

Contents

—	—	—	—
4	6	8	10
Review by the Chairman of the Board Henrik Ehrnrooth	2017 in brief	Doghill's History Book makes its mark on history	Group structure
—	—	—	—
11	12	21	22
Key figures	Financial statements	Group organisation	Contacts

An excellent year for the Group

2017 was the best year ever for Otava Group.

Continuous efficiency improvements in supply chains and better prediction of consumer needs and preferences laid the basis for our improved operating results. Competition for the free time of consumers is fierce, and can only be met with competitive content, displayed in an appealing manner in stores and online.

Otava's strengths in the book market are not only a fiction programme that interests readers, but also our comprehensive offering of children's and youth literature and non-fiction books. With educational materials – now learning services – Otava has managed to respond well to market changes.

Otavamedia has strong magazine brands and its market position is still robust. Even today, Finland has a lot of magazines in proportion to population and their circulations have been declining. In this environment, Otavamedia's position as a leading magazine publisher is a significant competitive advantage.

To supplement the daily flow of news, people need magazines to research and explain new topics and phenomena in detail and with insight. Print will endure, but backed up by digital content. A good example of this is Suomen Kuvalehti, which has successfully supplemented its weekly periodical content with daily digital offerings. The Internet also offers a natural platform for popular and reliable tests and comparisons, such as those provided by our Tekniikan Maaailma.

Media advertisement revenues from magazines have fallen 50 % over the last ten years, as advertising has shifted to digital form. The growth of digital advertising may now be levelling out. We must be able to offer advertisers more diverse and effective solutions than before. We are experiencing a phase of continuous renewal, which will continue. Change is the only constant in this industry.

Otava's New Business Functions has grown rapidly and its profit trend has been good. The

operations have been expanded over the years with several acquisitions. The services of the business unit are doing well, because we have systematically invested in their technology and content.

The Otava Group has considerable assets in properties, which have been under renovation in the past few years. We have launched a programme for modernising the Uudenmaankatu property and the programme will continue until 2020. The goal is to preserve our traditional environment while modernising the entire property. This programme will allow us to increase the number of workstations at Uudenmaankatu and significantly improve our working environment.

The properties at Pasila no longer met our requirements and the cumulative cost of renovations due was considerable. We decided to sell both Pasila properties and signed a lease with YIT for the new Tripla building, which is being built in Pasila. The move to the new premises in 2020 will reduce our costs. The sale of the properties, in turn, led to a write-down of 10 million in last year's operating profit.

The Otava Group has operated with success for 127 years. The Group is positioned well to eventually celebrate 150 years. The current pace of change will not permit us to plan this journey for more than five years at a time, and we must react swiftly and continuously to changes in our environment. Operational efficiency must be improved, requiring investments merely to maintain current profitability levels. With its strong financial position, the company has the ability to focus on investing in existing expertise but also on acquiring new expertise through acquisitions.

To show our appreciation for the year's impressive financial performance, a bonus incentive of EUR 2.1 million including social security fees will be paid to personnel.

HENRIK EHRNROOTH
Chairman of the Board



6

– The Group's good financial position allows for expertise to be supplemented through acquisitions.

Alexander Lindholm

We strengthened our magazine brands and took market share in both print and digital markets.

Otava increased its market share in all literature classes.

A record-breaking 163,100 copies of Doghill's History Book by Mauri Kunnas were sold in its first year.

Suomalainen Kirjakauppa was voted Finland's most inspiring workplace for 2018, for the third year in a row.

On 1 September 2017, Suomalainen Kirjakauppa acquired Kirja-Kärkkäinen Oy, which has three stores in the Tampere area.

Brand advertising on Nettiauto.com grew by 27 %.

292,2 M€

Net sales in 2017

TEXT Katriina Kauppila

Doghill's History Book makes its mark on history

8

Many wonderful books were published in honour of Finland's centenary, but one of them stood out: *Koiramäen Suomen Historia* – Doghill's picture book of Finland's history, from the 16th to the 19th century. This masterpiece by Mauri Kunnas proved to be an appealing read for children and grandparents alike. The book itself made history by becoming the most popular Finnish book of the millennium.

History has always been important to the book's author, Mauri Kunnas. His career of writing for children, spanning nearly forty years, has included many books with historical references, including the Doghill books and *The Vikings are Coming*. Even so, he thought long and hard before daring to write a picture book of Finnish history.

One thing that decided him was the realisation that Finns knew little about the period when their country was under Swedish rule.

"I asked several friends if they could name a few Finnish kings. Everyone laughed and tried to recall the name of the German prince who was suggested as a possible king soon after Finland became independent. No one remembered the rulers of Sweden."

Kunnas decided he would write a book about the period that he was most interested in. He wanted to highlight the Kings of Sweden, who were also kings of Finland.

A decade of preparation

Although Finland's history was a topic dear to him, and he had taken on large projects before, he had to give it a lot of thought before he was confident he'd have the stamina for such a big subject.

"It must be over ten years since I first started talking to my publisher about a Finnish history book. Even back then we realised that the year marking Finland's 100th anniversary would be an excellent time to publish it."

The years passed and Kunnas mulled it over. He read history books, took notes and even planned content and made drafts. He came to see how much could and should be included in the book. He thought about how its scope could be restricted, but it always seemed like a daunting amount of work. An entire book could be written about King Gustav I alone.

"I was still thinking about the scope problem a few summers ago at my country cottage. Then my daughter Jenna said: 'Why don't you just write about the things that interest you?' In fact Otava had been saying the same, but this time it sank in and I thought: 'Maybe it is doable after all!'"

Kunnas worked on the book for two full years, including summer holidays. *Koiramäen Suomen Historia* stretches from the father of written Finnish, Mikael Agricola, to the mid-19th century. The period contains a lot of interesting events; many simply had to be missed out.



Fun stories, researched background

Throughout the book, Mauri Kunnas tried to create fun pictures and entertaining stories that show something important. This means every picture and story needed detailed background work.

For a single spread about Karin Månsdotter, the mistress of King Erik XIV, who lived for a long time in Finland, he had to research texts and maps from Turku Castle to Liuksiala Manor.

“I wanted to discover what part of the route she would have travelled by boat, and where she would have gone along the shore of Lake Liekovesi. There’s a place there called Vaunusuo – Wagon Marsh – because they say her carriage got stuck there. This is where I wanted to place the story.”

It was almost a separate project to find what type of carriage would have been used in Finland in the 16th century to carry someone who was nearly a queen. For this information, he had to consult the Royal Armoury in Stockholm.

In addition to texts, Kunnas used old paintings and lithographs as his sources. It is quite a challenge for an illustrator to depict an era from which there are few pictures left. “Out of all of my books, this one required the most work,” he says.

Everything begins from the family

Kunnas liked drawing kings, but the best thing for him about *Koiramäen Suomen Historia* was the family circle in the first few pages of the book. This illustrates all of the ancestors of the Doghill children and the main characters of the stories in the book.

“When I was still struggling with a plan for such a vast period of time, I still kept thinking about how to use the family circle I had invented for the characters,” he says.

Mauri Kunnas has always been interested in researching his ancestry. He realised long ago that the best way to illustrate a family is by bringing in their ancestors.

“When I drew the Doghill family circle, I used my own family. The Doghills happen to come from the same region as me.”

It took him a month to draw the family circle for *Koiramäen Suomen Historia*. Even this has enough content for hours of study. The family circle puts the reader in touch with a whole new world and Kunnas has hidden funny details in it. But it’s also important that family lines, birthdates, homes and locations could be true.

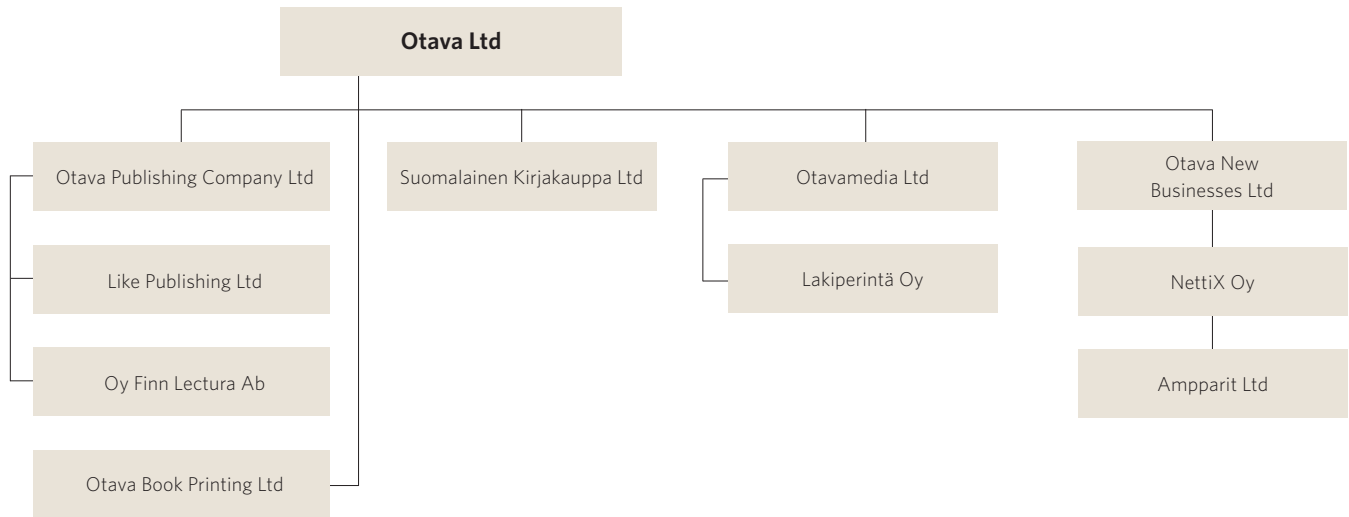
The book that made history

Mauri Kunnas’ great production has enthralled several generations of readers. His books have been published in 36 countries. Of his *Santa Claus* book alone, two million copies have been sold worldwide. Although his career has gone from success to success, the popularity of *Koiramäen Suomen Historia* surprised him. It has been read by people of all ages, and sold 163,100 copies in its first year, more than any new Finnish book this millennium. The book has been called an instant classic, and is to be published in Swedish by Förlaget.

Historian **Mirkka Lappalainen** has said that the Doghill books were what originally got her interested in history. Time will tell what effect on history and genealogy *Koiramäen Suomen Historia* will have. •



2017 Group structure and business areas



10

Otava is the largest in Finland in its main business areas

THE GROUP'S business areas are book publishing (Books), book trade (Trade), magazine publishing (Magazines) and New Business Functions. Operations began with Otava Publishing Company Ltd., which was established in 1890. It started printing books in 1908 and publishing magazines in 1916 (Suomen Kuvalehti).

Otava contributed to establishing Otavamedia Ltd (1934, previously Yhtyneet Kuvalehdet Oy) and the Great Finnish Book Club (1969). The Group expanded its online business after acquiring NettiX Oy in 2006 and Ampparit Ltd in 2012. In 2011, Otava Ltd bought the entire stock of Suomalainen Kirjakauppa Ltd.

The Group's parent company is Otava Ltd. The Group is a privately owned, independent, impartial and financially sound media corporation.

BOOKS. The main company in the Group's Books business is Otava Publishing Company Ltd. The company publishes fiction and non-fiction books and educational materials in Finnish. The business area

has also included Like Publishing Ltd since the start of 2006, Moreeni since 2014, F-Publishing since 2015 and Nemo since 2016. The Otava Group is the largest book publisher in Finland.

Otava Book Printing Ltd is a diverse and modern book printer and binder, which produces books for several publishers in Finland and abroad. The production facilities are located in Keuruu.

TRADE. Suomalainen Kirjakauppa Ltd operates in the book retail industry. The company has 58 book stores. In 2017, the company bought the outstanding shares of Kirja-Kärkkäinen Oy. The network of stores covers all of Finland. The company is the largest operator in the industry and it also has an online store for books, suomalaisen.com

MAGAZINES. Otavamedia Ltd publishes magazines and organises book club activities. Otavamedia is the largest operator in Finland in all these areas. In 2015, Customer Communications expanded significantly when Otavamedia Ltd

acquired the outstanding shares of MCI Press Ltd and Alma 360 Oy. The Customer Communications unit currently operates as a part of Otavamedia Ltd under the name of Otavamedia OMA.

Book club operations are operated under the name of the Great Finnish Book Club. Activities were expanded in 2015 when Otavamedia Ltd acquired the book club operations of Bonnier Books Finland.

NEW BUSINESS FUNCTIONS. The Group's New Business Functions include Otava New Businesses Ltd, which operates as the parent company, and NettiX Oy and Ampparit Ltd. The numerous websites of NettiX Oy serve as digital marketplaces, of which the best known are nettiauto.com and nettivene.com. In 2017, nettivuokraus.com and huutokaupat.fi were launched as new services. Ampparit Ltd maintains the ampparit.com news website and sells media monitoring services.

Key Figures

GROUP INCOME STATEMENT	2017		2016		2015		2014		2013	
	M€	%	M€	%	M€	%	M€	%	M€	%
Net sales	292.2		292.0		292.5		296.0		301.9	
EBITA	30.7	10.5	31.6	10.8	31.1	10.6	37.1	12.6	32.4	10.7
Depreciation of goodwill and business acquisition costs	7.6	2.6	4.3	1.5	3.8	1.3	5.8	2.0	2.8	0.9
Operating profit	23.8	8.1	27.5	9.4	27.8	9.5	31.6	10.7	30.1	10.0
Profit before taxes	25.1	8.6	27.3	9.4	27.7	9.5	31.3	10.6	29.6	9.8
Profit for the financial year	18.8	6.4	21.0	7.2	20.7	7.1	23.6	8.0	22.0	7.3
Cash flow from operations	39.6	13.6	31.9	10.9	31.9	10.9	36.3	12.3	32.1	10.6
BALANCE SHEET AND PROFITABILITY										
Capital expenditure	15.4		47.5		15.9		5.9		13.5	
Shareholders' equity	198.2		188.8		177.5		165.6		150.3	
Non-current liabilities	0.0		0.0		0.0		2.0		13.7	
Current liabilities	74.8		92.3		72.3		69.1		62.9	
Equity ratio %	78.9		72.5		77.6		77.1		72.8	
Return on investment (ROI) %	12.4		14.4		16.0		18.6		18.0	
Return on equity (ROE) %	9.7		11.5		12.1		15.0		15.5	
Group personnel (average)	1099		1103		1079		1082		1178	
BOOKS										
Net sales	67.8		61.5		54.5		51.5		55.5	
EBITA	13.0	19.1	8.0	12.9	7.2	13.2	5.8	11.3	6.3	11.3
Operating volumes:										
New titles published	1018		1048		712		597		666	
New editions	1160		1101		1120		1011		1019	
Books sold, million	5.2		5.0		4.6		4.4		5.0	
Books printed, million	6.6		6.8		5.9		5.4		6.2	
TRADE										
Net sales	108.5		105.2		107.9		106.7		106.3	
EBITA	4.2	3.9	3.2	3.1	4.5	4.1	4.2	3.9	2.4	2.2
Operating volumes:										
Number of customers, million	5.7		5.8		5.9		5.8		5.7	
Books sold, million	4.2		4.2		4.4		4.6		5.1	
MAGAZINES										
Net sales	117.1		127.3		130.5		137.8		143.6	
EBITA	8.1	6.9	15.2	11.9	17.2	13.2	22.5	16.4	18.7	13.0
Operating volumes:										
Number of magazines and periodicals *)	162		158		213		111		107	
Annual magazines sales, million *)	31		34		34		35		35	
Books sold (Great Finnish Book Club), million	0.5		0.6		0.8		1.0		1.1	
NEW BUSINESS FUNCTIONS										
Net sales	18.1		16.0		14.4		14.1		12.3	
EBITA	7.1	39.3	7.4	46.0	7.6	52.9	7.6	53.6	6.5	53.1

*) General-circulation, customer and online magazines

The Board of Directors



Henrik Ehrnrooth
Chairman
SINCE 1988



Eero Broman
Vice Chairman
SINCE 2007



Jorma Ollila
Vice Chairman
SINCE 1996



Olli Reenpää
SINCE 1968



Heikki Lehtonen
SINCE 1991



Alexander Lindholm
SINCE 2008



Eva Reenpää
SINCE 2017

DEPUTY MEMBERS



Pasi Vainio
SINCE 2010



Minna Castrén
SINCE 2011



Timo Kopra
SINCE 2012



Panu Porkka
SINCE 2017



Ora Lyytikäinen
Secretary of the Board
SINCE 2006

Review by the Board of Directors

Business environment

The economic outlook changed in late 2016 and Finnish GDP grew nearly 3 % in 2017. Higher exports helped economic growth more than expected. Unemployment dropped, but remained high at approximately 8 %. Interest rates and inflation continued low. Investment demand recovered after several stagnant years. According to preliminary data, retail spending grew by a little over 2 %. Online sales continued to grow and already accounts for about 20 % of specialty and department store trade. Over half is from foreign websites.

The general economic environment affected the communications sector. In book sales, general literature declined. In educational materials, the market improved over the previous year due to the curriculum reform. Media sales shrank by nearly 3 %. Media sales in magazines continued to decline (-5.9 %) while online advertising went on increasing (+7.3 %). The magazine sales market continued to decline with a drop in circulations, and new subscriptions have become increasingly difficult to obtain. Mail distribution disruptions hurt magazine customer satisfaction. The market for digital magazines and books grew, but is still small in Finland.

Group business trends

The net sales of the Otava Group remained the same. Otava Group's EBITA for the year was

good. EBITA was reduced by the Pasila properties, which were written down by EUR 10.5 million.

Group organisation and structure

The Group's organisation remained largely the same, but some changes were made to the company structure.

During the year, Otava Publishing Company Ltd subscribed DiSEL Oy shares in special issues, with ownership remaining at 21 %. Kustannusosakeyhtiö Nemo was merged with its parent company on 30 April 2017. The 40 % minority holdings of Kustannusosakeyhtiö Moreeni were acquired in accordance with the shareholders' agreement on 31 March 2017. Moreeni was merged with its parent company on 31 December 2017. In 2017 December, Otava Publishing Company acquired the outstanding shares of Oy Finn Lectura Ab. The trade was executed on 2 January 2018.

In August, Suomalainen Kirjakauppa Ltd bought the outstanding shares of Kirja-Kärkkäinen Oy. The company was merged with its parent company on 31 March 2018. Panu Porkka resigned as managing director of Suomalainen Kirjakauppa Ltd. Minna Kokka was appointed as the new managing director of the company.

Books

Net sales were EUR 67.8 (61.5) million, which represented an increase of 10 %. EBITA was EUR 13.0

Key Group figures:

Group	2017	2016	2015
Net sales, EUR million	292.2	292.0	292.5
EBITA, EUR million	30.7	31.6	31.1
EBITA, % of net sales	10.5	10.8	10.6
Return on investment (ROI) %	12.4	14.4	16.0
Return on equity (ROE) %	9.7	11.5	12.1
Equity ratio %	78.9	72.5	77.6
Group	2017	2016	2015
Average number of personnel	1 099	1 103	1 079
Salaries and remuneration (EUR thousand)	52,703	52,459	50,170

(8.0) million, which represented 19.1 % (12.9 %) of net sales. The net sales of Otava Publishing Company increased and operating profit improved. The net sales of Otava Book Printing Ltd also increased and the operating profit improved. The net sales of Like Publishing Ltd declined and the operating profit remained negative.

Trade

Net sales from Trade were EUR 108.5 (105.2) million, which represented an increase of 3 %. The operating profit improved from the previous year due to the increase in sales. A concept refresh was started in stores in the autumn, beginning with Kamppi. The number of stores increased to 61 during the financial period and the company continued to grow its market share.

Magazines

Net sales from the Magazine business were EUR 117.1 (127.3) million, which represented a decrease of 8 %. Subscription sales declined, but media sales were higher than in the previous year. EBITA was EUR 8.1 (15.2) million, which represented 6.9 % (11.9 %) of net sales. The operating profit was reduced by a write-down of EUR 6.9 million on properties. The operating profit remained good despite the decline in net sales, because of continuing efficiency improvements and reorganisation. Net sales from book club activities declined and the operating profit fell. The net sales from Customer Communications declined in a difficult market situation, but the operating profit remained positive.

New Business Functions

New Business Functions continued to grow (+13 %) and their relative profitability remained high. Significant investments were made in new services during the financial period.

Balance sheet, investments and debt position

The 2017 annual balance sheet total was approximately the same as the previous year. The Group's equity ratio improved and was 78.9 % (72.5%) at the end of the year.

The Group's capital expenditure was EUR 15.4 (47.5) million. The most significant investments were made in securities, acquisitions, store

renovations and computer software. With the agreements made in October, the Pasila properties used by Otavamedia Ltd will be sold to YIT and a lease was also signed for Otavamedia Ltd for future premises in Tripla.

The Group's debt position and liquidity remained good. The Group's net cash reserves were MEUR 30.5 (12.1). Alongside cash reserves and accounts with credit facilities, the Group's liquidity has been secured using short-term credit facilities. The Group's cash flow from operations was MEUR 39.6 (31.9). Net financial expenses were MEUR 0.1 (0.2), which is 0.0% (0.1%) of net sales.

Risks

The Group has a well-established position in the book and magazine markets, which are not subject to major annual fluctuations.

Annual estimates of total book sales by the Group have not diverged significantly from actual sales figures. Group companies use a time-based title-specific obsolescence procedure, which minimises the risk of obsolete book stocks.

The Group's magazine subscribers are long-term customers, most of whom pay in advance. In the customer magazine market, contract durations are generally at least one year. Fluctuations in the media sales market can be larger but media sales account for a smaller proportion of net sales than magazine sales.

Price trends for most of the goods and services required by the Group are very predictable. The Group has protected itself from paper price fluctuations with long-term agreements.

At a time when sales of printed products are declining and seem likely to continue declining, the Group has invested in online businesses related to its core operations in order to secure growth.

On the basis of the foregoing, the risks related to the Group's operations are small. Its strong cash flow and high equity ratio will ensure continuity of operations in case of market disturbances or other risk situations. Risks have also been hedged with property insurance and business interruption insurance.

Decisions by the annual general meeting

The annual general meeting, held on 22 March 2017, elected Olli Reenpää, Henrik Ehrnrooth,

Jorma Ollila, Eero Broman, Heikki Lehtonen, Alexander Lindholm and Eva Reenpää to the Board of Directors. Pasi Vainio, Minna Castrén, Timo Kopra and Panu Porkka were appointed deputy members. Henrik Ehrnrooth was appointed Chairman of the Board. Ora Lyytikäinen served as Secretary to the Board. Kari Miettinen, Authorised Public Accountant, was re-elected as chief auditor, and Oy Audicon Ab, Authorised Public Accountants, as deputy auditor. The meeting decided to distribute a dividend of 4.80 euros per share, MEUR 9.3 in total.

The annual general meeting authorised the board to repurchase a maximum of 15% of the company's shares using distributable equity. The buy-back authorisation remains valid until the next annual general meeting. The annual general meeting also decided on a limited stock issue for management. A total of 12,000 shares were subscribed at the price confirmed by the annual general meeting. The increase in share capital was recorded in the trade register on 5 April 2017.

Shares

The company has 1 936 085 shares. The shares have no nominal value. Each share entitles the holder to one vote at a shareholders' meeting. The transfer of shares is subject to a redemption clause in the articles of association.

Personnel

In the reporting year, the Group's personnel numbers were as follows:

The Group has had an incentive scheme in place for the entire personnel since 2002. Performance incentives will be paid to the personnel for results that have exceeded the targets set for each company using the earnings generated in 2017, altogether worth EUR 2.1 million.

Outlook for the current financial period

Otava Group expects 2018 to be a challenging year, even though Finland's economy is experiencing growth. The book market is continuing to decline. Magazine subscription sales, a significant source of Group's net sales and profits, have become more difficult, especially regarding new customers. It will be difficult to increase net sales in the print media sector. The development of new business operations is essential although sales volumes for electronic books and magazines have been modest and growth slower than expected. By continuing rationalisation and applying new business procedures, it will be possible to maintain the Group's result at its present good level.

Board's proposal to the AGM

The parent company's distributable funds are EUR 158,373 thousand, of which profit for the financial year made up EUR 20,501 thousand. The Board proposes to the Annual General Meeting that the distributable funds be used as follows:

EUR 5.10 per share will be distributed as dividend	9,874 EUR thousand
Donation to the University of the Arts Master's Programme	700 EUR thousand
To be left as equity	147,799 EUR thousand
	158,373 EUR thousand

No material changes have taken place in the financial position of the company since the end of the financial period. The liquidity of the company is good and, in the Board of Directors' view, the proposed dividends will not compromise the solvency of the company.

Consolidated Income Statement

1.1.-31.12. EUR million	2017	2016
NET SALES	292.2	292.0
Change in inventories of finished goods and in work in progress	0.9	-1.6
Production for own use	1.2	1.7
Other operating income	4.0	4.0
Materials and services	-118.1	-118.5
Personnel expenses	-64.3	-64.9
Depreciation and impairment	-20.9	-10.9
Other operating expenses	-71.8	-74.5
Share of results of associated companies	0.6	0.2
	-274.5	-268.6
OPERATING PROFIT		
Financial income and expenses	1.3	-0.2
PROFIT BEFORE TAXES	25.1	27.3
Income taxes	-6.3	-6.3
Minority interest	0.0	-0.1
PROFIT FOR THE FINANCIAL YEAR	18.7	21.0

Consolidated Balance Sheet

31.12. EUR million	2017	2016
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	85.6	85.4
Tangible assets	48.2	60.6
Long-term financial assets	56.4	50.5
Total non-current assets	190.2	196.5
CURRENT ASSETS		
Inventories	30.5	29.8
Short-term receivables	22.2	23.5
Cash and bank balances	30.5	32.1
Total current assets	83.2	85.4
TOTAL ASSETS	273.4	282.0
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	8.9	8.9
Share premium fund	25.0	25.0
reserve for invested non-restricted equity	3.6	2.3
Retained earnings	142.0	131.6
Profit for the financial year	18.7	21.0
Total equity	198.2	188.8
MINORITY INTEREST	0.0	0.1
LIABILITIES		
Long-term liabilities	0.4	0.7
Short-term liabilities	74.8	92.3
Total liabilities	75.2	93.0
TOTAL EQUITY AND LIABILITIES	273.4	282.0

Consolidated Cash Flow Statement

EUR million	2017	2016
Cash flow from business operations	42.8	33.5
Investments	-14.6	-47.8
Cash flow before financing	28.2	-14.3
Financing	-29.8	10.1
Changes in liquid assets	-1.6	-4.2
Liquid assets at 31 December	30.5	32.1

Auditor's Report

TO THE ANNUAL GENERAL MEETING OF OTAVA LTD

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Otava Ltd (business identity code 0822255-6) for the year ended 31 December, 2017. The financial statements comprise the balance sheets, income statements, cash flow statements and notes for the group as well as for the parent company.

In my opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

I conducted my audit in accordance with good auditing practice in Finland. My responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am 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 my audit, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 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 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 cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

My objectives are to obtain reasonable assurance on 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 my 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company 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.

I 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 I identify during my audit.

Other Reporting Requirements

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained

in the audit, or otherwise appears to be materially misstated. My responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

If, based on the work I have performed, I conclude that there is a material misstatement in the information included in the report of the Board of Directors, I am required to report that fact. I have nothing to report in this regard.

Helsinki 15th February, 2018

KARI MIETTINEN
APA

Group organisation 1 January 2018



Books Pasi Vainio*	Trade Minna Kokka* (as of 9 Jan 2018)	Magazines Timo Kopra*	New Business Functions Jaakko Haapakangas
Otava Publishing Company Ltd Managing Director Pasi Vainio	Suomalainen Kirjakauppa Ltd Managing Director Minna Kokka	Otavamedia Ltd Managing Director Timo Kopra	Otava New Businesses Ltd
General Literature	Sourcing Reetta-Liisa Pikkola	Publishing Unit Consumer Magazines Katriina Kaarre	Antti Karlqvist* M & A
Fiction, Books for Children and Young Readers Minna Castrén	Sales Mervi Jäntti	Consumer Sales Eija Männistö and Markus Rouhiainen	NettiX Oy Veli-Matti Vänninmaja
Non-Fiction Eva Reenpää	Finance and Administration Pirjo Hämäläinen	B2B Sales	Ampparit Ltd Lauri Sihvonen
Marketing and Communications Kirsi Tähjänjoki		Media Sales Tomi Takanen	
Sales Nona Ratia		Otavamedia OMA B2B Customers' Own Media Merja Haverinen	
Otava Learning Teuvo Sankila		HR & Finance Anne Mantila	
Solutions and Services Markku Pelkonen			
Sales Minna Sarestie			
Financial Administration Arto Tuokko			
Like Publishing Ltd Päivi Paappanen			
Moreeni Pasi Vainio			
Nemo Pasi Vainio			
F-Publishing Pasi Vainio			
Oy Finn Lectura Ab (as of 2 Jan 2018) Hanna Haukkapää			
Otava Book Printing Ltd Marko Silventoinen (as of 5 Feb 2018)			

* Member of the Group's management team

Contacts

PARENT COMPANY

OTAVA LTD

P.O. Box 134, FI-00121 Helsinki, Finland
 Street address: Uudenmaankatu 10,
 FI-00120 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@otava.fi
 www.otavakonserni.fi

BOOKS

OTAVA PUBLISHING COMPANY LTD

P.O. Box 134, FI-00121 Helsinki, Finland
 Street address: Uudenmaankatu 10,
 FI-00120 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@otava.fi
 www.otava.fi

LIKE PUBLISHING LTD

Uudenmaankatu 10,
 FI-00120 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@like.fi
 www.like.fi

MOREENI

Uudenmaankatu 10, FI-00120 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@moreenikustannus.fi
 www.moreenikustannus.fi

NEMO

Uudenmaankatu 10, FI-00120 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@nemokustannus.fi
 www.nemokustannus.fi

F-PUBLISHING

Uudenmaankatu 10, FI-00120 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@f-kustannus.fi
 www.f-kustannus.fi

OY FINN LECTURA AB

Uudenmaankatu 10, FI-00120 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@finnlectura.fi
 www.finnlectura.fi

OTAVA BOOK PRINTING LTD

Otavantie 11, FI-42700 Keuruu, Finland
 Tel. +358 9 15 661
 Sales: Uudenmaankatu 10,
 FI-00120 Helsinki, Finland
 firstname.lastname@otavankirjapaino.fi
 www.otavankirjapaino.fi

TRADE

SUOMALAINEN KIRJAKAUPPA LTD

Maistraatinportti 1,
 FI-00240 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@suomalainen.com
 www.suomalainen.com

MAGAZINES

OTAVAMEDIA LTD

Maistraatinportti 1,
 FI-00015 Otavamedia, Finland
 Tel. +358 9 15 661
 firstname.lastname@otava.fi
 www.otavamedia.fi

OTAVAMEDIA OMA, CUSTOMER COMMUNICATIONS

Maistraatinportti 1,
 FI-00015 Otavamedia, Finland
 Tel. +358 9 15 661
 firstname.lastname@otava.fi

Tykistökatu 4, FI-20520 Turku, Finland
 Tel. +358 9 15 661
 firstname.lastname@otava.fi
 https://yrityksille.otavamedia.fi/

OTAVAMEDIA LTD, THE GREAT FINNISH BOOK CLUB

Maistraatinportti 1,
 FI-00015 Otavamedia, Finland
 Tel. +358 9 15 661
 firstname.lastname@otava.fi
 www.sskk.fi

NEW BUSINESS FUNCTIONS

OTAVA NEW BUSINESSES LTD

Maistraatinportti 1, FI-00240 Helsinki, Finland
 Tel. +358 9 15 661
 firstname.lastname@otava.fi

NETTIX OY

Maistraatinportti 1, FI-00240 Helsinki, Finland
 Tel. +358 600 04070
 firstname.lastname@otava.fi,
 firstname@nettix.fi
 asiakaspalvelu@nettix.fi
 www.nettix.fi

AMPPARIT LTD

Maistraatinportti 1, FI-00240 Helsinki, Finland
 Tel. +358 9 15 661
 ampparit@ampparit.com
 www.ampparit.com

Contacts

PARENT COMPANY

OTAVA LTD
P.O. Box 134, FI-00121 Helsinki, Finland
Street address: Uudenmaankatu 10, FI-00120
Helsinki, Finland
Tel. +358 9 15 661
firstname.lastname@otava.fi
www.otavakonserni.fi

BOOKS

OTAVA PUBLISHING COMPANY LTD
P.O. Box 134, FI-00121 Helsinki, Finland
Street address: Uudenmaankatu 10, FI-00120
Helsinki, Finland
Tel. +358 9 15 661
firstname.lastname@otava.fi
www.otava.fi

LIKE PUBLISHING LTD
Uudenmaankatu 10, FI-00120 Helsinki, Finland
Tel. +358 9 15 661
firstname.lastname@like.fi
www.like.fi

MOREENI
Uudenmaankatu 10, FI-00120 Helsinki, Finland
Tel. +358 9 15 661
firstname.lastname@moreenikustannus.fi
www.moreenikustannus.fi

NEMO
Uudenmaankatu 10, FI-00120 Helsinki, Finland
Tel. +358 9 15 661
firstname.lastname@nemokustannus.fi
www.nemokustannus.fi

F-PUBLISHING
Uudenmaankatu 10, FI-00120 Helsinki, Finland
Tel. +358 9 15 661
firstname.lastname@f-kustannus.fi
www.f-kustannus.fi

OY FINN LECTURA AB
Uudenmaankatu 10, FI-00120 Helsinki, Finland
Tel. +358 9 15 661
info@finnlectura.fi
www.finnlectura.fi

OTAVA BOOK PRINTING LTD
Otavantie 11, FI-42700 Keuruu, Finland
Tel. +358 9 15 661
Sales: Uudenmaankatu 10,
FI-00120 Helsinki, Finland
firstname.lastname@otavankirjapaino.fi
www.otavankirjapaino.fi

TRADE

SUOMALAINEN KIRJAKAUPPA LTD
Maistraatinportti 1, FI-00240 Helsinki, Finland
Tel. +358 9 15 661
firstname.lastname@suomalainen.com
www.suomalainen.com

MAGAZINES

OTAVAMEDIA LTD
Maistraatinportti 1, FI-00015 Otavamedia, Finland
Tel. +358 9 15 661
firstname.lastname@otava.fi
www.otavamedia.fi

**OTAVAMEDIA OMA,
CUSTOMER COMMUNICATIONS**
Maistraatinportti 1, FI-00015 Otavamedia, Finland
Tel. +358 9 15 661
firstname.lastname@otava.fi

Tykistökätkä 4, FI-20520 Turku, Finland
Tel. +358 9 15 661
firstname.lastname@otava.fi
<https://yrityksille.otavamedia.fi/>

**OTAVAMEDIA LTD,
THE GREAT FINNISH BOOK CLUB**
Maistraatinportti 1, FI-00015 Otavamedia, Finland
Tel. +358 9 15 661
firstname.lastname@otava.fi
www.sskk.fi

NEW BUSINESS FUNCTIONS

OTAVA NEW BUSINESSES LTD
Maistraatinportti 1, FI-00240 Helsinki, Finland
Tel. +358 9 15 661
firstname.lastname@otava.fi

NETTIX OY
Maistraatinportti 1, FI-00240 Helsinki, Finland
Tel. +358 600 04070
firstname.lastname@otava.fi,
firstname@nettix.fi
asiakaspalvelu@nettix.fi
www.nettix.fi

AMPPARIT OY
Maistraatinportti 1, FI-00240 Helsinki, Finland
Tel. +358 9 15 661
ampparit@ampparit.com
www.ampparit.com

OTAVA

GROUP

ANNUAL REPORT 2017
EDITING Monika Winqvist, Otavamedia OMA
COVER Elina Warsta | PHOTOS Vesa Tyni
REPRODUCTION Aste Helsinki Oy
PRINTING Otava Book Printing Ltd, Keuruu 2018

