full-time employees (excl. delivery staff)	2017	2016
Alma Markets	588	543
Alma Talent	843	875
Alma News & Life	153	149
Alma Regions	538	561
Group functions	159	160
Total	**2,281**	**2,287**
Additionally, the Group's own delivery staff (number of employees):	869	845

Personnel



1.3.4 Other operating expenses

Specification of other operating expenses by category.

MEUR	2017	2016
Information technology and telecommunication	24.6	23.2
Business premises	13.1	18.0
Sales and marketing	22.6	20.4
Administration and experts	7.5	7.3
Other employee costs	9.4	9.9
Other expenses	3.4	5.0
Total	**80.6**	**83.8**

1.3.5 Audit expenses

EUR 1,000	2017	2016
PricewaterhouseCoopers Oy		
Audit	281.3	270.0
Reporting and opinions	4.5	5.6
Tax consultation	6.9	9.3
Other	53.5	177.3
Total	**346.2**	**462.2**

The non-audit services provided by PricewaterhouseCoopers Oy for Alma Media Group companies in the financial period 2017 totalled EUR 65,000 (a total of EUR 192,000 in the financial period 2016).

1.3.6 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the costs required to fulfil the obligation. The provision is discounted if the time-value of the money is significant with respect to the size of the provision. Examples of provisions entered by Alma Media are rental expenses on vacant office premises (loss-making agreements), provisions to cover restructuring costs, and pension obligation provisions on unemployment pension insurance.

A restructuring provision is entered when the Group has prepared and started to put into effect a detailed restructuring plan or has informed those affected by the restructuring of the key aspects of the plan. No provisions are entered for expenses related to the Group's regular operations.

A provision is entered on loss-making agreements when the immediate costs required to fulfil the obligation exceed the benefits available from the agreement.

The Group prepares monthly and quarterly estimates on the adequacy of the provisions, and the amounts are adjusted based on actual expenses and changes in estimates.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control. A contingent liability can also be a present obligation that is not recognised because it is not probable that the payment obligation will be realised, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are presented in the notes to the financial statements.

MEUR	Restructuring provision	Other provisions	Total
1 Jan 2017	0.7	0.5	1.2
Increase in provisions	0.3	0.1	0.4
Provisions employed	-0.1	-0.2	-0.3
31 Dec 2017	**0.9**	**0.4**	**1.3**
Current	0.9		0.9
Non-current		0.4	0.4

Restructuring provision: this provision has been made to cover implemented or possible employee reductions in different companies. The provision is expected to be realised in 2018.

MEUR	Restructuring provision	Other provisions	Total
1 Jan 2016	0.6	0.2	0.8
Increase in provisions	0.2	0.3	0.5
Provisions employed	-0.1		-0.1
31 Dec 2016	**0.7**	**0.5**	**1.2**
Current	0.7	0.2	0.9
Non-current		0.3	0.3

1.4 Salaries, bonuses and share-based payments paid to management

The reward scheme of the President and CEO of Alma Media Corporation and other senior management consists of a fixed monetary salary (monthly salary), fringe benefits (company car and mobile telephone benefit, and housing benefit for the President & CEO), an incentive bonus related to the achievement of financial and operational targets (short-term reward scheme) and a share-based incentive scheme for key employees of the Group (long-term reward scheme) as well as a pension benefit for management.

1.4.1 Salaries and bonuses paid to management

PARENT COMPANY PRESIDENT AND CEO (KAI TELANNE)

EUR 1,000	2017	2016
Salaries and other short-term employee benefits	895.3	733.4
Post-employment benefits	397.8	337.8
Share-based payment transaction expenset	355.6	181.5
Total	**1,648.7**	**1,252.7**

The figures in the table are presented on an accrual basis. In 2017, the salary and benefits paid to the President and CEO of the Group totalled EUR 944,682 (in 2016 EUR 690,428).

PENSION BENEFITS OF THE PRESIDENT AND CEO:

In addition to statutory employment pension security, the President and CEO has a defined contribution group pension benefit. His pension accumulates by 37% of the annual earnings. He has the right to retire upon reaching 60 years of age, at which time the payment of insurance premiums terminates. The pension is determined on the basis of the insurance savings accrued by the time of retirement. Retirement can be postponed up to 70 years of age. At this time, the pension is determined on the basis of insurance savings adjusted according to the value development of the investment objects.

NOTICE PERIOD OF THE PRESIDENT AND CEO:

The notice period of the President and CEO is six months. An additional contractual compensation equal to 12 months' salary is paid if the employer terminates his contract without the President and CEO being in breach of contract. This compensation corresponding to the 12-month salary is not paid if the President and CEO resigns on his own initiative. Alma Media's Board of Directors decides on the appointment and, as necessary, dismissal of the President and CEO.

OTHER MEMBERS OF THE GROUP EXECUTIVE TEAM

EUR 1,000	2017	2016
Salaries and other short-term employee benefits	2,175.3	1,842.9
Post-employment benefits	818.1	702.6
Share-based payment transaction expense	708.2	339.9
Total	**3,701.6**	**2,885.5**

The figures in the table are presented on an accrual basis. In 2017, the salary and benefits paid to the other members of the Group Executive Team totalled EUR 2,431,774 (in 2016 EUR 1,643,150). The Group Executive Team grew by two members in 2017.

BOARD OF DIRECTORS OF ALMA MEDIA CORPORATION AND BENEFITS PAID TO ITS MEMBERS

EUR 1,000	2017	2016
Harri Suutari, Chairman	55.0	54.5
Petri Niemisvirta, Deputy Chairman	45.8	43.1
Catharina Stackelberg-Hammarén, member	36.5	36.5
Matti Korkiatupa, member	36.5	34.5
Niklas Herlin, member (until October 2017)	34.0	35.0
Esa Lager, member	38.5	39.5
Mitti Storckovius, member	36.0	33.0
Perttu Rinta, member (until 17 March 2016)		2.0
Erkki Solja, member (until 17 March 2016)		2.0
Total	**282.3**	**280.1**

The figures in the table are presented on an accrual basis.

According to the resolution of the General Meeting, the benefits to the Board members are paid as shares of Alma Media Corporation.

SALARIES AND BENEFITS TO THE BOARD OF DIRECTORS, THE PRESIDENT AND CEO, AND OTHER MEMBERS OF THE GROUP EXECUTIVE TEAM, TOTAL

EUR 1,000	2017	2016
Salaries and other short-term employee benefits	3,352.9	2,856.4
Post-employment benefits	1,215.9	1,040.4
Share-based payment transaction expense	1,063.8	521.4
Total	**5,632.7**	**4,418.2**

According to the Articles of Association, the Board of Directors of Alma Media Corporation is appointed by the General Meeting of Shareholders. The number of members on the Board of Directors is no less than three and no more than nine. The Board of Directors shall elect from among its members a Chairman and a Deputy Chairman. The term of office for a member of the Board of Directors is one year, ending at the close of the Annual General Meeting following his or her election. The company's President and CEO may not be the Chairman of the Board.

The company shall have a President and CEO appointed by the Board of Directors. The President and CEO is responsible for managing the administration of the company in accordance with the instructions and requirements of the Board of Directors.

1.4.2 Share-based payments

SHARE-BASED INCENTIVE PLAN 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 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 first matching share plan, which commenced in 2015 (LTI 2015 I), 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 first performance matching plan, which commenced in 2015 (2015 LTI I), 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.

SHARE-BASED INCENTIVE SCHEMES STARTED IN 2016 AND 2017: LTI 2015 II AND LTI 2015 III

On 18 March 2016, the Board of Directors of Alma Media Corporation decided on a share-based incentive scheme to be launched in 2016 based on the LTI 2015 scheme (LTI 2015 II) and, on 23 March 2017, the Board made a corresponding decision on a share-based incentive scheme to be launched in 2017 (LTI 2015 III). The main terms of the incentive schemes correspond to those of the share-based incentive scheme that was launched in 2015.

The Board of Directors has estimated that no new shares will be issued in connection with LTI 2015. Therefore, the plan will have no dilutive effect on the number of the company's registered shares.

The Annual General Meeting of Alma Media Corporation held on 17 March 2016 authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots, and further authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company to implement incentive programmes.

PRINCIPAL TERMS AND CONDITIONS OF THE PERFORMANCE SHARE PLAN

Instrument	Fixed matching share plan LTI 2015 I	Performance matching share plan LTI 2015 I	Performance matching share plan TSR LTI 2015 I
AGM date/Date of issuing	12/02/2015	12/02/2015	12/02/2015
Maximum number of shares	153,100	153,100	153,100
Dividend adjustment	No	No	No
Initial allocation date	17/06/2015	17/06/2015	17/06/2015
Performance period begins	01/01/2015	01/01/2015	01/01/2015
Performance period ends	31/03/2017	31/03/2018	31/03/2020
Vesting date	31/03/2017	31/03/2018	31/03/2020
Maximum contractual life, years	1.8	2.8	4.8
Remaining contractual life, years		0.2	2.2
Maximum number of people entitled to participate	35	35	35
Payment method	Cash & share	Cash & share	Cash & share

Instrument	Fixed matching share plan LTI 2015 III	Performance matching share plan LTI 2015 III	Performance matching share plan TSR LTI 2015 III
AGM date/Date of issuing	12/02/2015	12/02/2015	12/02/2015
Maximum number of shares	182,510	182,510	182,510
Dividend adjustment	No	No	No
Initial allocation date	28/03/2017	30/06/2017	30/06/2017
Performance period begins	01/01/2017	01/01/2017	01/01/2017
Performance period ends	31/03/2019	31/03/2020	31/03/2022
Vesting date	31/03/2019	31/03/2020	31/03/2022
Maximum contractual life, years	2.0	2.8	4.8
Remaining contractual life, years	1.2	2.2	4.2
Maximum number of people entitled to participate	44	44	44
Payment method	Cash & share	Cash & share	Cash & share

Instrument	Fixed matching share plan LTI 2015 II	Performance matching share plan LTI 2015 II	Performance matching share plan TSR LTI 2015 II
AGM date/Date of issuing	12/02/2015	12/02/2015	12/02/2015
Maximum number of shares	166,000	166,000	166,000
Dividend adjustment	No	No	No
Initial allocation date	17/03/2016	17/03/2016	17/03/2016
Performance period begins	01/01/2016	01/01/2016	01/01/2016
Performance period ends	31/03/2018	31/03/2019	31/03/2021
Vesting date	31/03/2018	31/03/2019	31/03/2021
Maximum contractual life, years	2.0	3.0	5.0
Remaining contractual life, years	0.2	1.2	3.2
Maximum number of people entitled to participate	43	43	43
Payment method	Cash & share	Cash & share	Cash & share

Measurement inputs for the incentives granted during the reporting period			
Share price at time of granting, EUR	5.2	6.0	6.0
Share price at end of period, EUR	7.2	7.2	7.2
Dividend yield assumption, EUR	0.2	0.3	0.6
Fair value on 31 December 2017, MEUR	1,178.5	156.3	499

PRINCIPAL TERMS AND CONDITIONS OF THE PERFORMANCE SHARE PLAN

Changes during share plan period 1 Jan 2017	Fixed matching share plan LTI 2015 I	Performance matching share plan LTI 2015 I	Performance matching share plan TSR LTI 2015 I	Fixed matching share plan LTI 2016 II	Performance matching share plan LTI 2016 II	Performance matching share plan TSR LTI 2016 II
Outstanding at the beginning of the reporting period, pcs	145,500	145,500	145,500	166,000	166,000	166,000
Changes during the period						
Lost during the period		2,000	2,000	3,500	3,500	3,500
Earned during the period	145,500					
31 Dec 2017						
Outstanding at the end of the period		143,500	143,500	162,500	162,500	162,500

Changes during share plan period 1 Jan 2017	Fixed matching share plan LTI 2017 III	Performance matching share plan LTI 2017 III	Performance matching share plan TSR LTI 2017 III	Total
Outstanding at the beginning of the reporting period, pcs				934,500
Changes during the period				
Granted during the period	182,510	182,510	182,510	547,530
Lost during the period	4,500	4,500	4,500	28,000
Earned during the period				145,500
31 Dec 2017				
Outstanding at the end of the period	178,010	178,010	178,010	1,308,530

EFFECT OF THE SHARE-BASED INCENTIVE PROGRAMME ON THE FINANCIAL YEAR'S RESULT AND FINANCIAL POSITION

MEUR	2017	2016
Costs for the financial year, share-based payments	1.7	0.9
Costs for the financial year, share-based payments, in shares	0.3	0.3
Liability arising from share-based payments, 31 December 2017	2.1	0.7

2 tangible and intangible assets, investment properties and leasing arrangements

2.1 Intangible assets and goodwill

Goodwill created through mergers and acquisitions is recorded at the amount by which the sum of the purchase price, the share of the non-controlling interest in the acquired entity and the purchaser's previously held share in the entity exceed the fair value of the net assets acquired. Acquisitions carried out between 1 January 2004 and 31 December 2009 were recognised according to the previous version of IFRS 3 (2004). Goodwill created through mergers that were carried out prior to 2004 corresponds with the book value under earlier accounting standards, which was used as the acquisition cost in accordance with the IFRS standards. Goodwill is applied to cash-generating units and tested on the transition date and thereafter annually for impairment. Goodwill is measured at the original acquisition cost less impairment losses.

Research costs are entered as an expense in the period in which they arise. Development costs arising from the development of new or significantly improved products are capitalised as intangible assets when the costs of the development stage can be reliably determined, the product is technically feasible and economically viable, the product is expected to produce an economic benefit and the Group has the intention and the required resources to complete the development effort. Capitalised development costs include the costs of material, labour and testing, as well as capitalised borrowing costs, if any, that directly arise from the process of making the product complete for its intended purpose. Development costs that have previously been recognised as expenses will not be capitalised at a later date.

Patents, copyright and software licenses with a finite useful life are shown in the balance sheet and expensed on a straight-line basis in the profit or loss during their useful lives. No depreciation is entered on intangible assets with an indefinite useful life; instead, these are tested annually for impairment. In Alma Media, intangible assets with an indefinite useful life are trademarks measured at fair value at the time of acquisition.

The useful lives of intangible assets are 3–10 years.

MEUR	Intangible rights	Other intangible assets	Advances, intangible	Goodwill	Total
Financial year 2017					
Acquisition cost 1 Jan	115.2	5.4	1.0	127.2	248.8
Increases	1.3	0.0	0.7	0.0	2.1
Acquisitions of business operations	1.3			1.0	2.3
Decreases	-0.2			-0.8	-1.0
Exchange differences	1.7	0.0	0.0	1.2	2.9
Transfers between items	1.2	0.2	-1.4		0.0
Acquisition cost 31 Dec	**120.5**	**5.6**	**0.3**	**128.5**	**255.0**
Accumulated depreciation, amortisation and impairments 1 Jan	50.0	3.7		6.9	60.7
Accumulated depreciation in decreases and transfers	-0.2			0.0	-0.2
Depreciation for the financial year	8.5	0.7		0.0	9.2
Impairment, input	0.0				0.0
Exchange differences	1.2	0.0		0.0	1.2
Accumulated depreciation, amortisation and impairments 31 Dec	**59.6**	**4.4**		**6.9**	**70.9**
Book value 1 Jan	65.1	1.7	1.0	120.3	188.1
Book value 31 Dec	**60.9**	**1.1**	**0.3**	**121.7**	**184.1**

MEUR	Intangible rights	Other intan- gible assets	Advances, intangible	Goodwill	Total
Financial year 2016					
Acquisition cost 1 Jan	109.0	4.3	1.9	122.5	237.7
Increases	1.8	0.1	1.2	0.0	3.2
Business combinations	3.3	0.4		4.7	8.4
Decreases	-0.1		-0.2		-0.3
Exchange differences	-0.2	0.0		-0.1	-0.2
Transfers between items	1.3	0.6	-1.9		0.0
Acquisition cost 31 Dec	**115.2**	**5.4**	**1.0**	**127.2**	**248.8**
Accumulated depreciation, amortisation and impairments 1 Jan	39.7	3.2		3.9	46.8
Accumulated depreciation in decreases	-0.1			0.0	-0.1
Depreciation for the financial year	10.5	0.6		0.0	11.1
Impairment, input	0.0			3.0	3.0
Exchange differences	0.0	0.0		0.0	0.0
Accumulated depreciation, amortisation and impairments 31 Dec	**50.0**	**3.7**		**6.9**	**60.7**
Book value 1 Jan	69.3	1.1	1.9	118.6	191.0
Book value 31 Dec	**65.1**	**1.7**	**1.0**	**120.3**	**188.1**

Allocation of intangibles with indefinite lives to cash-generating units

The book value of intangible assets includes intangible rights totalling MEUR 35.1 which are not depreciated; instead, these rights are tested annually for impairment. In Alma Media, intangible assets with an indefinite useful life are trademarks measured at fair value at the time of acquisition. These non-depreciated intangible rights are allocated to the cash-generating units as follows:

MEUR	2017	2016
Alma Markets		
Mediapartners	0.4	0.4
Recruitment	14.9	14.2
Alma Markets total	**15.3**	**14.7**
Alma Talent		
Alma Talent Finland	13.8	13.4
Alma Talent Sweden	3.5	3.6
Alma Talent total	**17.3**	**17.0**
Alma News & Life	**1.8**	**1.8**
Alma Regions	**0.7**	**0.7**
Assets with indefinite lives, total	**35.1**	**34.2**

ALLOCATION OF GOODWILL TO BUSINESS OPERATIONS

MEUR	2017	2016
A significant amount of goodwill has been allocated to the following cash-generating units		
Alma Markets		
Mediapartners	3.6	3.6
Recruitment	43.1	41.7
Alma Markets total	**46.7**	**45.3**
Alma Talent		
Alma Talent Finland	52.4	51.4
Alma Talent Sweden	7.7	7.9
Alma Talent total	**60.1**	**59.3**
Alma News & Life	**9.5**	**9.5**
Alma Regions	**5.3**	**6.1**
Non-allocated goodwill	**0.1**	**0.1**
Total goodwill	**121.7**	**120.3**

Impairment testing of goodwill and intangibles with indefinite lives

(i) On each balance sheet date, the Group assesses the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. In addition, the recoverable amounts are assessed annually of goodwill, capitalised development costs for projects in progress and intangible assets with an indefinite useful life. These are assessed regardless of whether or not indications of impairment exist. The recoverable amounts of intangible and tangible assets are determined as the higher of the fair value of the asset less cost to sell, or the value in use. The value in use refers to the estimated future net cash flows obtainable from the asset or cash-generating unit, discounted to their current value. Impairment losses are recognised when the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the profit or loss. An impairment loss may be reversed if circumstances regarding the intangible or tangible assets in question change. Impairment losses recognised on goodwill are never reversed.

Goodwill, intangible rights with indefinite useful lives and other long-term assets are tested at the level of cash generating units. In testing for impairment, the recoverable amount is the value in use.

Following the model used before, estimated cash flows determined in the test are based on the Group's strategic forecasts for the following three years confirmed by the Board of Directors and business units' management. The years following this period are estimated by the management, taking the business cycle into account. The calculations of value in use are based on a period of 10 years, as the customer relationships in the business are long-term and turnover is low. In addition, the management uses cash flow analyses of 10 years to support business decisions in connection with corporate acquisitions. The cash flow of the terminal year is normalised as an average of the forecast period. In addition to general economic factors, the main assumptions and variables used when determining cash flows are the forecast growth of advertising sales in different market segments, the unit-specific average cost of capital (discount rate) and estimated growth of newspaper content sales. The growth rate assumptions for advertising sales vary in different market segments and in different product categories. When evaluating growth, past events in the Group and the impact of business cycles are taken into account.

The Group's business, advertising sales in particular, is very dependent on business cycles. A significant portion of the Group's revenue is generated from advertising sales. Advertising sales correlates significantly with changes in the gross national product, and changes in advertising sales are largely intensified at cyclical turns. Investments in advertising have been particularly low in Finland in relation to the level of GDP in 2010-2017, even in international comparison. Alma Media estimates that the gross national product will start growing in the domestic market. The growth assumptions for revenue and costs used in the value in use calculations are presented in the table below.

According to its strategy, the Group has invested in the development of digital products and services. Digital services account for approximately 43% of the Group's revenue. In digital services, the realised changes are larger and the future growth assumptions higher than in average advertising investments. With regard to the printing business, moderate revenue growth assumptions have been used in impairment testing.

The discount rate used in impairment testing has been determined using geographical (country) and business-specific weighted average cost of capital (WACC) separately for both publishing & newspapers and online business segments. The discount rate is determined net of taxes. The WACC consists of the required return on equity and the required return on debt after corporate taxes (net of taxes as adjusted for final presentation purposes). Following capital market theory, the generally accepted method of estimating the cost of equity is the Capital Asset Pricing Model (CAPM). Following the CAPM, the rate of return on equity can be constructed from the risk free interest rate and a risk premium. Elements of WACC/CAPM have been determined for impairment testing by an independent third party analyst.

The WACC accounting principle was updated in 2017. Previously, WACC was calculated separately for the publishing and online businesses. Due to the growing share of digital services even in the traditional media business, the WACCs were combined into one media business WACC. The comparison group used on the basis of the WACC calculation was also expanded and updated to be more appropriate for media business operations. Due to this change, the WACC of the online business has decreased and the WACC of the publishing business has correspondingly increased. In our view, there are no longer any major differences between the businesses with regard to risk.

Changes from 2016

The recruitment business of the Alma Markets segment has been combined into one unit for testing. This entity comprises Monster FI, Recruitment Czech Republic, Profesia, TAU Online and CV Online, which were previously tested separately. The unit is managed uniformly and significant joint development work is carried out at the product and service level. Newly developed services are increasingly often uniformly adopted in the different countries of operation for the recruitment business.

In the Alma Talent segment, the tested units were changed so that the units that generate cash flow were defined on a country level as Talent Finland and Talent Sweden. Talent Finland consists of the following, previously separately tested units: Alma Talent Media Finland, Pro + events, Suoramarkkinointi Mega and Kauppalehti Information Services. Alma Talent Sweden comprises Alma Talent Sweden and Objektvision. At the country level, the units are managed in a uniform manner. In addition, the products and services have many shared process and system solutions at the country level. At Talent Finland, major integration efforts have been made over the last two years in order to harmonise the services and related processes. In Sweden, the operations of Objektivision and Media Sweden have been combined under a joint organisation.

No changes were made to the Alma News & Life segment's tested units.

The business operations tested in the Alma Regions segment are combined so that the testing applies to the entire Regions business entity as one testing, cash generating unit. The operations are managed as a single integrated process. The joint operations account for a particularly significant part of the cost structure of a product/service. For this reason, changes have been made from the previous year. Previously, each region constituted its own business unit for testing.

Alma Media Corporation deemed a property at Patamäenkatu 7 in Tampere. The property is Aamulehti's old office and printing facility, and it is currently fully rented out. The value of the property will be reviewed as part of the regular impairment testing process (Note on investment properties 2.3).

DISCOUNT RATES USED IN IMPAIRMENT TESTING

Financial year 2017		Revenue growth assumption, %	Cost growth assumption, %	WACC before taxes, %	Business operations
Alma Markets					
Mediapartners	Finland	2.7	2.4	8.5	Online
Recruitment business	Finland, Czech Republic, Baltic countries, Slovakia	5.7	4.1	10.3	Online
Alma Talent					
Alma Talent Finland	Finland	1.3	1.1	8.6	Publishing, Online, Service
Alma Talent Sweden	Sweden	0.2	1.4	8.5	Publishing, Online, Service
Alma News & Life	Finland	0.3	1.0	8.7	Publishing, Online
Alma Regions	Finland	-0.5	0.1	8.7	Publishing

Financial year 2016		Revenue growth assumption, %	Cost growth assumption, %	WACC before taxes, %	Business operations
Alma Markets					
Mediapartners	Finland	2.8	2.9	11.1	Online
Recruitment business	Finland, Czech Republic, Baltic countries, Slovakia	4.1	3.7	12.2	Online
Alma Talent					
Alma Talent Finland	Finland	0.6	0.7	9.3	Publishing, Online, Service
Alma Talent Sweden	Swedeni	1.0	0.9	9.3	Publishing, Online, Service
Alma News & Life	Finland	0.5	0.3	9.6	
Alma Regions	Finland	0.6	0.5	8.2	Publishing

Impairment losses and their allocation

During the past financial year, the Group recognised MEUR 4.0 in impairment losses on goodwill. The impairment loss is recognised on investment properties. In the management's view, there are no indications of impairment with regard to the other units of Alma Media Group.

In the previous financial year, the Group recognised MEUR 3.0 in impairment losses on goodwill. Of this impairment loss, MEUR 2.0 was allocated to the goodwill of Alma Lapland, and MEUR 1.0 is allocated to the goodwill of Alma Talent Sweden. Alma Lapland was reported under the Alma Regions segment. After the recognition of the impairment loss, asset items of MEUR 0.3 were allocated to Alma Lapland. Alma Talent Sweden was reported as part of the Alma Talent segment. After the recognition of the impairment loss, asset items of MEUR 10.0 were allocated to Alma Talent Sweden.

Sensitivity analyses of impairment testing

Goodwill allocated to new business areas, as well as goodwill arising from recent acquisitions, is more sensitive to impairment testing and therefore more likely to be subject to impairment loss when the above main assumptions change.

In connection with the sensitivity analysis, the impact of an increase in the discount rate (at most 3%), a decrease in advertising sales (at most 6%) and a decrease in content sales (at most 3%) on estimated cash flows has been estimated. The sensitivity analysis of advertising sales and content sales is based on the management view of the future development on the balance sheet date.

The aggregate book values of the Alma Markets segment were approximately 19% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use varied between 44% and 52%. Based on the analysis carried out by the management, the net present value (NPV) of future cash flows has risen by a total of MEUR 91.7 compared to 2016. This is based on the improved profitability of business operations in 2017. The development of profitability is expected to continue in the coming years. The book value of the assets of the Alma Markets segment on the reporting date was MEUR 68.9. Based on the sensitivity analysis performed, the Alma Markets business does not include a significant risk of future impairment.

The aggregate book values of the Alma Talent segment were approximately 46% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use was 48% in the calculations. Based on the analysis carried out by the management, the net present value (NPV) of future cash flows has risen by a total of MEUR 13.9 compared to 2016. The increase is attributable to improved profitability especially in Talent Finland, where cost adoption measures were implemented in 2016. On the basis of the sensitivity analysis, Alma Talent segment's business is subject to an impairment risk of MEUR 0.5 if advertising sales decline permanently by 6%.

The aggregate book values of the Alma News & Life segment were approximately 22% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use was 47% in the calculations. Based on the analysis carried out by the management, the net present value (NPV) of future cash flows has in practice remained unchanged from the previous year (change MEUR +0.6). Profitability has remained at the same level in 2017 as in previous years, as the growth of digital advertising sales has offset the decline in print media. The growth in digital business and, correspondingly, the declining single-copy sales of the print edition have the greatest impact on estimates of the business unit's future cash flows. Based on the sensitivity analysis performed, the Alma News & Life business does not include a significant risk of future impairment.

The aggregate book values of the Alma Regions segment were approximately 44% of the current value of the estimated recoverable amount at the time of testing. The impact of the terminal on the value in use is 47%. Based on the analysis carried out by the management, the estimated net present value (NPV) of future cash flows has declined by a total of MEUR 15.7 compared to 2016. Profitability remained on a par with 2016 mainly due to cost savings achieved through restructuring and efficiency improvement measures. The reduced net present value is due to lower expectations for profit development in the coming years. The development of revenue from print newspapers in the coming years remains uncertain. The internal rental cost for the Group's printing facility is included in Alma Regions' cash flow statement, which means that the Patamäentie 9 property was no longer tested separately. Based on the sensitivity analysis performed, the Alma Regions business does not include a significant risk of future impairment.

The cash flow based statement on the investment property is based on a forecast of the 2018 rent and maintenance expense. The electricity savings obtained from the ventilation equipment renovation has been taken into account for 2019. In investments, account has been taken of the ventilation equipment renovation for 2018 and the basic renovation investments estimated for 2019–2020. The DCF calculation results in a fair value of MEUR 10.5. If the measurement is assessed through net profit in one year (2018), the fair value of MEUR 10.5 corresponds to a return requirement of approx. 8.5%, taking into account the renovation investment needs. Based on the sensitivity analysis, an impairment of MEUR 4 is allocated to the investment property.

The balance sheet value of associated companies is assessed in relation to the cash flow obtained from the companies (dividend income), in comparison to their net asset value, or through other assessment of the company's profit performance with respect to future cash flow estimates. Based on the analysis, no need for impairment of associated company shares was indicated.

RISK OF IMPAIRMENT ACCORDING TO THE SENSITIVITY ANALYSIS WHEN THE ASSUMPTIONS CHANGE

			Permanent decrease in media sales
MEUR	2%	4%	6%
Alma Talent			
Alma Talent Sweden			0.5

Of the results of the sensitivity analysis, the table presents the risk of impairment if a permanent decrease in sales takes place in deviation from the management's assumptions.

The table presents the effect of a reasonably possible change of the most significant individual input data on the fair value of the property.

MEUR	Underutilisation of the property increase/decrease of 1% point	Property maintenance costs increase/decrease of 1% point	Return requirement increase/decrease of 1% point
Office and production buildings	0.3	0.1	1.3

2.2 Property, plant and equipment

Property, plant and equipment are measured at cost less depreciation, amortisation and impairment losses. The acquisition cost includes the costs arising directly from the acquisition of a tangible asset. In the event that a tangible asset comprises several components with different useful lives, each component will be recognised as a separate asset.

Straight line depreciation is entered on the assets over their estimated useful lives. Depreciation is not entered on land. The estimated useful lives are:

Buildings	30–40 years
Structures	5 years
Machinery and equipment	3–15 years
Large rotation printing presses	20 years

The residual value and useful life of an asset are reviewed, at a minimum, at the end of each financial period and adjusted, where necessary, to reflect the changes in their expected useful lives.

When an item of property, plant and equipment is replaced, the costs related to this new item are capitalised. The same procedure is applied in the case of major inspection or service operations. Other costs arising later are capitalised only when they give the company added economic benefit from the asset. All other expenses, such as normal service and repair procedures, are entered as an expense in the profit or loss as they arise.

Gains and losses arising from the decommissioning and sale of tangible assets are recognised through profit and loss under other operating income and expenses. The gains or losses on sale are defined as the difference between the selling price and the remaining acquisition cost.

MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2017						
Acquisition cost 1 Jan	0.8	34.9	61.0	1.9	0.3	98.9
Increases		0.0	1.3	0.2	0.9	2.4
Business combinations			0.0			
Decreases	-0.1	-1.2	-2.2	0.0	-0.1	-3.5
Exchange differences		0.0	0.1	0.0	0.0	0.1
Transfers between items		0.1	0.9	0.1	-1.1	0.0
Acquisition cost 31 Dec	**0.7**	**33.9**	**61.1**	**2.1**	**0.1**	**97.9**
Accumulated depreciation, amortisation and impairments 1 Jan		12.5	20.9	0.7		34.1
Accumulated depreciation in decreases		-0.6	-2.1	0.0		-2.7
Depreciation for the financial year		1.4	5.0	0.3		6.6
Impairment, total			0.0	0.0		0.0
Exchange differences		0.0	0.1	0.0		0.1
Accumulated depreciation, amortisation and impairments 31 Dec		**13.3**	**23.7**	**1.0**		**38.0**
Book value 1 Jan	0.8	22.4	40.1	1.2	0.3	64.8
Book value 31 Dec	**0.7**	**20.5**	**37.4**	**1.2**	**0.1**	**59.8**
Balance sheet value of machinery and equipment 31 Dec			37.1			

MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2016						
Acquisition cost 1 Jan	0.8	35.1	61.7	2.6	0.0	100.2
Increases		0.0	0.7	0.1	0.5	1.3
Decreases		-0.2	-1.5	-0.8		-2.5
Exchange differences		0.0	0.0	0.0	0.0	0.0
Transfers between items		0.0	0.2	0.0	-0.2	0.0
Acquisition cost 31 Dec	**0.8**	**34.9**	**61.0**	**1.9**	**0.3**	**98.9**
Accumulated depreciation, amortisation and impairments 1 Jan		11.2	17.3	1.2		29.6
Accumulated depreciation in decreases		0.0	-1.8	-0.8		-2.6
Depreciation for the financial year		1.4	5.4	0.3		7.1
Impairment, total		0.0	0.0	0.0		
Exchange differences						
Accumulated depreciation, amortisation and impairments 31 Dec		**12.5**	**20.9**	**0.7**		**34.1**
Book value 1 Jan	0.8	23.9	44.3	1.4	0.0	70.5
Book value 31 Dec	**0.8**	**22.4**	**40.1**	**1.2**	**0.3**	**64.8**
Balance sheet value of machinery and equipment 31 Dec.			39.8			

Property, plant and equipment include assets purchased through finance leases as follows.

MEUR	Buildings	Machinery and equipment	Total
Financial year 2017			
Acquisition cost 1 Jan	24.1	53.5	77.6
Increases		0.8	0.8
Acquisition cost 31 Dec	**24.1**	**54.3**	**78.4**
Accumulated depreciation 1 Jan	4.7	16.3	21.0
Depreciation for the financial year	1.2	4.2	5.4
Accumulated depreciation 31 Dec	**5.9**	**20.5**	**26.4**
Book value 31 Dec	**18.2**	**33.8**	**51.9**
Financial year 2016			
Acquisition cost 1 Jan	24.1	54.2	78.3
Increases		0.5	0.5
Decreases		-1.2	-1.2
Acquisition cost 31 Dec	**24.1**	**53.5**	**77.6**
Accumulated depreciation 1 Jan	3.5	12.8	16.4
Accumulated depreciation in decreases		-1.2	-1.2
Depreciation for the financial year, total	1.2	4.6	5.8
Accumulated depreciation 31 Dec	**4.7**	**16.3**	**21.0**
Book value 31 Dec	**19.4**	**37.2**	**56.6**

2.3. Investment properties

ⓘ Investment properties are properties held by the Group in order to gain rental income or an increase in the value of assets or both. Investment properties are measured on the balance sheet at the original acquisition cost less depreciation, amortisation and impairment losses. Transaction costs, such as asset transfer tax and professional fees, are included in the original estimate.

The buildings of investment properties are amortised on a straight-line basis over their useful lives, 30–40 years. Land areas included in properties are not amortised.

An investment property is derecognised when it is transferred or permanently removed from use.

Media used the interruption option included in the rental agreement for the office and production facility in its use and redeemed the property from DNB Bank ASA on Patamäenkatu 7 in Tampere.

The property is Aamulehti's old office and printing facility, and it is currently fully rented out. The lease ratio of the property is currently 90 per cent. The gross leasable area of the property is 18,500 sqm.

The property is classified as an investment property according to the IAS 40 standard on Investment Property, and Alma Media will apply to the investment property the acquisition cost model in which the property is valued according to the acquisition cost less depreciation, which is based on the property's financial useful life.

The value of the property presented in the notes to the financial statements will be tested as part of Alma Media Group's regular impairment testing process (Note 2.1).

Changes in investment properties during the year are presented in the table below.

MEUR	Land and water areas	Office buildings	Production buildings	Total
Financial year 2017				
Acquisition cost 1 Jan				
Increases	0.3	3.0	11.4	14.8
Acquisition cost 31 Dec	**0.3**	**3.0**	**11.4**	**14.8**
Accumulated depreciation, amortisation and impairments 1 Jan				
Depreciation for the financial year		0.0	0.5	0.5
Impairment, total			4.0	4.0
Accumulated depreciation, amortisation and impair-ments 31 Dec		**0.0**	**4.5**	**4.5**
Book value 1 Jan				
Book value 31 Dec	**0.3**	**3.0**	**6.9**	**10.2**
Book value 31 Dec				**10.2**

An external valuer has not been used to determine the fair value of the property. Rental income amounting to EUR 548,000 and direct maintenance costs of EUR 20,106 were recognised for investment properties on 31 December 2017.

3. Capital structure and financial expenses

3.1 Financial income and expenses

FINANCIAL INCOME PRESENTED BY CATEGORIES

MEUR	2017	2016
Interest income on held to maturity investments	0.1	0.2
Foreign exchange gains (loans and receivables)	0.2	
Fair value gain on items recognised at fair value through profit or loss		
Change in the fair value of contingent consideration liabilities		0.1
Change in the fair value of interest rate and foreign currency derivatives		
Dividend income from available-for-sale financial assets	0.2	0.2
Total	**0.6**	**0.4**

FINANCIAL EXPENSES PRESENTED BY CATEGORIES

MEUR	2017	2016
Interest expenses from interest-bearing debts measured at amortised cost	0.3	0.8
Interest expenses from finance leases measured at amortised cost	1.4	1.5
Foreign exchange losses (loans and receivables)		0.3
Value changes in items recognised at fair value through profit or loss		
Change in the fair value of interest rate and foreign currency derivatives		0.0
Other financial expenses	0.2	0.3
Total	**1.8**	**2.8**

3.2 Financial assets

ⓘ The Group's financial assets have been classified into the following categories as required by IAS 39: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables as well as available-for-sale financial assets. Financial assets are classified according to their purpose when acquired and at the time of acquisition. Financial assets at fair value through profit or loss are contingent considerations from the sales of the business operations and derivatives. Contingent considerations arise in sales of business operations. The company employs derivative instruments to hedge against changes in paper and electricity prices and interest rate derivatives to hedge against changes in interest rates of financial liabilities. Contingent considerations and derivatives are measured at fair value as they arise and remeasured on the balance sheet date. Changes in fair value of the contingent considerations are recognised in the profit or loss. Changes in fair value of paper derivatives are recognised under Material Purchases and of electricity derivatives under Other Operating Costs in the profit or loss. Changes in fair value of interest rate derivatives are recognised in the profit or loss. Matured derivatives are recognised in the profit or loss in the period during which they mature.

The evaluation of contingent considerations and liabilities is based on the discounted values of future cash flows. The evaluation is conducted on each reporting date based on the terms of consideration agreements. Management estimates the realisation of terms on each reporting date and the fair value is recognised as discounted values of capitalised cash flows.

Loans and Other Receivables are measured at their amortised cost. In Alma Media, this group consists of trade receivables and other receivables. The amount of uncertain receivables is estimated based on the risks associated with individual items. A debtor experiencing considerable financial difficulties, the probability of bankruptcy, the failure to make payments or a payment being delayed by more than 180 days are considered evidence of the impairment of trade receivables. Credit losses are entered as an expense in the profit or loss. Held to maturity investments are financial assets that mature on a given date and which the Group intends and is able to keep until this date. These are measured at amortised cost. Available-for-sale financial assets are measured at their fair value and the change in fair value is entered in other comprehensive income and presented under shareholders' equity. Accrued changes in fair value are transferred from shareholders' equity to profit or loss as adjustments arising from reclassification when the asset is sold or when its value has decreased to the extent that impairment loss is recognised. This category comprises financial assets that are not classified in any of the other categories. The Group also classifies investments in unquoted shares in this category, but these investments are measured at acquisition cost in the financial statements because they cannot be reliably measured at fair value.

Cash and cash equivalents consist of cash, demand and time deposits, and other short-term highly liquid investments. The transaction date is generally used when recognising financial assets. Financial assets are derecognised from the balance sheet when the Group has lost the contractual right to the cash flows or when the Group has transferred a substantial portion of the risks and income to an external party.

On the final day of each reporting period, the Group evaluates whether there is objective evidence of impairment with regard to an individual financial asset or a group of financial assets.

3.2.1 Other financial assets

MEUR	Balance sheet values 2017	Balance sheet values 2016
Non-current financial assets		
Available-for-sale financial assets		
Unquoted share investments	3.7	3.7
Loan receivables	0.3	0.7
Financial assets, total	**4.0**	**4.4**
Current financial assets		
Investments held to maturity		0.0
Commodity derivative	0.0	
Total	**0.0**	
Financial assets, total	**4.1**	**4.4**

Available-for-sale financial assets are presented in the following table.

MEUR	2017	2016
At beginning of period	3.7	3.8
Decreases	0.0	0.0
At end of period	**3.7**	**3.7**

Investments held to maturity include other current investments. They are valued at amortised cost and are included in current assets.

Available-for-sale financial assets mainly comprise unquoted investments, and they are valued at acquisition cost as the acquisition cost corresponds to their fair value.

3.2.2 Cash and cash equivalents

MEUR	2017	2016
Cash and bank accounts	20.7	23.3
Total	**20.7**	**23.3**

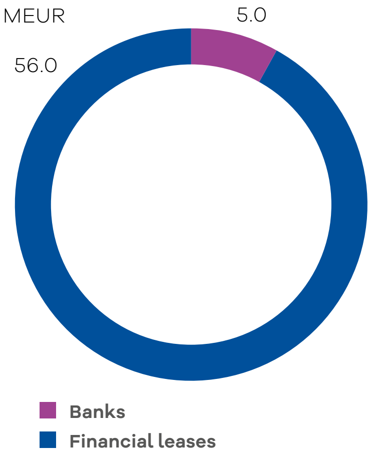
3.3 Financial liabilities

ⓘ The determination of the fair value of liabilities related to contingent considerations arising from business combinations are based on the management's estimate. The key variables in the change in fair value of contingent considerations are estimates of future operating profit. Contingent liabilities arising from acquisitions are classified as financial liabilities through profit or loss. They are recognised at fair value in the balance sheet and the change in fair value is recognised in the financial items through profit or loss.

Other financial liabilities are initially recognised in the balance sheet at fair value. Later other financial liabilities are measured at amortised cost. Financial liabilities are included in current and long-term liabilities and can be interest-bearing or non-interest bearing.

Costs arising from interest-bearing liabilities are expensed in the period in which they arise. The Group has not capitalised its borrowing costs because the Group does not incur borrowing costs on the purchase, building or manufacturing of an asset in the manner specified in IAS 23.

Funding portfolio – by type



The table describes the Group's non-current and current financial liabilities.

MEUR	2017	2016
FINANCIAL LIABILITIES		
Non-current financial liabilities		
Financial liabilities measured at amortised cost		
Non-current finance lease liabilities	51.0	55.3
Non-current loans from credit institutions	5.0	10.0
Other liabilities	0.2	0.2
Total	**56.2**	**65.5**
Current financial liabilities		
Based on amortised cost		
Finance lease liabilities	5.0	4.9
Other interest-bearing liabilities	0.0	10.2
Liabilities recognised at fair value through profit or loss		
Foreign currency derivatives	0.2	0.0
Commodity derivatives		0.0
Interest rate derivatives	0.5	0.7
Contingent consideration liabilities arising from the acquisition of business operations		0.1
Total	**5.7**	**15.9**
Financial liabilities total:	**61.9**	**81.4**

The Group's financial liabilities are denominated in euro and carry a variable interest rate. The company's main financial instruments in 2017 were non-current finance leases, current commercial papers and financial loans. The hedging of the interest rate risk is described in more detail in Note 3.8 Financial risks.

The average interest rate of the Group's financial liabilities in 2017 was 2.5% (2.7% in 2016).

RECONCILIATIN OF NET DEBT

MEUR	Cash and cash equi-valents	Finance leases within one year	Finance leases after one year	Loans within one year	Loans after one year	Total
Net debt 1 Jan 2017	23,3	4,9	55,3	10,2	10,0	57,1
Cash flows	-2,428	-5,013		-10,2	-5,0	-17,78
Acquisitions - finance lea-ses and incentives			0.8			0.8
Exchange rate adjustments	-0.1					0.1
Other non-cash changes		5,1	-5,1			
Net debt 31 December 2017	**20,7**	**5.0**	**51.0**	**0.0**	**5,0**	**40,2**
Net debt 1.1.2016	14,4	5,2	59.8	22,4	3,3	76,2
Cash flows	8,8	-5,3		-12,2	6,8	-19,6
Acquisitions - finance lea-ses and incentives			0.5			0.5
Exchange rate adjustments	0.0					0.0
Other non-cash changes		5,0	-5,0			0
Net debt 31 December 2016	**23,3**	**4,9**	**55,3**	**10,2**	**10,0**	**57,1**

The Group has categorised items recognised at fair value through profit or loss ac-cording to the following hierarchy of fair values.

MEUR	2017	2016
Level 1		
Commodity derivatives	0.0	0.0
Level 2		
Foreign currency derivative	0.2	0.0
Interest rate derivatives	0.5	0.7
Level 3		
Contingent consideration liabilities arising from the acquisition of business operations		0.1

Level 1 includes the quoted (unadjusted) prices of identical liabilities in active markets.

Level 2 instruments' fair values are, to a significant degree, based on inputs other than quoted prices included in Level 1, but nevertheless on data that can be either directly or indirectly verified for the asset or liability in question.

Level 3 includes inputs concerning liabilities that are not based on observable market data (unobservable inputs).

No transfers between the fair value hierarchy levels have taken place during the ended financial period and the previous financial period.

There are no contingent liabilities arising from acquisitions on the balance sheet on 31 December 2017. Contingent consideration liabilities arising from the acquisition of business operations on the balance sheet on 31 December 2016 were based on the companies' revenue in 2016.

The book values of financial liabilities correspond to their fair values. The table below separately describes the fair values of derivative contracts and the value of the underlying instruments.

DERIVATIVE CONTRACTS

MEUR	2017	2016
Commodity derivatives (electricity forwards)		
Fair value	0.0	0.0
Value of underlying instruments	0.3	0.3
Interest rate derivatives		
Fair value	-0.5	-0.7
Value of underlying instruments	19.4	19.4
Foreign currency derivatives		
Fair value	-0.2	0.0
Value of underlying instruments	8.0	3.1

i The fair values of forward exchange contracts are determined using the market prices for contracts of similar duration on the balance sheet date. The fair values of interest rate swaps have been deter-mined using a method based on the present value of future cash flows, supported by market interest rates and other market information on the balance sheet date. The fair values of commodity deriva-tives are determined using publicly quoted market prices. The fair values correspond to the prices the Group would pay or receive in an orderly transaction for the derivative contract in the prevailing market conditions on the balance sheet date.

The maturity distribution of financial liabilities is described in more detail in Note 3.8. Financial risks.

MATURITIES OF FINANCE LEASE LIABILITIES

MEUR	2017	2016
Finance lease liabilities – total minimum lease payments		
2017		6.3
2018	6.3	5.7
2019	5.3	5.1
2020	5.0	4.9
2021	4.9	5.0
2022	4.9	
Later	40.6	45.6
Total	**67.0**	**72.6**
Finance lease liabilities – present value of minimum lease payments		
2017		4.9
2018	5.0	3.9
2019	4.1	3.9
2020	3.8	4.0
2021	3.8	4.1
2022	3.8	
Later	35.5	39.4
Total	**56.0**	**60.2**
Financial expenses accruing in the future	**11.0**	**12.4**

3.4 Other leases

ⓘ Leases applying to tangible assets in which the Group holds a significant share of the risks and rewards incidental to their ownership are classified as finance leases. These are recognised in the balance sheet as assets and liabilities at the lower of their fair value or the present value of the required minimum lease payments at inception of the lease. Assets acquired through finance leases are depreciated over their useful life, or over the lease term, if shorter. Lease obligations are included under interest-bearing liabilities. Other leases are those in which the risks and rewards incidental to ownership remain with the lessor. When the Group is the lessee, lease payments related to other leases are allocated as expenses on a straight-line basis over the lease term. Lease payments of future periods are presented as contingent liabilities in the notes. When the Group is the lessor, lease income is entered in the profit or loss on a straight-line basis over the lease term. The Group has made purchasing agreements that include a lease component. Any such arrangements in effect are treated according to the IFRIC 4 interpretation and the arrangements are accounted for based on their actual content. The Group's current purchasing agreements that include a lease component are treated as other leases in accordance with IAS 17.

The Group as lessee
Minimum lease payments payable based on other non-cancellable leases.

MEUR	2017	2016
Within one year	9.2	9.3
Within 1-5 years	25.2	27.6
After 5 years	18.2	22.5
Total	**52.6**	**59.5**

The Group companies largely operate in leased premises. Rental agreements vary in length from 6 months to 15 years.

Purchase agreements under IFRIC 4 that contain another lease component, as described in IAS 17

MEUR	2017	2016
Minimum payments payable based on these purchase agreements	0.2	0.2

The Group as lessor
Minimum rental payments receivable based on other non-cancellable leases.

MEUR	2017	2016
Within one year	1.9	1.0
Within 1–5 years	1.3	0.2
Total	**3.2**	**1.2**

3.5 Commitments and contingencies

MEUR	2017	2016
Collateral provided on behalf of associated companies	0.9	0.9
Other commitments	1.0	1.8
Total	**2.0**	**2.7**

Purchase obligation
On 24 October 2016 Alma Media gave notice of the interruption option included in the rental agreement for the office and production facility in its use and its intention to redeem the property from DNB Bank ASA on Patamäenkatu 7 in Tampere. The property transaction, which is estimated at EUR 14.8 million, was carried out and recognised in the balance sheet on 30 October 2017. The property is classified as an investment property according to the IAS 40 standard on Investment Property, Note 2.3. In 2016, the rental commitment related to the lease agreement was presented in Rental commitments.

3.6 Pension obligations

The Group has both defined contribution pension plans and defined benefit pension plans.

The defined benefit pension plans comprise the Group's old supplementary pension plans for personnel, which have already been discontinued and closed. The benefits associated with them include both supplementary pension benefits and death benefits. The Group's defined benefit pension plans include both funded and unfunded pension plans. The unfunded pension plans are direct supplementary pension obligations, primarily for old employees who have already retired.

The new supplementary pension benefits granted by the Group are defined contribution based pension plans.

Payments made under defined contribution plans are entered in the profit or loss in the period that the payment applies to. The disability pension component of the Finnish Employees' Pension System (Tyel) handled by insurance companies was reclassified under IFRS as a defined contribution plan from the beginning of 2006. Accordingly, it is treated as a defined contribution plan in the financial statements. Defined benefit plans are all those that do not meet the criteria for a defined contribution plan. In the Group, supplementary pension obligations arising from voluntary plans are treated as defined benefit plans. In a defined benefit pension plan, the company is left with additional obligations also after the payment for the period is made.

Obligations arising from defined benefit plans are calculated for each arrangement separately using the Projected Unit Credit Method. Pension costs are recognised as expenses over the beneficiaries' period of employment in the Group based on calculations made by authorised actuaries. The discount rate used in calculating the present value of the pension obligation is based on market yields on high quality corporate bonds issued by the company and, if this data is not available, on yields of government bonds. The maturity of corporate and government bonds and corresponds to a reasonable extent with the maturity of the pension obligation. The pension plan assets measured at fair value on the balance sheet date are deducted from the present value of the pension obligation to be recognised in the balance sheet. The net liabilities (or assets) associated with the defined benefit pension plan are recorded on the balance sheet.

Service costs for the period (pension costs) and the net interest on the net liabilities associated with the defined benefit plan are recognised through profit or loss and presented under employee benefit expenses. Items (such as actuarial gains and losses and return on funded defined benefit plan assets) arising from the redefinition of the net liabilities (or assets) associated with the defined benefit plan are recognised in other comprehensive income in the period in which they arise.

PRESENT VALUE OF OBLIGATIONS AND FAIR VALUE OF ASSETS

MEUR	2017	2016
Present value of unfunded obligations	1.1	1.2
Present value of funded obligations	4.9	5.4
Fair value of assets	-4.8	-5.6
Pension liability	**1.1**	**1.0**

THE DEFINED BENEFIT PENSION OBLIGATION ON THE BALANCE SHEET IS DETERMINED AS FOLLOWS

MEUR	31 Dec 2017	31 Dec 2016
Present value of obligations at start of period	6.6	7.3
Business combinations		0.0
Service cost during period	0.0	0.0
Interest cost	0.1	0.1
Actuarial gains and losses	-0.1	0.2
Payments of defined benefit obligations	-0.6	-0.7
Restructuring of contracts		-0.3
Present value of funded obligations at end of period	**5.9**	**6.6**
Fair value of plan assets at start of period	5.6	5.7
Business combinations		0.1
Expected return on plan assets	0.1	0.1
Actuarial gains and losses	-0.3	0.3
Restructuring of contracts	0.0	-0.2
Incentive payments paid	0.2	0.2
Payments of defined benefit obligations	-0.6	-0.7
Fair value of plan assets at end of period	**4.8**	**5.6**
Defined benefit pension liabilities	**1.1**	**1.0**
Net pension liability		
Pension liability	1.1	1.2
Pension asset	0.0	0.2
Net pension liability	**1.1**	**1.0**

The plan assets are invested primarily in fixed income or share-based instruments, and they have an aggregate expected annual return of 3.0%. A more detailed specification of the plan assets is not available. The plan assets are considered to be included in the payment made to the insurance company. The assets are the insurance company's responsibility and part of the insurance company's investment assets. Accordingly, no specification of the assets can be presented.

THE DEFINED BENEFIT PENSION EXPENSE IN THE INCOME STATEMENT IS DETERMINED AS FOLLOWS

MEUR	2017	2016
Service cost during period	0.0	0.0
Restructuring of contracts		-0.2
Interest cost	0.1	0.1
Expected return on plan assets	-0.1	-0.1
Actuarial gains and losses and adjustments	0.2	-0.1
Total	**0.2**	**-0.2**

CHANGES IN LIABILITIES SHOWN ON BALANCE SHEET

MEUR	2017	2016
At beginning of period	1.0	1.5
Business combinations		-0.1
Incentive payments paid	-0.2	-0.2
Pension expense in income statement	0.0	-0.1
Comprehensive income for the period	0.2	-0.1
Defined benefit pension liabilities on the balance sheet	**1.1**	**1.0**

SPECIFICATION OF FUTURE PENSION PREMIUMS (NOT DISCOUNTED)

MEUR	Funded pension plan	Unfunded pension plan
Under 1 year	0.5	0.1
1–5 years	1.6	0.4
5–10 years	1.4	0.3
10–15 years	0.9	0.2
15–20 years	0.6	0.1
20–25 years	0.3	0.0
25–30 years	0.1	0.0
Over 30 years	0.1	0.0
Total	**5.6**	**1.2**

A similar investment is expected to be made in the plan in 2018 as in 2017.

SENSITIVITY ANALYSIS OF THE FUNDED PENSION PLAN

MEUR	Present value of pension obligation, EUR 1,000	Change in present value of pension obligation, %
Change of +0.5%-p in the discount rate	4.7	-4.1
Change of +0.5%-p in the salary increase assumption	4.9	0.2
Change of +0.5%-p in the pension increase rate	5.0	3.4

SENSITIVITY ANALYSIS OF THE UNFUNDED PENSION PLAN

MEUR	Present value of pension obligation, EUR 1,000	Change in present value of pension obligation, %
Change of +0.5%-p in the discount rate	1.0	-3.2
Change of +0.5%-p in the pension increase rate	1.1	2.9

The sensitivity analysis uses the same methods as the calculation of the pension obligation. Sensitivity is calculated for changes in the discount rate, the salary increase assumption, pension increases and the insurance company's bonus index. Sensitivity has been calculated by changing one parameter at a time.

ACTUARIAL ASSUMPTIONS USED

%	2017	2016
Discount rate	1.5	1.0
Future salary increase assumption	2.7	2.3
Inflation assumption	1.5	1.1
Future increase in pension benefit	1.8	1.4

Defined benefit plans expose the Group to several different risks, the most significant of which are the following:

ASSET VOLATILITY
The calculation of the liabilities arising from the plans uses a discount rate based on the yield of bonds issued by the company. If the yield on the assets used for the plan is lower than this level, there will be a deficit.

INFLATION RISK
Some of the benefit obligations under the plans are tied to inflation, and higher inflation will lead to higher liabilities (although a ceiling for inflation adjustments has been set in most cases to protect the plan from unusually high inflation).

LIFE EXPECTANCY
As the majority of the obligations under the plans are related to providing lifelong benefits to the members, the expected increase in life expectancy will result in higher obligations under the plans.

3.7 Working capital

3.7.1 Inventories

Inventories are materials and supplies, work in progress and finished goods. Fixed overhead costs are capitalised to inventories in manufacturing. Inventories are measured at the lower of their acquisition cost or net realisable value. The net realisable value is the sales price expected to be received on them in the normal course of business less the estimated costs necessary to bring the product to completion and the costs of selling. The acquisition cost is defined by the FIFO (first-in-first-out) method. Within Alma Media, inventories mainly comprise the production materials used for newspaper printing and the products sold by the book business.

MEUR	2017	2016
Materials and supplies	1.7	1.6
Finished products	0.7	0.7
Total	**2.4**	**2.3**

3.7.2 Trade and other receivables

MEUR	2017	2016
Trade receivables	37.0	31.1
Receivables from associated companies	0.0	0.0
Total	37.0	31.2
Receivables from others		
Prepaid expenses and accrued income	4.6	4.0
Other receivables	3.3	1.9
Total	**7.9**	**6.0**
Receivables, total	**44.9**	**37.1**

MEUR	2017	2016
The maturity analysis of trade receivables is as follows:		
Receivables not yet due and receivables overdue by 1-4 days	30.8	27.6
Overdue by 5–30 days	4.6	1.9
Overdue by 31–120 days	1.2	1.1
Overdue by more than 120 days	0.5	0.5
Total	**37.0**	**31.2**

All trade receivables overdue by more than 180 days are recognised as expenses via a provision for bad debts. A provision for bad debts of MEUR 0.4 (0.5) is included in receivables in 2017. In the 2017 financial year, credit losses of MEUR 0.5 were recognised in the Group (in 2016 MEUR 0.5). The credit losses totalled 0.1% of revenue in 2017 (0.1% in 2016).

The book values of trade receivables, other current and non-current receivables and other current investments are estimated to correspond to fair values. The impact of discounting is not significant.

3.7.3 Trade payables and other liabilities

The book values of trade payables and other liabilities are estimated to correspond with their fair values. The impact of discounting is not significant taking the maturity of the liabilities into account.

The main items in accrued expenses and prepaid income are allocated wages, salaries and other employee expenses.

MEUR	2017	2016
Trade payables	8.1	8.1
Owed to associated companies		
Trade payables	0.1	0.9
Accrued expenses and prepaid income	51.0	48.0
Other liabilities	10.8	8.4
Total	**70.1**	**65.4**

3.8 Financial risks

Financial risk management is part of the Group's risk management policy. The risk management strategy and plan, the control limits imposed and the course of action are reviewed annually. The Group has a risk management organisation tasked with identifying the risks threatening the company's business, assess and update them, develop the necessary risk management methods and regularly report on the risks.

Alma Media categorises its financial risks as follows:

INTEREST RATE RISK

The interest rate risk describes how changes in interest rates and maturities related to various interest-bearing business transactions and balance sheet items could affect the Group's financial position and net result. The impact of the interest rate risk on net result can be reduced using interest rate swaps, interest forwards and futures and interest or foreign exchange options. On the balance sheet date the Group had open interest rate swaps, which are described in more detail in Note 3.3.

The Group's interest-bearing debt totalled MEUR 61 (80.4) on 31 December 2017. Interest-bearing debt comprises loans from financial institutions, commercial papers and finance lease liabilities. The interest-bearing liabilities are linked to variable interest rate debt instruments. Taking the interest rate swaps into account, the average period of interest linkage of the Group's financial portfolio at the end of 2017 was 2.8 years and the hedging rate 32%. An increase of one percentage point in the interest rate would increase the Group's finance expenses by MEUR 0.4.

FOREIGN EXCHANGE RISK

Transaction risk

The transaction risk describes the impact of changes in foreign exchange rates on sales, purchases and balance sheet items denominated in foreign currencies Alma Media's most significant currencies in addition to the euro are the Czech koruna and the Swedish krona. The impact of changes in exchange rates on net result in the most important currencies of the Group can be reduced by the following measures:

- Cash flows in the same currency are netted through a common foreign currency account whenever the cost/benefit ratio is significant known,
- Continuous and significant foreign currency cash flow is hedged. The Czech koruna is hedged at approximately 30–50% of the cash flow accrued during the next two years.

Translation risk
A foreign exchange risk that arises from the translation of foreign investments into the functional currency of the parent company, the euro. The risk associated with translating long-term net investments in foreign currencies is assessed on a regular basis. Should there be a clear and permanent risk of a currency devaluating, Group management may decide to hedge the company's foreign currency exposure.

The Group's open foreign currency derivatives on the balance sheet date are described in Note 3.3.

Commodity risk
The commodity risk refers to the impact of changes in the prices of commodities, such as raw materials, on the Group's net result. The Group regularly assesses its commodity risk exposure and hedges this risk employing generally used commodity derivatives whenever this is possible and economically viable.

The Group has hedged its electricity purchases as follows: the price level of electricity purchases for the following 12 months are hedged at 70–100%, and the price level of electricity purchases for the following 12–24 months is hedged at 35–85%. Electricity prices for the following 25–36 months are hedged at 0–40%. The Group had open electricity forwards on the balance sheet date. The values of these open electricity forwards are described in more detail in Note 3.3.

CAPITAL MANAGEMENT RISKS

Liquidity management
Alma Media has two MEUR 15 financing limits at its disposal, both of which were unused on 31 December 2017. In addition, Alma Media ensures its liquidity by issuing its own commercial papers if required via brokers, and hedges over-liquidity according to its treasury policy. Liquidity is assessed daily and liquidity forecasts are made at weekly, monthly and 12-month rolling intervals.

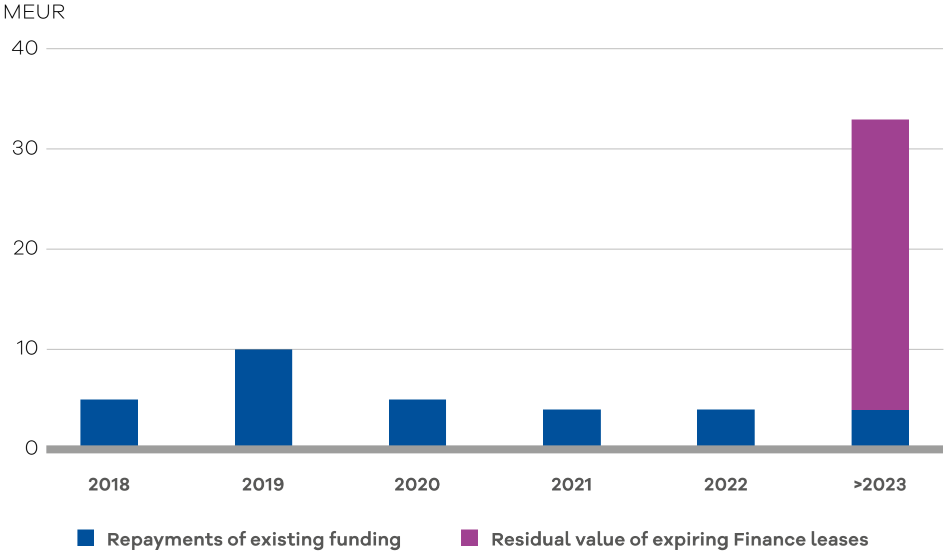
On the balance sheet date, the company had a commercial paper programme of MEUR 100 in Finland. Within the programme, the company may issue commercial papers to a total value of MEUR 0–100. No commercial papers were in circulation on the balance sheet date 31 December 2017. In addition to the commercial paper programme, the company may use the existing financing limit agreements for financing the need for working capital.

Long-term capital funding
To secure its long-term financing needs, Alma Media uses capital market instruments, leasing or other financial arrangements.

The table describes the maturity distribution of the Group's interest-bearing debts.

MEUR	Balance sheet value	Cash flow statement	0–6 months	6 months – 1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	5.0	5.0			5.0		
Finance lease liabilities	56.0	67.0	3.1	3.1	10.3	9.8	40.6
Foreign currency derivates	0.2	0.2		0.1	0.1		
Interest rate derivates	0.5	0.5		0.1	0.1	0.2	
Total	**61.7**	**72.7**	**3.1**	**3.3**	**15.6**	**10.0**	**40.6**

Maturity structure of outstanding debt



CREDIT RISK
The Group's credit policy is described and documented in the Group credit management policy. The Group does not have significant risks of past due receivables, because it has a large customer base and no individual customer will comprise a significant amount. During the financial period, impairment losses of MEUR 0.5 were recognised through profit or loss. These impairment losses were caused by an unexpected change in customers' economic environment. The maturity structure of trade receivables is presented in Note 3.7.2 Trade and other receivables.

CAPITAL MANAGEMENT

The aim of the Group's capital management is to support business operations through an optimal capital structure and to secure normal business preconditions. The capital structure is influenced through dividend distribution, for example. The development of the Group's capital structure is continuously monitored with gearing and equity ratio key figures. The company's financing agreements contain covenants concerning the company's equity ratio and the ratio of net debt to EBITDA. The following describes the values of these key figures in 2017 and 2016.

MEUR	2017	2016
Interest-bearing long-term debt	56.0	65.3
Interest-bearing short-term debt	5.0	15.0
Cash and cash equivalents	20.7	23.3
Interest-bearing net debt	40.2	57.1
Total equity	158.3	138.0
Gearing, %	25.4%	41.4%
Equity ratio, %	50.9%	45.7%

3.9 Information on shareholders' equity and its management

The Group classifies the instruments it has issued in either equity or liabilities (financial liabilities) based on their nature. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Expenses related to the issuance or acquisition of equity instruments are presented as a deduction from equity. If the Group acquires equity instruments of its own, their acquisition cost is deducted from equity.

The following describes information on Alma Media Corporation's shares and changes in 2017.

	Total number of shares	Share capital, MEUR	Share premium fund, MEUR	Invested non-restricted equity fund, MEUR
1 Jan 2017	82,383,182	45.3	7.7	19.1
31 Dec 2017	**82,383,182**	**45.3**	**7.7**	**19.1**

The company has one share series and all shares confer the same voting rights, one vote per share. The shares have no nominal value.

BOOK-ENTRY SECURITIES SYSTEM

The company's shares belong to the book-entry system. Only such shareholders have the right to receive distributable funds from the company, and to subscribe to shares in conjunction with an increase in the share capital, 1) who are listed as shareholders in the shareholders' register on the record date; or 2) whose right to receive payment is recorded in the book-entry account of a shareholder listed in the shareholders' register on the record date, and this right is entered in the shareholders' register; or 3) whose shares, in the case of registered shares, are registered in their book-entry account on the record date, and as required by section 28 of the Act on the Book-Entry System, the respective manager of the shares is listed on the record date in the shareholders' register as the manager of said shares. Shareholders whose ownership is registered in the waiting list on the record date have the right to receive distributable funds from the company, and the right to subscribe to shares in conjunction with an increase in the share capital, provided they are able to furnish evidence of ownership on the record date.

Own shares

The company began purchasing its own shares on 22 February 2017 and, by 30 September 2017, the company had acquired 227,272 shares, representing approximately 0.3 per cent of all Alma Media shares. The shares were acquired for the purpose of implementing the company's share-based incentive programme.

The company's own shares were acquired using the company's non-restricted shareholders' equity at the market price valid at the time of purchase of the shares through trading in a regulated market arranged by Nasdaq Helsinki Ltd, and the shares were purchased otherwise than in proportion to shareholders' current holdings. The shares were acquired and paid for according to the rules and instructions of Nasdaq Helsinki Ltd and Euroclear Finland Ltd.

Alma Media Corporation conveyed a total of 67,272 treasury shares without consideration and according to the plan terms to the key management participating in the Fixed Matching Share Plan LTI 2015 I of the company's Long-Term Incentive Programme launched in 2015.

The directed share issue was based on an authorisation given by the Annual General Meeting held on 22 March 2017. Following the disposal of shares, the company holds 160,000 treasury shares.

Translation differences

The translation differences fund comprises the exchange rate differences arising from the translation into euros of the financial statements of the independent foreign units.

Share premium reserve
In cases in which stock options have been decided during the time the previous Finnish Limited Liability Companies Act (29.9.1978/734) was in force, payments received for share subscriptions based on stock options have been recognised in share capital and the share premium reserve in accordance with the terms of the respective option programmes, less transaction costs.

Distributable funds
The distributable funds of the Group's parent company totalled EUR 134,532,841 on 31 December 2017.

Dividend policy
On 25 November 2013, Alma Media published its long-term financial objectives. According to the targets, the company aims to pay on average more than 50% of the profit for the period in dividends or capital repayments over the long term.

Redemption of shares
A shareholder whose proportional holding of all company shares, or whose proportional entitlement to votes conferred by the company shares, either individually or jointly with other shareholders, is or exceeds 33.3% or 50% is obligated on demand by other shareholders to redeem such shareholders' shares.

3.9.1 Earnings per share
Basic earnings per share are calculated by dividing the profit for the period attributable to the ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the parent by the weighted average number of diluted shares during the period.

MEUR	2017	2016
Profit attributable to ordinary shareholders of parent	32.2	16.9
Number of shares (1,000 pcs)		
Weighted average number of shares for basic earnings per share	82,223	82,383
Impact of dilution, stock options	160	
Diluted weighted average number of outstanding shares	82,383	82,383
EPS, basic, EUR	0.39	0.20
Earnings per share (diluted)	0.39	0.20

4. Consolidation

4.1 General principles of consolidation

ⓘ All subsidiaries are consolidated in the consolidated financial statements. Subsidiaries are companies in which the Group has a controlling interest. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The accounting principles applied in the subsidiaries have been brought into line with the IFRS principles applied in the consolidated financial statements. Mutual holdings are eliminated using the purchase method. Purchase consideration and the individualised assets and liabilities of the acquired entity are recognised at their fair value on the acquisition date. The costs related to the acquisition, with the exception of costs arising from the issue of equity or debt securities, are recorded as expenses. Additional purchase cost, if applicable, is recognised at fair value on the acquisition date and classified as a liability through profit or loss. Additional purchase cost classified as a liability is measured through profit or loss at fair value on the last day of each reporting period.

4.2 Subsidiaries

The Group's parent and subsidiary relationships are as follows.

		Holding, %		Share of votes, %	
Company	Country	2017	2016	2017	2016
Emoyritys Alma Media Oyj	Finland				
Alma Career Oy	Finland	83.3	83.30	83.30	83.30
Alma Manu Oy	Finland	100.0	100.0	100.0	100.00
Alma Media Kustannus Oy	Finland	100.0	100.0	100.0	100.00
Alma Media Suomi Oy	Finland	100.0	100.0	100.0	100.00
Alma Mediapartners Oy	Finland	65.0	65.0	65.0	65.00
Alma Talent AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Desk AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Ekonomi AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Juridik AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Media AB	Sweden	100.0	100.0	100.0	100.00
Alma Talent Oy	Finland	100.0	100.0	100.0	100.00
Alma Talent Teknik AB	Sweden	100.0	100.0	100.0	100.00
CV-Online Estonia OÜ	Estonia	83.3	83.3	83.3	83.34

Company	Country	Holding, % 2017	2016	Share of votes, % 2017	2016
Dagens Media Sverige AB	Sweden	100.0	100.0	100.0	100.00
Edlegio AB	Sweden	70.0	70.0	70.0	70.00
Events Sweden AB	Sweden	100.0	100.0	100.0	100.00
FYI Events Denmark ApS	Denmark	100.0	100.0	100.0	100.00
Karenstock Oy	Finland	100.0	100.0	100.0	100.00
Kiinteistö Oy Tampereen Patamäenkatu 7	Finland	100.0		100.0	
Kotikokki.net Oy	Finland	65.0	65.0	65.0	65.00
LMC s.r.o	Czech Republic	83.3	83.3	83.3	83.34
Monster Worldwide CZ s.r.o.	Czech Republic	83.3	83.3	83.3	83.34
Monster Magyarorszag Kft	Hungary	83.3	83.3	83.3	83.34
Monster Worldwide Polska SP. Z.o.o.	Poland	83.3	83.3	83.3	83.34
Müügimeistrite A/S	Estonia	92.0	92.0	92.0	92.00
Objektvision AB	Sweden	100.0	100.0	100.0	100.00
Oy Mediuutiset AB	Finland	100.0	50.0	100.0	50.00
Profesia s.r.o	Slovakia	83.3	83.3	83.3	83.34
Profesia s.r.o	Czech Republic	83.3	83.3	83.3	83.34
Raksa ja Kotikauppa Oy (Nettikoti)	Finland	33.0	33.0	33.0	33.00
Rantapallo Oy	Finland	79.0	79.0	79.0	79.00
SIA CV-Online Latvia	Latvia	83.3	83.3	83.3	83.34
Suoramarkkinointi Mega Oy	Finland	100.0	100.0	100.0	100.00
TAU On-line d.o.o	Croatia	83.3	83.3	83.3	83.34
Telemarket SIA	Latvia	96.0	96.0	96.0	96.00
UAB CV-Online LT	Lithuania	83.3	83.3	83.3	83.34

Subsidiaries merged with other Group companies during the financial year:					
Alma Talent Events Oy	Finland	100.00	100.00	100.00	100.00
Expose Oy	Finland	100.00	100.00	100.00	100.00
FYI Business Events Oy	Finland	100.00	100.00	100.00	100.00
Jobote s.r.o	Czech Republic	83.00	83.00	83.00	83.00
Michelsson Sales Consulting Oy	Finland	100.00	100.00	100.00	100.00
Remonttibulevardi Oy (Urakkamaailma.fi)	Finland	65.00	33.00	65.00	33.00
Talentum Business Information Group AB	Sweden	100.00	100.00	100.00	100.00
Talentum Media Oy	Finland	100.00	100.00	100.00	100.00

Itemisation of significant non-controlling interests in the Group.

Subsidiary	Country	Holding, %* 2017	2016
Alma Career Oy sub-group	Finland	16.66	16.66
Alma Mediapartners Oy sub-group	Finland	35	35

* As the non-controlling interest's share of votes and equity are equal, the information is not presented separately.

Summary of financial information on subsidiaries involving a significant non-controlling interest.

MEUR	Alma Career sub-group 2017	2016	Alma Mediapartners sub-group 2017	2016
Current assets	60.5	44.4	5.4	4.5
Non-current assets	50.0	50.2	4.6	4.6
Current liabilities	25.2	19.7	2.8	2.7
Non-current liabilities	0.2	0.2	0.0	0.2
Revenue	65.0	53.0	18.3	16.4
Expenses	-39.5	33.2	-12.6	11.7
Operating profit	22.4	15.8	5.0	4.0
Share of profit allocated to Alma Media Corporation's owners (IFRS)	13.9	8.6	2.6	2.7
Share of profit allocated to non-controlling interest (IFRS)	3.4	2.3	1.3	1.0
Dividends paid to non-controlling interest	1.3	1.1	1.0	0.7
Net cash flow from operating activities	23.5	19.3	3.4	4.2
Net cash flows from/(used in) investing activities	-0.8	-0.8	-0.8	-0.9
Financing activities	-20.9	-17.2	-2.8	-3.3

The information from the sub-group's financial statements is presented in the table below according to Finnish Accounting Standards (FAS), as the financial statements have not been prepared in accordance with IFRS.

4.3 Business combinations

ⓘ Subsidiaries acquired are consolidated from the time when the Group gains the right of control, and divested subsidiaries until the Group ceases to exercise the right of control. All intra-Group transactions, receivables, liabilities and profits are eliminated in the consolidated financial statements. The distribution of the profit for the year between the parent company owners and non-controlling interest shareholders is shown in the statement of comprehensive income. The eventual non-controlling interest in the acquired companies is measured at fair value or to the amount corresponding to the share of the non-controlling interest based on the proportionate share of the specified net assets. The measurement method is defined for each acquisition separately.

The comprehensive income is attributed to parent company shareholders and non-controlling shareholders, even if this were to lead to a negative portion being attributed to non-controlling shareholders. The amount of shareholders' equity attributable to non-controlling shareholders is shown as a separate item in the balance sheet under shareholders' equity. Changes in the parent company's holding in a subsidiary that do not lead to a loss of control are treated as equity transactions.

In conjunction with acquisitions achieved in stages, the previous holding is measured at fair value through profit or loss. When the Group loses control in a subsidiary, the remaining investment is measured at fair value through profit or loss on the date control in the subsidiary is lost, and the difference is recognised through profit or loss.

Acquisitions that took place before 1 January 2010 are recognised according to the provisions valid at the time.

Acquisitions in 2017

The Group carried out the following acquisitions in 2017.

	Business	Acquisition date	Acquired share	Group share
Alma Talent segment				
Oy Mediuutiset Ab	Publishing	30/06/2017	50%	100%

The acquisition of Remonttibulevardi Oy was treated as a change in ownership in a subsidiary, an acquisition of non-controlling interest, which did not lead to a change in control. As a result, a reduction of MEUR 0.6 was recognised in equity. Remonttibulevardi Oy was merged into Alma Mediapartners Oy on 31 October 2017.

Alma Talent

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	1.3
Fair value measurement of previous holding at the time of the acquisition	1.1
Total consideration	**2.4**

THE ASSETS AND LIABILITIES RECORDED AS A RESULT OF THE ACQUISITION

MEUR	Fair value
Tangible assets	0.0
Intangible assets	1.3
Trade and other receivables	0.7
Cash and cash equivalents	0.0
Total assets acquired	**1.9**
Other non-current liabilities	0.0
Deferred tax liabilities	0.3
Trade and other payables	0.3
Total liabilities acquired	**0.5**
Acquired identifiable net assets at fair value, total	**1.4**
Group's share of net assets	**1.4**
Goodwill	**1.0**

The fair values entered on intangible assets in consolidation relate primarily to acquired customer agreements, the brand and information systems developed in-house. Factors contributing to goodwill were the expected synergies related to these businesses.

Acquisitions in 2016

The Group carried out the following acquisitions in 2016.

	Business	Acquisition date	Holding acquired	Group share
Alma Markets segment				
Raksa ja Kotikauppa Oy	Online service	01/01/2016	51%	33.15%
Jobote s.r.o	Online service	01/01/2016	100%	83%
Remonttibulevardi Oy	Online service	02/06/2016	51%	33.15%
Alma Talent segment				
Uusi Suomi business	Online service	01/09/2016		
Alma News & Life segment				
Rantapallo Oy	Online service	01/04/2016	79%	79%

Alma Markets

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	0.7
Contingent consideration	0.3
Fair value measurement of previous holding at the time of the acquisition	0.1
Total consideration	**1.2**

THE ASSETS AND LIABILITIES RECORDED AS A RESULT OF THE ACQUISITION

MEUR	Fair value
Intangible assets	0.7
Trade and other receivables	0.1
Cash and cash equivalents	0.2
Total consideration	**0.9**

MEUR	Fair value
Other non-current liabilities	0.0
Deferred tax liabilities	0.1
Trade payables and other payables	0.1
Total liabilities acquired	**0.2**
Acquired identifiable net assets at fair value, total	**0.7**
Group's share of net assets	**0.2**
Minority interest	**0.4**
Goodwill	**0.9**

The fair values entered on intangible assets in consolidation relate primarily to acquired customer agreements, the brand and information systems developed in-house. Factors contributing to goodwill were the expected synergies related to these businesses.

Alma Talent

As the acquisition of Uusi Suomi, which is reported in the Alma Talent segment, is immaterial to the Group, no tables are presented for that acquisition. The Uusi Suomi acquisition created MEUR 0.7 in goodwill. The acquisition is reported as a related party transaction by a significant shareholder.

Alma News & Life

Rantapallo Oy

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	3.1
Fair value measurement of previous holding at the time of the acquisition	1.6
Total consideration	**4.8**

THE ASSETS AND LIABILITIES RECORDED AS A RESULT OF THE ACQUISITION

MEUR	Fair value
Tangible assets	0.0
Intangible assets	2.8
Trade and other receivables	0.3
Cash and cash equivalents	0.3
Total assets acquired	**3.4**
Deferred tax liabilities	0.5
Trade payables and other payables	0.8
Total liabilities acquired	**1.3**
Acquired identifiable net assets at fair value, total	**2.1**
Group's share of net assets	**1.7**
Minority interest	**0.4**
Goodwill	**3.1**

The fair values entered on intangible assets in consolidation relate primarily to acquired customer agreements, the brand and information systems developed in-house. Factors contributing to goodwill were the expected synergies related to these businesses.

CONSIDERATION PAID FOR ACQUISITIONS - CASH FLOW

MEUR	2017	2016
Paid cash less acquired cash		
Cash consideration	1.9	8.2
Asset transfer tax and transaction costs	0.0	0.1
Contingent considerations, effect on profit/loss		-0.1
Less acquired amounts		
Cash	0.0	0.5
Net cash flow - capital expenditure	**2.0**	**7.8**

4.4 Investments in associated companies and joint ventures

ⓘ Associated companies are those in which the Group has a significant controlling interest. A significant controlling interest arises when the Group holds 20% or more of the company's voting rights or over which the Group otherwise is able to exercise significant control. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement, whereas in a joint operation, the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. Associated companies and joint ventures are consolidated using the equity method. Investments in associated companies include any goodwill arising from their acquisition. If the Group's share of the associated company's losses exceeds the book value of the investment, this investment is entered at zero value in the balance sheet and any losses in excess of this value are not recognised unless the Group has obligations with respect to the associated companies. The Group's share of the results of its associated companies is shown as a separate item after operating profit. The Group's share of its associated companies' other changes in comprehensive income is recognised in the consolidated comprehensive income statement under other comprehensive income.

MEUR	2017	2016
Investments in associated companies and joint ventures		
At beginning of period	5.1	6.8
Acquisitions of business operations	0.3	
Decreases	-0.6	-1.4
Share of results	0.7	0.9
Dividend received	-0.8	-1.3
At end of period	**4.5**	**5.1**

Further information on associated companies

Goodwill arising from associated companies on the balance sheet on 31 December 2017 totalled MEUR 1.9 (MEUR 2.3).

Summary (100%) of associated company and joint venture totals.

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Other associated companies
The year 2017					
Current assets	4.2	0.1			4.4
Non-current assets	4.5	0.0			2.6
Current liabilities	1.1				2.3
Non-current liabilities	3.4				0.3
Revenue	10.9	0.1			0.0
Profit/loss for the period	1.0				-0.1
Other comprehensive income					
Reconciliation between associated companies' and joint ventures' financial information and the balance sheet value recognised by the Group:					
Associated company's net assets	4.2	0.1			4.8
Group's share of net assets	1.2	0.0			1.1
Goodwill	1.9				
Other adjustments	0.0				-0.1
Associated companies' balance sheet value on the consolidated balance sheet	3.4	0.0			1.1
Receivables from associated companies	0.0				
Owed to associated companies	0.0				
Dividends and capital repayments received from associated company during the period	0.2				0.1

MEUR	Alma Markets	Alma Talent	Alma News & Life	Alma Regions	Other associated companies
Year 2016					
Current assets	3.2	1.0		0.0	11.1
Non-current assets	4.0	0.0		0.3	4.9
Current liabilities	1.0	0.3		0.0	10.0
Non-current liabilities	3.4	0.0			0.1
Revenue	9.6	13.0			33.1
Profit/loss for the period	1.6	0.4		0.0	1.2
Other comprehensive income					
Reconciliation between associated companies' and joint ventures' financial information and the balance sheet value recognised by the Group:					
Associated company's net assets	2.9	0.7		0.3	6.0
Group's share of net assets	1.1	0.6		0.1	1.6
Goodwill	1.7	0.6			
Other adjustments	0.0				
Associated companies' balance sheet value on the consolidated balance sheet	2.8	0.6		0.1	1.6
Receivables from associated companies	0.0	0.0	0.0	0.0	
Owed to associated companies					
Dividends and capital repayments received from associated company during the period	0.1	0.2		0.0	0.6

Associated companies	Segment	Holding, %	Share of votes, %
Arena Interactive Oy	Alma Markets	35.0	35.0
Autojerry Oy	Alma Markets	24.1	24.1
Conseco Press	Alma Talent	40.0	40.0
Infostud 3 d.o.o.	Alma Markets	25.0	25.0
Kolektiv d.o.o.	Alma Markets	30.0	30.0
Kytöpirtti Oy	Non-allocated	43.2	43.2
Media Metrics Finland Oy	Alma Markets	25.0	25.0
Muuttomaailma Oy	Alma Markets	16.3	16.3
Oy Suomen Tietotoimisto-Finska Notisbyrån Ab	Non-allocated	24.1	24.1
Vrabotuvanje Online	Alma Markets	30.0	30.0

Sales

Alma Media sold its share of ownership of Tampereen Tietoverkko (TTV) Oy to Elisa Corporation in June 2017. Alma Media owned 35.14% of the company.

In September 2017, Alma Media's subsidiary Alma Media Kustannus Oy sold Holding Oy Vision. Alma Media owned 24.74% of the company.

Joint ventures

Oy Mediuutiset Ab, which was previously reported as a joint venture, became a subsidiary in the financial period 2017.

4.5 Related party transactions

Alma Media Group's related parties are its associated companies (see Note 4.5), the companies that they own and affiliated companies.

Related parties also include the company's management (the Board of Directors, the Presidents and the Group Executive Team). The employee benefits of management and other related party transactions between management and the company are detailed in Note 1.4.

Sales of goods and services with related party members are based on the Group's prices in force at the time of transaction.

RELATED PARTY TRANSACTIONS – ASSOCIATED COMPANIES

MEUR	2017	2016
Sales of goods and services	0.4	0.5
Purchases of goods and services	2.9	5.4
Trade, loan and other receivables	0.0	0.2
Trade payables	0.0	0.4

RELATED PARTY TRANSACTIONS – PRINCIPAL SHAREHOLDERS

MEUR	2017	2016
Sales of goods and services	0.2	0.2
Purchases of goods and services	0.0	0.0
Trade, loan and other receivables	0.0	0.0
Trade payables	0.0	0.0
Acquired businesses		1.0

RELATED PARTY TRANSACTIONS – CORPORATIONS WHERE MANAGEMENT EXERCISES INFLUENCE

MEUR	2017	2016
Sales of goods and services	0.0	0.1
Purchases of goods and services	0.0	0.1
Trade, loan and other receivables	0.0	0.0

5 Other notes

5.1 Income tax

The tax expense in the profit or loss comprises the tax based on the company's taxable income for the period together with deferred taxes. The tax based on taxable income for the period is the taxable income calculated on the applicable tax rate in each country of operation. The tax is adjusted for any tax related to previous periods.

MEUR	2017	2016
Current income tax charge	10.5	6.8
Adjustments in respect of current income tax of previous years	0.3	0.0
Deferred taxes	-1.6	-1.3
Total	**9.2**	**5.5**

RECONCILIATION OF TAX EXPENSES IN THE INCOME STATEMENT AND TAX CALCULATED ON FINNISH TAX RATE

The Finnish corporate tax rate in 2017 was 20% and in 2016 20%. In the calculation of deferred taxes, 20% has been used as the Finnish corporate tax rate in 2017.

MEUR	2017	2016
Profit before tax	45.9	25.4
Share of profit of associated companies	-0.7	-0.9
Total	**45.3**	**24.4**
Tax calculated on the parent company's tax rate	9.1	4.9
Impact of varying tax rates of foreign subsidiaries	-0.2	0.0
Tax-free income	-0.5	-0.3
Non-tax-deductible expenses	0.6	1.0
Items from previous periods		
Use of previously non-entered deferred tax assets		0.0
Unrecognised deferred tax asset from the confirmed tax losses	0.2	0.2
Recognition of previously unrecognised deferred tax assets on the balance sheet		
Other items	0.1	-0.2
Tax recognised in the income statement	**9.2**	**5.5**

Tax impacts of entries due to IAS 19 accounting principles are included in other comprehensive income.

5.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised on all temporary differences between their book and actual tax values. Deferred taxes are calculated using the tax rates enacted by the balance sheet date. However, the deferred tax liability is not recognised on the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. A deferred tax liability is recognised on non-distributed retained earnings of subsidiaries when it is likely that the tax will be paid in the foreseeable future. Deferred tax assets and liabilities are netted by the company when they relate to income tax levied by the same tax authority and when the tax authority permits the company to pay or receive a single net tax payment. Deferred taxes are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. For this purpose, the conditions for the recognition of deferred taxes are assessed on the final day of each reporting period.

CHANGES IN DEFERRED TAXES DURING 2017

MEUR	31 Dec 2016	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31 Dec 2017
Deferred tax assets					
Provisions	0.2	0.3	0.0		0.5
Pension benefits	0.2	0.0	0.0		0.2
Deferred depreciation	0.3	0.7	0.0		1.1
Other items	1.0	-0.1	0.0		0.9
Total	**1.7**	**0.9**	**0.0**		**2.6**
Taxes, net	-0.3				-0.3
Deferred tax assets on balance sheet	1.5				2.3
Deferred tax liabilities					
Accumulated depreciation differences	0.3	0.0	0.0		0.3
Business combinations	12.8	-0.8	0.1	0.3	12.4
Retained earnings of subsidiary companies	0.3	0.2			0.5
Other items	0.2	-0.1	0.0		0.1
Total	**13.6**	**-0.7**	**0.1**	**0.3**	**13.3**
Taxes, net	-0.3				-0.3
Deferred tax liabilities on balance sheet	13.3				13.0

No deferred tax asset has been calculated on the confirmed losses of Group companies in Finland, amounting to MEUR 0.1, and abroad, amounting to MEUR 6.2. Utilisation of this tax asset requires that the normal operations of such companies would generate taxable income. The losses expire in 2024 at the latest for losses other than those of Group companies in Sweden.

CHANGES IN DEFERRED TAXES DURING 2016

MEUR	31 Dec 2015	Recognised in income statement	Recognised in equity	Acquired/sold subsidiaries	31 Dec 2016
Deferred tax assets					
Provisions	0.1	0.0			0.2
Pension benefits	0.3	0.0	0.0	0.0	0.2
Deferred depreciation	0.4	-0.1	0.0		0.3
Other items	1.0	0.0			1.0
Total	**1.8**	**-0.1**	**0.0**	**0.0**	**1.7**
Taxes, net	-0.3				-0.3
Deferred tax assets on balance sheet	1.6				1.5
Deferred tax liabilities					
Accumulated depreciation differences	0.3	0.1	0.0	0.0	0.3
Business combinations	12.2	0.1	-0.1	0.6	12.8
Retained earnings of subsidiary companies	0.4	-0.1			0.3
Other items	1.6	-1.4	0.0		0.2
Total	**14.4**	**-1.4**	**0.0**	**0.6**	**13.6**
Taxes, net	-0.3				-0.3
Deferred tax liabilities on balance sheet	14.2				13.4

5.3 Events after the balance sheet date

The period during which matters affecting the financial statements are taken into account is the period from the closing of the accounts to the release of the statements. The release date is the day on which the Financial Statements Bulletin will be published. Events occurring during the period referred to above are examined to determine whether they do or do not render it necessary to correct the information in the financial statements.

Information in the financial statements is corrected in the case of events that provide additional insight into the situation prevailing on the balance sheet date. Events of this nature include, for example, information received after the closing of the accounts indicating that the value of an asset had already been reduced on the balance sheet date.

	Business	Acquisition date	Holding acquired	Group share
Alma Talent -segmentti				
Ahorauta Oy	Online service	03/01/2018	100%	65%
Autojerry Oy	Online service	10/01/2018	76%	65%
Käyttösofta Oy	Online service	10/01/2018	100%	65%

CONSIDERATION

MEUR	Fair value
Consideration, settled in cash	5.7
Contingent consideration	10.0
Fair value measurement of previous holding at the time of the acquisition	0.8
Total consideration	**16.5**

THE ASSETS AND LIABILITIES RECORDED AS A RESULT OF THE ACQUISITION

MEUR	Fair value
Intangible assets	5.2
Trade and other receivables	0.2
Cash and cash equivalents	0.8
Total assets acquired	**6.2**
Deferred tax liabilities	1.0
Trade payables and other payables	0.4
Total liabilities acquired	**1.4**
Acquired identifiable net assets at fair value, total	**4.8**
Group's share of net assets	**4.8**
Goodwill	**11.7**

The fair values entered on intangible assets in consolidation relate primarily to acquired customer agreements, the brand and information systems developed in-house. Factors contributory to goodwill were the synergies related to these businesses expected to be realised.

Parent company income statement (FAS)

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Revenue	6.1	31.1	27.7
Other operating income	6.2	1.4	0.1
Materials and services	6.3	0.1	0.1
Expenses arising from employee benefits	6.4	11.6	12.0
Depreciation and write-downs	6.5	1.8	1.4
Other operating expenses	6.6, 6.7, 6.8	25.5	25.9
Operating profit (loss)		-6.5	-11.5
Financial income and expenses	6.9	7.8	10.9
Profit before appropriations and taxes		**1.3**	**-0.6**
Appropriations	6.10	26.3	16.1
Income tax	6.11	-3.7	-0.9
Profit for the period		**23.9**	**14.6**

Parent company balance sheet (FAS)

MEUR	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	6.12	3.5	4.0
Tangible assets	6.13	2.1	2.3
Investments			
Holdings in Group companies	6.14	333.7	334.5
Other investments		15.5	5.5
Non-current assets, total		**354.7**	**346.4**
Current assets			
Current receivables	6.15	36.7	33.0
Cash and cash equivalents		10.0	13.9
Current assets, total		**46.7**	**46.9**
Assets, total		**401.4**	**393.2**

MEUR	Note	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES			
Equity			
Share capital		45.3	45.3
Share premium reserve		119.3	119.3
Other reserves		5.4	5.4
Invested non-restricted equity fund		110.8	110.8
Retained earnings (loss)		0.0	-0.6
Profit for the period (loss)		23.9	14.6
Total equity	6.16	**304.6**	**294.7**
Accumulated appropriations	6.17	**0.4**	**0.2**
Provisions	6.18	**0.0**	**0.2**
Liabilities			
Non-current liabilities	6.19	5.7	10.7
Current liabilities	6.20	90.7	87.3
Liabilities, total		**96.4**	**98.1**
Shareholders' equity and liabilities, total		**401.4**	**393.2**

Parent company cash flow statement (FAS)

MEUR	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Operating activities		
Profit for the period	23.9	14.6
Depreciation and write-downs	1.8	1.4
Gains on sale of non-current assets	-1.0	-0.1
Net financial expenses (income statement)	-7.8	-10.9
Income tax	3.7	0.9
Change in provisions	-0.2	0.2
Other adjustments	-25.8	-13.7
Change in working capital:		
Change in trade receivables and other receivables	3.1	-3.8
Change in trade payables and other payables	14.8	12.8
Dividend received	12.4	11.4
Interest received	0.1	0.1
Interest expenses paid and other finance expenses	-0.9	-0.6
Taxes paid	-1.0	0.0
Operating activities	**23.1**	**12.4**
Capital expenditure		
Business acquisitions less cash and cash equivalents at the time of acquisition	-0.3	-5.9
Proceeds from sale of businesses less cash and cash equivalents at the time of sale	1.1	1.7
Acquisitions of tangible assets	-0.1	0.0
Acquisitions of intangible assets	-1.0	-1.6
Other investments	0.0	0.0
Change in loan receivables	-14.5	
Acquisition and sale of associated companies	1.6	0.0
Net cash flows from / (used in) investing activities	**-13.1**	**-5.8**
Cash flow before financing activities	**10.0**	**6.6**

MEUR	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Financing activities		
Non-current loans taken		10.0
Repayment of non-current loans	-5.0	-2.5
Current loans taken	3.0	86.0
Repayment of current loans	-13.0	-95.0
Acquisition of own shares	-1.2	
Change in interest-bearing receivables	-0.6	0.6
Group contributions received and paid	16.2	12.7
Dividends paid	-13.2	-9.9
Net cash flows from/(used in) financing activities	**-13.8**	**1.9**
Change in cash and cash equivalent funds (increase + / decrease -)	**-3.8**	**8.4**
Cash and cash equivalents at beginning of period	13.9	5.4
Cash and cash equivalents at end of period	10.0	13.9

Accounting principles used in the parent company's financial statements

General information
Alma Media Corporation is a Finnish public limited company incorporated under Finnish law. Its registered office is in Helsinki at the address Alvar Aallon katu 3 C, P.O. Box 140, FI-00101 Helsinki, Finland.

Parent company's financial statements
The financial statements of the parent company are prepared in accordance with Finnish Accounting Standards (FAS).

The parent company was established on 27 January 2005. On 7 November 2005, the old Alma Media Corporation was merged with Almanova Corporation, which adopted the name Alma Media Corporation after the merger. The merger difference arising in conjunction with the merger has been capitalised to the Group's shares.

Non-current assets
Tangible and intangible assets are capitalised at direct acquisition cost less planned depreciation and write-downs. Planned depreciation is calculated from the original acquisition cost based on the estimated economic life of the asset. The land areas are not depreciated. The economic lifetimes of the assets are as follows:

Buildings	30–40 years
Structures	5 years
Machinery and equipment	3–10 years
Other non-current expenses	5–10 years
Intangible rights	5–10 years

Research and development costs
Research costs are recognised as an expense in the financial period during which they are incurred. Development costs are capitalised when it is expected that the intangible asset will generate future economic added value and the costs arising from this can be reliably determined.

Inventories
The balance sheet value of inventories is the lesser of the direct acquisition cost or the net realisable value. The acquisition cost is defined by the FIFO (first-in-first-out) method.

Taxes
Taxes in the income statement are the taxes corresponding to the results of the Group companies during the financial year as well as adjustments to taxes in previous years. No deferred tax assets are recognised in the parent company's accounts.

Foreign currency items
Foreign currency items are entered at the rates prevailing on the transaction date. Receivables and payables on the balance sheet are valued at the average rate on the balance sheet date. Exchange rate differences arising from sales and purchases are treated as additions or subtractions, respectively, in the income statement. Realised and unrealised exchange rate differences related to loans and loan receivables are recognised in other financial income and expenses in the income statement. The parent company does not have any significant foreign currency loans.

Pension commitments
Statutory and voluntary employee pension benefits for the parent company's personnel are arranged mainly through pension insurance companies.

Other employee benefits
The parent company has a long-term share-based incentive scheme for key management in effect (LTI 2015). In accordance with Finnish Accounting Standards (FAS), the option benefit and the share reward are not measured at fair value, nor is the calculated employee benefit expensed in the income statement

Notes to the parent company's financial statements

6.1 Revenue by market area

MEUR	2017	2016
Finland	31.1	27.7
Total	**31.1**	**27.7**

6.2 Other operating income

MEUR	2017	2016
Gains on sale of fixed assets	1.4	0.1
Other income	0.0	0.0
Total	**1.4**	**0.1**

6.3 Materials and services

MEUR	2017	2016
Materials and services	0.1	0.1
Total	**0.1**	**0.1**

6.4 Employee expenses

MEUR	2017	2016
Wages, salaries and fees	9.1	9.2
Pension expenses	1.6	1.8
Other payroll-related expenses	1.0	1.0
Total	**11.6**	**12.0**
Average number of employees*	119	118
Salaries and bonuses paid to management		
President and CEO	0.9	0.7
Other members of the Group Executive Team	2.2	1.8
Members of the Board of Directors	0.3	0.3
Total	**3.4**	**2.9**

* The figure for the comparison period has been adjusted to conform to the 2017 presentation.

The benefits to which the President of the parent company is entitled are described in more detail in Note 7 to the consolidated financial statements.

6.5 Depreciation and write-downs

MEUR	2017	2016
Depreciation on tangible and intangible assets	1.8	1.4
Total	**1.8**	**1.4**

6.6 Other operating expenses

MEUR	2017	2016
Information technology and telecommunication	9.9	9.3
Business premises	10.1	11.0
Other expenses	5.5	5.5
Total	**25.5**	**25.9**

6.7 Auditors' fees

1 000 EUR	2017	2016
Audit	281.3	270.0
Reporting and opinions	4.5	5.6
Tax consultation	6.9	9.3
Other	53.5	177.3
Total	**346.2**	**462.2**

Parent company audit expenses include audit fees for the whole group.

6.8 Research and development costs

In financial year 2017, the company has not capitalised research and development costs (2016: MEUR 0.2).

6.9 Financial income and expenses

MEUR	2017	2016
Dividend income		
From Group companies	11.8	10.5
From associated companies	0.6	0.9
From others	0.0	0.0
Total	**12.4**	**11.4**
Other interest and financial income		
From Group companies	0.1	0.1
Fair value gain on financial assets at fair value through profit or loss	0.2	0.0
From others	0.0	0.0
Total	**0.3**	**0.1**
Impairment for non-current investments		
Impairment for non-current investments	-4.0	
Total	**-4.0**	
Interest expenses and other financial expenses		
To Group companies	-0.5	0.0
To others	-0.4	-0.6
Total	**-0.9**	**-0.6**
Foreign exchange rate gains/losses		
Foreign exchange rate gains and losses	0.0	0.0
Financial income and expenses, total	**7.8**	**10.9**

6.10 Appropriations

MEUR	2017	2016
Difference between planned depreciation and depreciation made for tax purposes	-0.2	-0.1
Extraordinary income/Group contribution received	26.6	16.2
Total	**26.3**	**16.1**

6.11 Income tax

MEUR	2017	2016
Income tax payable on extraordinary items		
Income tax from regular business operations	-3.7	-0.9
Total	**-3.7**	**-0.9**

6.12 Intangible assets

MEUR	Intangible rights	Goodwill	Other intangible assets	Advance payments	Total
Financial year 2017					
Acquisition cost 1 Jan	7.3		0.5	0.8	8.6
Increases	0.8			0.2	1.0
Decreases					
Transfers between items	0.8			-0.8	
Acquisition cost 31 Dec	**8.9**		**0.5**	**0.2**	**9.6**
Accumulated depreciation, amortisation and impairments 1 Jan	4.1		0.5		4.6
Accumulated depreciation in decreases					
Depreciation for the financial year	1.6				1.6
Accumulated depreciation 31 Dec	**5.7**		**0.5**		**6.2**
Book value 31 Dec 2017	**3.2**			**0.2**	**3.5**
Financial year 2016					
Acquisition cost 1 Jan	6.5		0.5	0.0	7.0
Increases	0.8			0.8	1.6
Decreases					
Transfers between items	0.0			0.0	
Acquisition cost 31 Dec	**7.3**		**0.5**	**0.8**	**8.6**
Accumulated depreciation, amortisation and impairments 1 Jan	2.9		0.5		3.4
Accumulated depreciation in decreases					
Depreciation for the financial year	1.2				1.2
Accumulated depreciation 31 Dec	**4.1**		**0.5**		**4.6**
Book value 31 Dec 2016	**3.2**			**0.8**	**4.0**

6.13 Tangible assets

MEUR	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Advance payments and purchases in progress	Total
Financial year 2017						
Acquisition cost 1 Jan	0.5	4.4	0.5	1.0		6.4
Increases			0.0		0.1	0.1
Decreases	-0.1	-0.5				-0.6
Acquisition cost 31 Dec	**0.4**	**3.9**	**0.6**	**1.0**	**0.1**	**5.9**
Accumulated depreciation 1 Jan		3.3	0.5	0.4		4.2
Accumulated depreciation in decreases		-0.5				-0.5
Depreciation for the financial year		0.1	0.0	0.1		0.2
Accumulated depreciation 31 Dec		**2.8**	**0.5**	**0.5**		**3.8**
Book value 31 Dec 2017	**0.4**	**1.1**	**0.0**	**0.5**	**0.1**	**2.1**
Balance sheet value of machinery and equipment 31 Dec 2017			0.0			
Financial year 2016						
Acquisition cost 1 Jan	0.5	4.4	0.5	1.0		6.4
Increases						
Decreases						
Acquisition cost 31 Dec	**0.5**	**4.4**	**0.5**	**1.0**		**6.4**
Accumulated depreciation 1 Jan		3.2	0.5	0.3		4.0
Accumulated depreciation in decreases						
Depreciation for the financial year		0.1	0.0	0.1		0.2
Accumulated depreciation 31 Dec		**3.3**	**0.5**	**0.4**		**4.2**
Book value 31 Dec 2016	**0.5**	**1.1**	**0.0**	**0.6**		**2.3**
Balance sheet value of machinery and equipment 31 Dec 2016			0.0			

6.14 Investments

MEUR	Shares Group companies	Shares associated companies	Shares other	Total
Financial year 2017				
Acquisition cost 1 Jan	583.1	4.2	1.3	588.7
Increases	0.3			0.3
Decreases	-1.2	-0.6	0.0	-1.7
Transfers between items				
Acquisition cost 31 Dec	**582.3**	**3.7**	**1.3**	**587.3**
Accumulated depreciation, amortisation and impairments 1 Jan	248.6		0.0	248.6
Accumulated depreciation in decreases and transfers				
Impairment				
Accumulated depreciation, amortisation and impairments 31 Dec	**248.6**		**0.0**	**248.6**
Book value 31 Dec 2017	**333.7**	**3.7**	**1.3**	**338.7**
Financial year 2016				
Acquisition cost 1 Jan	581.1	5.0	1.3	587.4
Increases	1.3			1.3
Decreases			0.0	0.0
Transfers between items	0.8	-0.8		
Acquisition cost 31 Dec	**583.1**	**4.2**	**1.3**	**588.7**
Accumulated depreciation, amortisation and impairments 1 Jan	248.6		0.0	248.6
Accumulated depreciation in decreases				
Impairment				
Accumulated depreciation, amortisation and impairments 31 Dec	**248.6**		**0.0**	**248.6**
Book value 31 Dec 2016	**334.5**	**4.2**	**1.3**	**340.1**

PARENT COMPANY HOLDINGS IN GROUP COMPANIES AND ASSOCIATED COMPANIES

Company	Registered office	Holding %	Share of votes, %	Group holding %
Subsidiaries				
Alma Career Oy	Helsinki	83.34	83.34	83.34
Alma Manu Oy	Tampere	100.00	100.00	100.00
Alma Media Kustannus Oy	Helsinki	100.00	100.00	100.00
Alma Media Suomi Oy	Helsinki	100.00	100.00	100.00
Alma Mediapartners Oy	Helsinki	65.00	65.00	65.00
Karenstock Oy	Helsinki	100.00	100.00	100.00
Alma Talent Oy	Helsinki	100.00	100.00	100.00
Kotikokki.net Oy	Helsinki	65.00	65.00	65.00
Objektvision AB	Sweden	100.00	100.00	100.00
Rantapallo Oy	Helsinki	79.00	79.00	79.00
Kiinteistö Oy Tampereen Patamäenkatu 7	Tampere	100.00	100.00	100.00
Associated companies				
Arena Interactive Oy	Vaasa	35.00	35.00	35.00
As Oy Lindemaninpiha	Jämsä	22.56	22.56	22.56
Kolektiv d.o.o.	Bosnia	30.00	30.00	30.00
Infostud 3 d.o.o.	Serbia	25.00	25.00	25.00
Kiinteistö Oy Keuruun Tervaportti	Keuruu	28.20	28.20	28.20
Kiinteistö Oy Kylmäsenkulma	Kemijärvi	20.26	20.26	20.26
Kytöpirtti Oy	Seinäjoki	43.20	43.20	43.20
Nokian Uutistalo Oy	Nokia	36.90	36.90	36.90
Oy Suomen Tietotoimisto - Finska Notisbyrån Ab	Helsinki	24.07	24.07	24.07

6.15 Receivables

MEUR	2017	2016
Current receivables		
Receivables from Group companies		
Trade receivables	0.1	0.1
Loan receivables*	34.2	27.4
Loan receivables		3.6
Prepaid expenses and accrued income	1.1	0.9
Total	**35.4**	**31.9**
Receivables from others		
Trade receivables	0.1	0.0
Other receivables	0.2	0.2
Prepaid expenses and accrued income**	1.0	0.8
Total	**1.3**	**1.1**
Current receivables, total	**36.7**	**33.0**

* Cash and cash equivalents in Group bank accounts are included in loan receivables.
** Major balances in prepaid expenses and accrued income consist of ICT purchase invoice accruals.

6.16 Shareholders' equity

MEUR	2017	2016
Restricted shareholders' equity		
Share capital 1 Jan	45.3	45.3
Share capital 31 Dec	45.3	45.3
Share premium reserve 1 Jan	119.3	119.3
Share premium reserve 31 Dec	119.3	119.3
Other reserves 1 Jan	5.4	5.4
Other reserves 31 Dec	5.4	5.4
Restricted shareholders' equity total	**169.9**	**169.9**
Non-restricted shareholders' equity		
Invested non-restricted equity fund 1 Jan	110.8	190.7
Capital repayment		-9.9
Transfer to retained earnings		-70.1
Invested non-restricted equity fund 31 Dec	110.8	110.8
Retained earnings 1 Jan	14.0	-70.8
Transfer from invested non-restricted equity fund		70.1
Cancellation of unpaid dividends		0.1
Dividends paid	-13.2	
Acquisition of own shares	-1.2	
Disposal of own shares	0.4	
Retained earnings 31 Dec	0.0	-0.6
Profit for the period	23.9	14.6
Non-restricted shareholders' equity total	**134.6**	**124.8**
Total equity	**304.6**	**294.7**

MEUR	2017	2016
Calculation of the parent company's distributable funds on 31 December		
Invested non-restricted equity fund	110.8	110.8
Capitalised research and development costs	-0.1	-0.2
Profit from the previous year	0.0	-0.6
Profit for the period	23.9	14.6
Total	**134.5**	**124.6**

6.17 Appropriations

MEUR	2017	2016
Difference between planned depreciation and depreciation made for tax purposes	0.4	0.2

6.18 Provisions

Provisions in financial year 2017 amounted to EUR 8,088.72 (EUR 208,089.72 in financial year 2016).

6.19 Non-current liabilities

MEUR	2017	2016
Loans from credit institutions	5.0	10.0
Other non-current liabilities	0.7	0.7
Total	**5.7**	**10.7**
Debt due after five years		
Other non-current liabilities	0.2	0.3

6.20 Current liabilities

MEUR	2017	2016
Loans from credit institutions		10.0
Trade payables	0.9	0.7
Total	**0.9**	**10.7**
Liabilities to Group companies		
Trade payables	0.6	0.0
Other liabilities	81.9	70.8
Accrued expenses and prepaid income	0.1	0.0
Total	**82.6**	**70.9**
Liabilities to associated companies		
Other liabilities		0.2
Trade payables		0.7
Total		**0.9**
To others		
Provisions	0.0	0.2
Other current liabilities	1.3	1.4
Accrued expenses and prepaid income	6.0	3.4
Total	**7.3**	**5.0**
Current liabilities total	**90.7**	**87.6**

Most of accrued expenses and prepaid income consist of allocated employee expenses.

6.21 Commitments and contingencies

MEUR	2017	2016
Collateral for Group company's commitments		
Guarantees	1.0	1.0
Collateral for others		
Guarantees	0.9	0.9
Other own commitments		
Rental commitments – within one year	8.2	8.8
Rental commitments – after one year	60.9	68.2
Rental commitments total	69.1	77.0
Other commitments	1.0	1.6
Total		
Guarantees	1.9	1.9
Other commitments	70.2	78.6
Commitments total	**72.0**	**80.5**

On the balance sheet date, the company had a MEUR 100 commercial paper programme in Finland. Within the programme, the company may issue commercial papers to a total value of MEUR 0–100. No commercial papers were in circulation on the balance sheet date 31 December 2017. In addition to the commercial paper programme, the company may use the existing financing limit agreements for financing the need for working capital.

On 24 October 2016 Alma Media gave notice of the interruption option included in the rental agreement for the office and production facility in its use and its intention to redeem the property from DNB Bank ASA on Patamäenkatu 7 in Tampere. The property transaction, which is estimated at EUR 14.8 million, was carried out and recognised on the balance sheet on 30 October 2017. The property is classified as an investment property according to the IAS 40 standard on Investment Property. In 2016, the rental commitment related to the lease agreement was presented in Rental commitments.

6.22 Derivative contracts

MEUR	2017	2016
Commodity derivatives (electricity forwards)		
Fair value*	0.0	0.0
Value of underlying instruments	0.3	0.3
Interest rate derivatives		
Fair value*	-0.5	-0.7
Value of underlying instruments	19.4	19.4

* The fair value represents the return that would have occurred if the derivative had been cleared on the balance sheet date.

Signatures to the report by the board of directors and the financial statements

The distributable funds of the Group's parent company totalled EUR 134,532,841 on 31 December 2017.

There were 82,383,182 shares carrying dividend rights.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.24 per share (2016: EUR 0.16 per share) be paid for the financial year 2017. Based on the number of outstanding shares 82,223,182 on the closing date, 31 December 2017, the dividend payment totals EUR 19,733,564 (EUR 13,181,309).

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

Helsinki 13 February 2018

Harri Suutari
Chairman of the Board

Petri Niemisvirta
Deputy Chairman of the Board

Esa Lager
Board member

Mitti Storckovius
Board member

Matti Korkiatupa
Board member

Kai Telanne
President and CEO

Catharina Stackelberg-Hammarén
Board member

AUDITOR'S NOTE

A report on the audit carried out has been submitted today.

Helsinki 13 February 2018

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Alma Media Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Alma Media Oyj (business identity code 1944757-4) for the year ended 31 December 2017. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 1.3.5 to the Financial Statements.

Our Audit Approach

Overview

Materiality	• We have applied an overall group materiality of EUR 3.6 million
Group scoping	• We have audited parent company and its subsidiaries in Finland, Czech Republic, Slovakia and Sweden
Key audit matters	• Timing of revenue recognition • Valuation of goodwill and intangibles with indefinite lives • Valuation of holdings in group companies (Parent company)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality
EUR 3,6 million

How we determined it
Net sales

Rationale for the materiality benchmark applied
We chose net sales as the benchmark because, in our view, the performance of the Group is most commonly measured by using this criteria, and it is a generally accepted benchmark. We chose net sales as the benchmark as we considered that this provides us with a consistent year-on-year basis for determining materiality.

How we tailored our group audit scope
We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

We have performed audit procedures in the most significant subsidiaries in Finland, Czech Republic, Slovakia and Sweden. We have considered that the remaining subsidiaries don't present a reasonable risk of material misstatement for consolidated financial statements.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group

TIMING OF REVENUE RECOGNITION
Refer to accounting principles of the consolidated financial statements and note 1.2 Operating income. A risk that the revenue is recognized in the wrong financial period (cut-off) is considered to be significant due to the size and nature of sales.

Alma Media Group's revenue consists of content sales, advertising sales and service sales. For digital sales, content revenue is recognized over the contract period. For print publications, content revenue is recognized according to the publication calendar. The timing of revenue recognition from advertising sales is determined by the timing of the advertisement's publication. Service revenue is recognized in the period in which the service is delivered.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
- We assessed the design effectiveness of key controls and tested the operating effectiveness of controls relating to the cut-off of revenue recognition.
- We considered the appropriateness of the Group's revenue recognition accounting policies. We tested by sample, that individual subscriptions and other contracts were recognized as revenue according to the Group's revenue recognition accounting policies.
- In addition, we tested individual transactions, which occurred during the financial year.

Key audit matter in the audit of the group

VALUATION OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES
Refer to accounting principles of the consolidated financial statements and note 2.1. Intangible assets and goodwill.

At 31 December 2017 the Group's goodwill balance amounted to EUR 121,7 million and intangible rights with indefinite lives EUR 35,1 million. Goodwill and intangible rights with indefinite lives are allocated to the cash-generating units.

The Company tests goodwill for potential impairment annually and whenever there is an indication that the carrying value may be impaired by comparing the recoverable amount against the carrying value of goodwill.

The recoverable amounts are determined using value in use model. Value in use calculations are subject to significant management judgement in form of estimates of future cash flows, such as estimates of future advertising and content sales, and discount rates.

Valuation of goodwill and intangible rights with indefinite lives are a focus area in the audit due to the size of balance and the high level of management judgement involved.

Our audit focused on assessing the appropriateness of management's judgement and estimates used in the impairment analysis through the following procedures:

- We tested the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, Impairment of Assets, and we tested the mathematical accuracy of calculations;
- We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to the budgets and strategic plans approved by the Board of Directors;
- We assessed the reasonableness of cash flow forecasts by comparing the accuracy of prior period revenue growth and operating profit forecasts to actual outcomes. We also assessed the reasonableness of advertising and content sales growth rates used in the impairment calculations to our understanding of the business;
- We considered whether the sensitivity analysis performed by the management around key assumptions of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions; and
- The discount rates applied within the model were assessed by PwC business valuation specialist.
- We also considered the appropriateness of the related disclosures provided in note 2.1 in the financial statements.

Key audit matter in the audit of the parent company

VALUATION OF HOLDINGS IN GROUP COMPANIES

Refer to note 6.14 Investments.

At 31 December 2017 the holdings in group companies are valued at EUR 333,7 million. The holdings in group companies are tested annually for impairment by comparing the recoverable amount against the book value of individual holding. The recoverable amounts are determined using value in use model.

Based on the annual impairment test of holdings in group companies management concluded that no impairment was needed. Valuation of holdings in group companies is a focus area in the audit due to the size of balance and the high level of management judgement involved.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit focused on assessing the appropriateness of management's judgement and estimates used in the impairment analysis through the following procedures:

- We evaluated the process by which the future cash flow forecasts were drawn up, including comparing them to the budgets and strategic plans approved by the Board of Directors;
- We assessed the reasonableness of cash flow forecasts by comparing the accuracy of prior period revenue growth and operating profit forecasts to actual outcomes. We also assessed the reasonableness of advertising and content sales growth rates used in the impairment calculations to our understanding of the business;
- We considered whether the sensitivity analysis performed by the management around key assumptions of the cash flow forecast was appropriate by considering the likelihood of the movements of these key assumptions; and
- The discount rates applied within the model were assessed by PwC business valuation specialist.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 20 March 2014. Our appointment represents a total period of uninterrupted engagement of 4 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 13 February 2018
PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

CONTACTS:

Alma Media Corporation, head office

Street address: Alvar Aallon katu 3 C, FI-00100 Helsinki
Postal address: P.O.Box 140, FI-00101 Helsinki

Phone: +358 10 665 000

E-mail addresses:
firstname.lastname@almamedia.fi
almamedia@almamedia.fi