

CapMan Plc
Interim Report
1 January – 31 March
2018



CapMan Buyout portfolio company Harvia Plc was listed on Nasdaq Helsinki stock exchange in March 2018.

CapMan Plc Interim Report 1 January – 31 March 2018

PERFORMANCE AND MAIN EVENTS FOR THE REVIEW PERIOD:

- Group turnover was MEUR 8.5 (MEUR 7.5 1 January –31 March 2017).
- Operating profit was MEUR 4.1 (MEUR 10.5).
- Profit for the period was MEUR 3.3 (MEUR 9.1).
- Diluted earnings per share for the period were 2.3 cents (5.9 cents, of which the sale of Idean in Q1 2017 had an impact of 5,2 cents).
- CapMan Buyout portfolio company Harvia Plc was listed on Nasdaq Helsinki stock exchange in March and portfolio company Walki was sold in April after the review period.
- CapMan issued notes in the principal amount of EUR 50 million after the review period in April.

CEO JOAKIM FRIMODIG

“The first quarter of 2018 developed positively in all our business areas. I am pleased to note that our recent growth enhancing initiatives are already being reflected in our financial result, although the implementation of our long-term strategy is still in an early stage.

The fees from our Management Company business grew by 10 per cent to MEUR 5.8. This growth is largely attributable to the management fees from the new real estate and private equity funds. Meanwhile, we managed to keep our costs under control, thanks to which the segment’s operating profit almost doubled from the previous year, amounting to MEUR 0.8. In accordance with our strategic objectives, our aim is to increase our management fees by more than 10 per cent in 2018. The increase in management fees, combined with moderate and well-targeted investments in growth, will improve the segment’s profitability.

“The first quarter of 2018 developed positively in all our business areas.”

Our service business continued to grow strongly and profitably. In Q1, the turnover from services increased to MEUR 1.4, which is 35 per cent more compared to the corresponding period last year. The increase was, to a large extent, fuelled by the excellent sales volumes of CaPS. The segment’s operating profit more than doubled from the previous year, amounting to MEUR 0.6. The first quarter did not include any notable success fees from the fundraising services, but success fees can be expected in the following quarters. Our service business will continue its profitable growth in 2018.

Our investment business grew strongly, particularly with regard to our own funds. Our own fund investments yielded a good annualized return, almost 15 per cent, which was largely due to our successful exit from Walki. The listing of the Buyout portfolio company Harvia was also carried out during the period under review. We expect more exits from our portfolio companies in the near future. Our market portfolio developed moderately despite of a difficult market environment, and its annualized return was approximately 4 per cent in Q1. After the review period, we have reduced the size of our market portfolio and, as we announced earlier, we aim to allocate funds from our market portfolio to our new products in 2018 and 2019. The operating profit from our investment business was MEUR 3.2 in the first quarter. The operating profit was nearly three times higher compared to the same period last year, excluding the notable one-time effect of the Idean transaction in the first quarter of 2017.

Our financial costs decreased compared to corresponding period last year. This was affected by the MEUR 15 bond that were paid back last year. After the review period we

also announced the issue of a new MEUR 50 bond, which was clearly oversubscribed as a result of the active demand. The new bond lengthens the average maturity of our debt portfolio significantly.

The fundraising project of CapMan Infra fund has started and our goal is to establish a Nordic, MEUR 300 fund. Along with the recent recruitments we have set up a strong team, which has versatile and international infrastructure expertise. We have also proceeded in mandate based projects, which once actualized will generate long-term fee income for CapMan. I am convinced that the steps taken now will take us far to the future and have an important role in our growth strategy.

Our goal is to grow CapMan into a leading Nordic private asset manager with active approach to value-creation in its target companies. In order to achieve this goal, we will continue to work on new product and service solutions that complement our current offering in private equity and allow us to serve new investors and customer groups.”

FINANCIAL OBJECTIVES AND OUTLOOK ESTIMATE FOR 2018

The growth objective for Management Company and Services business is more than 10 per cent p.a. on average. The objective for return on equity is more than 20 per cent p.a. on average. The objective for net gearing, that is ratio of net interest-bearing debt to equity, is a maximum of 40 per cent on average. CapMan’s objective is to pay at least 75 per cent of earnings per share as dividend.

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on annual basis considering the nature of the business. CapMan expects fees from services to continue to grow and have an impact on results from the Management Company and Services business in 2018. Our objective is to improve the profitability of Management Company and Services business before carried interest income and any possible items affecting comparability.

The return on CapMan’s investments have a substantial impact on CapMan’s overall result. The development of industries and local economies, inflation development, valuation multiples of peer companies, exchange rates and various other factors outside of CapMan’s control influence fair value development of CapMan’s overall investments in addition to company and real estate specific development.

CapMan’s objective is to improve results longer term, taking into account annual fluctuations affecting the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2018. Items affecting comparability are described in the Tables section of this report.

GROUP TURNOVER AND RESULT IN JANUARY-MARCH 2018

The Group’s turnover totalled MEUR 8.5 (Jan-March 2017: MEUR 7.5). The growth of group’s turnover was due to the increase in management fees and the growth of net sales for CaPS, part of CapMan’s Service business.

Operating expenses were MEUR 6.9 (MEUR 7.3).

The Group’s operating profit was MEUR 4.1 (MEUR 10.5). There were no items affecting comparability during the review period. In the corresponding period last year, the operating profit was significantly affected by the sale of Idean in the first quarter.

Financial income and expenses amounted to MEUR -0.5 (MEUR -0.9). Financial expenses decreased due to the pay back of the bond in Q4 2017. Profit before taxes was MEUR 3.5 (MEUR 9.6) and profit after taxes was MEUR 3.3 (MEUR 9.1).

Earnings per share was 2.3 (6.0) cents. Diluted earnings per share was 2.3 (5.9) cents. Accrued interest payable on the hybrid bond, net of taxes, as well as penalties related to the early redemption has been deducted when calculating earnings per share. A quarterly breakdown of turnover and profit, together with turnover, operating profit/loss, and profit/loss by segment for the financial year are available in the Tables section of this report.

Table 1: Items affecting comparability and alternative performance measures

€ ('000)	1-3/18	1-3/17
Management fees	5 627	4 996
Sale of services	1 606	1 354
Carried interest	107	
Dividend and interest income from financial assets held for trading	1 115	1 149
Turnover, external	8 455	7 499
Turnover, internal		
Other operating income	1	3
Personnel expenses, of which	-4 699	-5 007
Salaries and bonuses	-4 586	-4 957
Share-based payment	-113	-50
Depreciation, amortisation and impairment	-52	-56
Other operating expenses	-2 158	-2 204
Fair value changes of investments	2 511	10 308
Operating profit	4 058	10 543
Items affecting comparability		
Norvestia integration related costs		360
Items affecting comparability, total		360
Adjusted operating profit	4 058	10 903
Financial items	-515	-901
Income taxes	-203	-586
Profit for the period	3 340	9 057
Items affecting comparability		
Norvestia integration related costs		288
Items affecting comparability, total		288

Adjusted profit for the period	3 340	9 345
Earnings per share, cents	2,3	6,0
Items affecting comparability, cents		0,2
Adjusted earnings per share, cents	2,3	6,2
Earnings per share, diluted, cents	2,3	5,9
Items affecting comparability, cents		0,2
Adjusted earnings per share, diluted, cents	2,3	6,1
Non-current assets	94 747	99 182
Total assets include:		
Investments accounted for using the equity method		87
Investments in joint ventures	5 307	5 362

MANAGEMENT COMPANY BUSINESS

Turnover generated by the Management Company business for the review period totalled MEUR 5.9 (MEUR 5.3). The growth of turnover consisted mainly of management fees from CapMan Nordic Property Income, CapMan Nordic Real Estate II and CapMan Growth Equity funds.

Fees totalled MEUR 5.8 (MEUR 5.0). Carried interest income for the review period totalled MEUR 0.1 (MEUR 0.0) and was mainly received from the funds managed by Access Capital Partners. Operating profit of Management company business totalled MEUR 0.8 (MEUR 0.4). Profit for the review period was MEUR 0.6 (MEUR 0.3).

SERVICE BUSINESS

Turnover generated by Services business totalled MEUR 1.4 (MEUR 1.0) and consisted mainly of the increase in net sales of purchasing scheme CaPS. There were no significant success fees recorded from Scala Fund Advisory fundraising and advisory services for the review period. Only a small amount of success fees for fund advisory services are paid as retainers and total fees may therefore vary significantly from one period to the next.

The operating income of the Services business was MEUR 0.6 (MEUR 0.3). The profit for the review period was MEUR 0.5 (MEUR 0.2).

INVESTMENT BUSINESS

Turnover of the Investment business was MEUR 1.1 in the review period (MEUR 1.1) due to dividend and interest income from financial assets held for trading.

Operating profit for the Investment business was MEUR 3.2 (MEUR 10.3). Profit for the Investment business was MEUR 2.6 (MEUR 8.9). Items affecting comparability for the corresponding period last year are presented in section Segment information of the Tables section of this report.

Table 2: CapMan's investments booked at fair value as of 31 March 2018

	Fair value 31 March 2018 (MEUR)
Fund investments	77.1
Investments in joint ventures	5.3
Other financial assets	2.4
Current financial assets (incl.trading portfolio)	72.6
Total	157.4

Fair value of **fund investments** was MEUR 77.1 in 31 March 2018 (MEUR 51.7). Fair value changes of fund investments were MEUR 2.6 (MEUR 0.9) representing a 3.5 % increase in value (Jan-March 2017 +1.8 %). The positive change in the fair value of fund investments during the review period was mainly due to positive development of portfolio companies that are significant for CapMan's own investments. Fund investments also include investments in funds not managed by CapMan.

CapMan invested a total of MEUR 17.2 (MEUR 0.6) in funds during the review period. CapMan received distributions from funds totalling MEUR 1.2 (MEUR 1.4).

The amount of remaining commitments that have not yet been called totalled MEUR 54.9 as of 31 March 2018, including commitments to funds from Norvestia (31 March 2017: MEUR 35.9).

The trading portfolio, which invests in market instruments, was MEUR 72.3 in 31 March 2018 (MEUR 79.9 in 31 March 2017).

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG). Sensitivity analysis by investment area are presented in the Tables section of this report.

BALANCE SHEET AND FINANCIAL POSITION AS OF 31 MARCH 2018

CapMan's balance sheet totalled MEUR 200.5 as of 31 March 2018 (31 March 2017: MEUR 229.9). Non-current assets amounted to MEUR 94.7 (MEUR 99.2), of which goodwill totalled MEUR 4.7 (MEUR 6.2).

As of 31 March 2018, fund investments booked at fair value totalled MEUR 77.1 (MEUR 51.7 as of 31 March 2017).

Other financial assets booked at fair value were MEUR 2.4 (MEUR 0.2). The fair value of investments in joint ventures was MEUR 5.3 (MEUR 5.4). Long-term receivables amounted to MEUR 3.1 (MEUR 4.4).

Current assets amounted to MEUR 105.8 (MEUR 130.8). Financial assets booked at fair value, i.e. current investments, were MEUR 72.6 (MEUR 80.2) and included the trading portfolio. Cash in hand and at banks amounted to MEUR 21.5 (MEUR 43.9).

CapMan's interest-bearing net debt amounted to MEUR 26.5 as of 31 March 2018 (MEUR 21.9). CapMan's total interest-bearing debt as of 31 March 2018 is outlined in Table 3.

Table 3: CapMan's interest bearing debt

	Debt amount 31 Mar 2018	Matures latest	Annual interest	Debt amount 31 Dec 2017
Bank financing	MEUR 8,5	Q2 2019		MEUR 8,5
Multi-issuer bond (issued in 2014)	MEUR 10	Q2 2019	1,85 %	MEUR 10
Senior bond (issued in 2015)	MEUR 30	Q4 2019	4,20 %	MEUR 30
Long-term credit facility (available)	(MEUR 10)			(MEUR 10)

CapMan Plc's bank loans include financing covenants, which are conditional on the company's equity ratio and the ratio of interest-bearing bank loans to fund investments on the balance sheet. CapMan honoured all covenants as of 31 March 2018.

Trade and other payables totalled MEUR 27.9 (MEUR 31.9).

The Group's cash flow from operations totalled MEUR -2.7 for the review period (MEUR 3.2). Income from fund management fees is paid semi-annually, in January and July, and is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR 14.4 (MEUR 28.3) and includes, inter alia, investments and repaid capital received by the Group.

Cash flow before financing totalled MEUR 11.8 (MEUR 31.6) and reflects the development in the Management Company business, Services business and Investment business. Cash flow from financing was MEUR -13.6 (MEUR -32.6).

KEY FIGURES 31 MARCH 2018

CapMan's return on equity was 11.2 per cent (31 March 2017: 27.6 per cent) and return on investment 9.6 per cent (21.4 per cent). Net gearing was 23.1 per cent (18.2 per

cent) as of 31 March 2018. The target levels for the company's return on equity and net gearing are on average over 20 per cent and a maximum of 40 per cent, respectively.

Table 4: CapMan's key figures

	31.3.18	31.3.17	31.12.17	Comparable key figures		
				31.3.18	31.3.17	31.12.17
Earnings per share, cents	2,3	6,0	10,4	2,3	6,2	13,1
Diluted, cents	2,3	5,9	10,2	2,3	6,1	13,0
Shareholders' equity / share, cents	78,4	82,7	87,3			
Share issue adjusted number of shares	145 743 650	144 990 351	145 179 460			
Number of shares at the end of period	146 201 925	144 990 351	145 625 985			
Number of shares outstanding	146 175 626	144 964 052	145 599 686			
Company's possession of its own shares, end of period	26 299	26 299	26 299			
Return on equity, %	11,2	27,6	11,5	11,2	28,4	14,5
Return on investment,%	9,6	21,4	10,1	9,6	21,9	12,4
Equity ratio,%	57,6	53,1	60,0			
Net gearing,%	23,1	18,2	19,4			
Net interest-bearing liabilities, EUR million	26,5	21,9	24,6			

CAPITAL UNDER MANAGEMENT AS OF 31 MARCH 2018 AND FUNDRAISING STATUS

Capital under management refers to the remaining investment capacity, mainly equity, of funds and capital already invested at acquisition cost or at fair value, when referring

to mandates. As capital under management is calculated based on the capital, which forms the basis for management fees, investment capacity includes in addition to equity also debt for such funds where debt is included in the fee base. Capital increases as fundraising for new funds progresses or as investments are executed under investment mandates and declines as exits are completed.

Capital under management was MEUR 2,799.0 as of 31 March 2018 (31 March 2017: MEUR 2,671.0). CapMan Nordic Real Estate II and CapMan Growth Equity funds established in the end of year 2017 had a positive impact on capital under management compared to corresponding period last year. Of the total capital under management, MEUR 1,636.0 (MEUR 1,389.0) was held in real estate funds and MEUR 1,163.0 (MEUR 1,282.0) was held in funds making investments in portfolio companies.

DECISIONS TAKEN BY THE AGM

The Annual General Meeting (AGM) of CapMan Plc was held in Helsinki on 14 March 2018. The AGM approved the annual accounts for the 2017 financial year and discharged the company's Board of Directors and Chief Executive Officers from liability.

The AGM approved all the proposals presented by the Board of Directors to the AGM. The AGM decided in accordance with the proposal of the Board of Directors that a dividend of EUR 0.11 per share should be paid to shareholders, i.e. a total of approximately MEUR 16.1 and this was paid to shareholders on 23 March 2018.

The AGM elected five members to the Board of Directors for a term of office expiring at the end of the next AGM. Andreas Tallberg, Mammu Kaario and Ari Tolppanen were re-elected to the Board. Catarina Fagerholm and Eero Heliövaara were elected as new members to the Board.

Ernst & Young Ltd, Authorised Public Accountants, was elected as the company's auditor, which has notified the company that Ms. Ulla Nykky, APA, will act as the lead auditor.

The Annual General Meeting decided to establish a Shareholders' Nomination Board to prepare future proposals concerning the election and remuneration of the members of the Board of Directors and remuneration of the members of the Committees of the Board of Directors to the next Annual General Meetings and, if needed, to Extraordinary

General Meetings and approved the Charter of the Shareholders' Nomination Board. The Shareholders' Nomination Board will replace the Nomination Committee nominated by the Board of Directors and shall comprise representatives nominated by the four largest shareholders of the company and the Chairman of the Board of Directors as an expert member.

More details on the decisions taken by the AGM are available in the stock exchange release issued on 14 March 2018.

AUTHORISATIONS GIVEN TO THE BOARD BY THE AGM

The AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's shares. The number of shares concerned shall not exceed 14,000,000, which corresponds to approx. 9.6 per cent of all shares in the company. The authorisation shall remain in force until the end of the following AGM and 30 June 2019 at the latest. The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be issued shall not exceed 14,000,000 shares, which corresponds to approx. 9.6 per cent of all shares in the company. The authorisation shall remain in force until the end of the following AGM and 30 June 2019 at the latest.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 14 March 2018.

PERSONNEL

CapMan employed a total of 115 people as of 31 March 2018 (31 March 2017: 108), of whom 72 (71) worked in Finland and the remainder in the other Nordic countries, Russia, Luxembourg and the United Kingdom. A breakdown of personnel by country is presented in the Tables section of this report.

SHARES AND SHARE CAPITAL

There were no changes in CapMan Plc's share capital during the financial year. Share capital totalled EUR 771,586.98 as of 31 March 2018. CapMan had 146,201,925 shares outstanding as of 31 March 2018.

All shares generate equal voting rights (one vote per share) and rights to a dividend and other distribution to shareholders. CapMan Plc's shares are included in the Finnish book-entry system.

SHAREHOLDERS

The number of CapMan Plc shareholders increased by 31 % from the corresponding period last year and totalled 17,576 as of 31 March 2018 (31 March 2017: 13,412).

COMPANY SHARES

As of 31 March 2018, CapMan Plc held a total of 26,299 CapMan shares, representing 0.02 % of shares and voting rights. The market value of own shares held by CapMan was EUR 37,871 as of 31 March 2018 (31 March 2017: EUR 37,345). No changes occurred in the number of own shares held by CapMan Plc during the financial year.

TRADING AND MARKET CAPITALISATION

CapMan Plc's shares closed at EUR 1.44 on 31 March 2018 (31 March 2017: EUR 1.42). The trade-weighted average price for the review period was EUR 1.67 (EUR 1.44). The highest price paid was EUR 1.81 (EUR 1.64) and the lowest EUR 1.44 (EUR 1.24). The number of CapMan Plc shares traded totalled 13.6 million (20.3 million), valued at MEUR 22.8 (MEUR 28.9).

The market capitalisation of CapMan Plc shares as of 31 March 2018 was MEUR 210.5 (31 March 2017: MEUR 205.9).

COMPENSATION SCHEMES

CapMan's compensation scheme consists of short-term and long-term compensation schemes.

The short-term scheme covers all CapMan employees, excluding CEO and CFO of the company, and its central objective is earnings per share, for which the Board of Directors has set a minimum target. Short-term bonuses for investment teams are based on the result of the Management Company business for their respective investment partnership, and the minimum level of earnings per share provides the basis for receiving bonuses.

The long-term scheme consists of carried interest payable to investment teams and stock option programmes for CapMan's key personnel. In addition to this, CapMan has an investment based long-term incentive plan for key employees. The carried interest payable to investment teams is based on the success of investments made in the corresponding funds. This arrangement is in line with international industry practice. In the investment based long-term incentive plan the participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share.

At the end of the reporting period, CapMan Plc had two stock option programmes, Option Programme 2013 and Stock Option Programme 2016, in place as part of its incentive and commitment arrangements for key personnel. Following the decision of the new long-term incentive plan, CapMan will not grant new options from the ongoing option plans 2013 and 2016. The terms of the option programmes can be found on CapMan's website.

The investment-based long-term incentive plan includes one performance period. The performance period will commence on 1 April 2018 and end on 31 March 2021. The participants may earn a matching reward and a performance-based reward from the performance period. The prerequisite for receiving reward on the basis of the plan is that a participant acquires company's shares or allocates previously owned company's shares up to the number determined by the Board of Directors. The performance-based

reward from the plan is based on the company share's Total Shareholder Return (TSR) and on a participant's employment or service upon reward payment. The rewards from the Plan will be paid fully in the company's shares in 2021. The Board shall resolve whether new Shares or existing Shares held by the Company are given as reward. The target group of the Plan consists of approximately 20 people, including the members of the Management Group.

OTHER SIGNIFICANT EVENTS DURING THE REVIEW PERIOD

CapMan Buyout portfolio company Harvia Plc was listed on Nasdaq Helsinki stock exchange in March.

CapMan announced that it considers issuance of new notes and a voluntary total redemption of its outstanding notes maturing in 2019 in March.

CapMan Group changed its structure of reportable segments in March.

CapMan Board resolved on a new investment-based long-term incentive plan for key employees in February.

EVENTS AFTER THE END OF THE REVIEW PERIOD

CapMan Buyout sold portfolio company Walki in April.

CapMan Growth Equity invested in to Arctic Security on a growing cyber security industry in April.

CapMan announced in April that it issues senior unsecured notes in the principal amount of EUR 50 million. The Notes will mature on 16 April 2023 and carry fixed interest at a rate of 4.125 per cent per annum.

SIGNIFICANT RISKS AND SHORT-TERM UNCERTAINTIES

Private equity investment is generally subject to a risk of non-liquid investments, among others, which means uncertainty of the realisation of any increase in value, a risk concerning general economic development and market situation and a risk concerning the economy and political situation of target countries.

Investment operations carried out by CapMan are subject to general market risk. Market values can change, for example, because of fluctuations in the equity, fixed income, currency and real estate markets. Changes in market values impact the result of CapMan through the appreciations of its investment assets. Changes in the equity markets also influence the valuation of unlisted portfolio companies because the valuation methods used by funds include the share values of suitable listed companies. Economic uncertainty may have a direct impact on the success of the funds administered by CapMan, on the success of CapMan's investment activities, and also on the assets available for investment or solvency of the current and potential investors of the funds.

The business operations of the CapMan Group have a material risk of failure regarding the establishment of new private equity funds and their fundraising. Successful funding is important to management fees and creates opportunity for receiving carried interest income in the future. For example, poor performance of investments made by funds managed by CapMan, increasing competition or other reasons that are independent of CapMan may make it more difficult to raise funds from new or current investors in the future.

The values of growth companies can vary positively or negatively within short periods if changes occur in the peer group or in the interest in the company of potential buyers. As a result of exit processes, significant return is typically realised on successful growth investments also in the short term as the exit price is based on strategic value and synergies created for the buyer, and not directly on peer group multiples.

The timing of exits and the magnitude of the potential carried interest profits are difficult to foretell. The timing of fees from fund advisory activities are difficult to predict due to the nature of the business.

Group companies managing a fund may in certain circumstances, pursuant to the terms of the fund agreement, have to return carried interest income they have received (so-called clawback). The obligation to return carried interest income applies typically when, according to the final distribution of funds, the carried interest income received by the fund management company exceeds the carried interest it is entitled to when the fund expires. CapMan recognises revenue from carried interest, to the extent carried interest is based on realised cash flows and repayment risk is estimated to be very low, CapMan is entitled to carried interest, a confirmation on the amount has been received and CapMan is relatively close to receiving it in cash. Returned carried interest income based on clawback conditions would in turn have a negative impact on CapMan's result as a potential clawback provision may not be sufficient. CapMan has recorded a EUR 7.6 million clawback provision for the CapMan Real Estate I KY fund. The sufficiency of the provision is reviewed quarterly by the management but its actual amount will only be known after all target investments of the fund have been liquidated. The realisation of the clawback liability would have a negative cash flow impact and it is possible that the provision made is not sufficient.

The company's financing agreements include financing covenants and other conditions. Violation of covenants related to financing agreements and a failure to fulfil other contractual terms may cause the cost of financing to increase significantly and even jeopardise continued financing for CapMan.

Changes in the securities markets regulation, significant domestic or international tax regulation or practice and regulation generally applicable to business operations, or measures and actions by authorities or requirements set by authorities, or in the manner in which such laws, regulations and actions are implemented or interpreted, as well as the application and implementation of new laws and regulations, may have a significant effect on CapMan's business operations.

FINANCIAL OBJECTIVES AND OUTLOOK ESTIMATE FOR 2018

The growth objective for Management Company and Services business is more than 10 per cent p.a. on average. The objective for return on equity is more than 20 per cent p.a. on average. The objective for net gearing, that is ratio of net interest-bearing debt to equity, is a maximum of 40 per cent on average. CapMan's objective is to pay at least 75 per cent of earnings per share as dividend.

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on annual basis considering the nature of the business. CapMan expects fees from services to continue to grow and have an impact on results from the Management Company and Services business in 2018. Our objective is to improve the profitability of Management Company and Services business before carried interest income and any possible items affecting comparability.

The return on CapMan's investments have a substantial impact on CapMan's overall result. The development of industries and local economies, inflation development, valuation multiples of peer companies, exchange rates and various other factors outside of CapMan's control influence fair value development of CapMan's overall investments in addition to company and real estate specific development. CapMan's objective is to improve results longer term, taking into account annual fluctuations affecting the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2018.

CapMan Plc

Board of Directors

CapMan Group's Half-Year Financial report 2018 is published on Thursday 9 August 2018.

Helsinki 26 April 2018

CAPMAN PLC

Board of Directors

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Principal media

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GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

€ ('000)	1-3/18	1-3/17	1-12/17
Management fees	5 627	4 996	19 583
Sale of services	1 606	1 354	7 108
Carried interest	107		4 418
Dividend and interest income from financial assets held for trading	1 115	1 149	3 735
Turnover	8 455	7 499	34 843
Other operating income	1	3	15
Personnel expenses	-4 699	-5 007	-21 366
Depreciation and amortisation	-52	-56	-1 716
Other operating expenses	-2 158	-2 204	-9 876
Fair value changes of investments	2 511	10 308	17 582
Operating profit	4 058	10 543	19 482
Financial income and expenses	-515	-901	-3 171
Share of the income of investments accounted for using the equity method			-87
Profit before taxes	3 543	9 642	16 224
Income taxes	-203	-586	-757
Profit for the period	3 340	9 057	15 467
Other comprehensive income:			
Translation differences	65		-256
Total comprehensive income	3 405	9 057	15 211
Profit attributable to:			
Equity holders of the company	3 378	9 057	15 472

Non-controlling interest	-39		-5
Total comprehensive income attributable to:			
Equity holders of the company	3 444	9 057	15 216
Non-controlling interest	-39		-5
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, cents	2,3	6,0	10,4
Diluted, cents	2,3	5,9	10,2

On comparative periods, the accrued interest payable on the hybrid bond, net of taxes, has been deducted from the earnings per share.

GROUP BALANCE SHEET (IFRS)

€ ('000)	31.3.18	31.3.17	31.12.17
ASSETS			
Non-current assets			
Tangible assets	303	172	287
Goodwill	4 704	6 204	4 547
Other intangible assets	165	230	208
Investments accounted for using the equity method		87	
Investments at fair value through profit and loss			
Investments in funds	77 091	51 658	58 264
Growth equity investments		28 158	28 840
Other financial assets	2 387	179	142
Investments in joint ventures	5 307	5 362	4 917
Receivables	3 066	4 419	3 143
Deferred income tax assets	1 724	2 712	1 752
	94 747	99 182	102 100
Current assets			
Trade and other receivables	11 680	6 661	8 725
Financial assets at fair value through profit and loss	72 635	80 174	77 144
Cash and bank	21 457	43 931	23 291
	105 772	130 766	109 160
Total assets	200 518	229 947	211 259

€ ('000)	31.3.18	31.3.17	31.12.17
EQUITY AND LIABILITIES			
Capital attributable the Company's equity holders			
Share capital	772	772	772
Share premium account	38 968	38 968	38 968
Other reserves	83 088	82 188	82 550
Translation difference	-292	-101	-357
Retained earnings	-7 938	-1 933	4 766
Total capital attributable to the Company's equity holders	114 598	119 894	126 699
Non-controlling interests	-24		-5
Total equity	114 574	119 894	126 694
Non-current liabilities			
Deferred income tax liabilities	8 793	11 591	8 573
Interest-bearing loans and borrowings	45 253	48 103	45 215
Other non-current liabilities	124	124	124
	54 170	59 818	53 912
Current liabilities			
Trade and other payables	27 869	31 899	26 837
Interest-bearing loans and borrowings	3 000	18 000	3 000
Current income tax liabilities	905	337	816
	31 774	50 235	30 653
Total liabilities	85 944	110 053	84 565
Total equity and liabilities	200 518	229 947	211 259

GROUP STATEMENT OF CHANGES IN EQUITY

€ ('000)	Attributable to the equity holders of the Company						Non-controlling interests
	Share capital	Share premium account	Other reserves	Translation differences	Retained earnings	Total	
Equity on 1 January 2017	772	38 968	97 111	-101	6 229	142 979	
Profit for the year					9 057	9 057	
Other comprehensive income for the year							
Currency translation differences							
Total comprehensive income for the year					9 057	9 057	
Share subscriptions with options							
Options			77		-26	51	
Dividends					-13 047	-13 047	
Hybrid bond, interest and other expenses			-15 000		-4 146	-19 146	
Equity on 31 March 2017	772	38 968	82 188	-101	-1 933	119 894	
Equity on 1 January 2018	772	38 968	82 550	-357	4 766	126 699	-5
Profit for the year					3 378	3 378	-39
Other comprehensive income for the year							
Currency translation differences				65		65	
Total comprehensive income for the year				65	3 378	3 443	-39
Equity investment of non-controlling interests							20
Share subscriptions with options			423			423	
Options			115		-3	112	
Dividends					-16 079	-16 079	
Equity on 31 March 2018	772	38 968	83 088	-292	-7 938	114 598	-24

STATEMENT OF CASH FLOW (IFRS)

€ ('000)	1-3/18	1-3/17	1-12/17
Cash flow from operations			
Profit for the financial year	3 340	9 057	15 468
Adjustments on cash flow statement	-1 578	-8 715	-11 810
Change in working capital:			
Change in current non-interest-bearing receivables	-2 926	174	-1 812
Change in current trade payables and other non-interest-bearing liabilities	-1 041	3 546	19
Interest paid	-220	-751	-3 864
Taxes paid	-222	-65	-1 624
Cash flow from operations	-2 647	3 246	-3 623
Cash flow from investing activities			
Acquisition of subsidiaries		-1 117	-1 173
Investments in tangible and intangible assets	-24	-12	-260
Investments at fair value through profit and loss	14 347	28 100	32 560
Long-term loan receivables granted	-28	-35	-236
Proceeds from long-term receivables	77	1 193	2 304
Dividends received			210
Interest received	44	185	286
Cash flow from investing activities	14 417	28 314	33 690

Cash flow from financing activities			
Share issue	423		421
Proceeds from borrowings			9 000
Repayment of long-term loan		-15 000	-42 000
Paid withheld tax on dividends		-6 151	-6 151
Dividends paid	-14 026	-11 480	-13 047
Cash flow from financing activities	-13 603	-32 631	-51 777
Change in cash and cash equivalents	-1 833	-1 071	-21 710
Cash and cash equivalents at start of year	23 291	45 001	45 001
Cash and cash equivalents at end of year	21 457	43 931	23 291

ACCOUNTING PRINCIPLES

This unaudited interim report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the previous annual financial statements. Figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

As from January 1, 2018, the Group has applied the following new standards that have come into effect:

- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers

With respect to IFRS 15 CapMan has changed the specification of turnover on the profit and loss statement. The new standards do not have a material effect on the groups result or financial position.

ITEMS AFFECTING COMPARABILITY AND ALTERNATIVE PERFORMANCE MEASURES

CapMan uses alternative performance measures to denote the financial performance of its business and to improve the comparability between different periods. Alternative performance measures do not replace performance measures in accordance with the IFRS and are reported in addition to such measures. Alternative performance measures, as such are presented, are derived from performance measures as reported in accordance with the IFRS by adding or deducting the items affecting comparability and they will be nominated as adjusted.

Items affecting comparability are, among others, material items related to mergers and acquisitions or major development projects, material gains or losses related to the acquisition or disposals of business units, material gains or losses related to the acquisition or disposal of intangible assets, material expenses related to decisions by authorities and material gains or losses related to reassessment of potential repayment risk to the funds.

Items affecting comparability and alternative key figures are presented under the Segment information.

SEGMENT INFORMATION

CapMan has three operating segments: Management company business, Service business and Investments business.

In its Management Company business, CapMan manages private equity funds that are invested by its partnership-based investment teams. Investments are Nordic and Russian mainly unlisted companies and Nordic real estate. CapMan raises capital for the funds from Nordic and international investors. Income from the Management company business is derived from fees and carried interest received from funds. The fees include management fees related to CapMan's position as a fund management company and fees from other services closely related to fund management.

In Service business, CapMan offers procurement services to companies in Finland and Sweden through CapMan Procurement Services (CaPS) and private equity advisory and

fundraising services to private equity fund managers and investors through Scala Fund Advisory. Income from the Services business include fees from CapMan Procurement Services (CaPS) and fundraising advisory services (Scala).

Through its Investment business, CapMan invests from its own balance sheet in the private equity asset class and listed markets in a diversified manner. Income in this business segment is generated by changes in the fair value of investments and realised returns following exits and periodic returns, such as interest and dividends.

Other includes the corporate functions not allocated to operating segments. These functions include part of the activities of group accounting, corporate communications, group management and costs related to share-based payment. Other also includes the eliminations of the intersegment transactions.

1-3/2018					
€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fee	5 627				5 627
Service fees	183	1 386		37	1 606
Carried interest	107				107
Dividend and interest income from financial assets held for trading			1 115		1 115
Turnover, external	5 918	1 386	1 115	37	8 455
Turnover, internal		116		-116	
Other operating income				1	1
Personnel expenses, of which	-2 998	-466	-136	-1 099	-4 699
Salaries and bonuses	-2 998	-466	-136	-986	-4 586
Share-based payment				-113	-113
Depreciation, amortisation and impairment	-40	-1		-11	-52
Other operating expenses	-1 226	-157	-139	-636	-2 158
Internal service fees	-898	-310	-172	1 380	
Fair value changes of investments			2 511		2 511
Operating profit	757	568	3 178	-446	4 058
Financial items			-515		-515
Income taxes	-151	-114	-28	89	-203
Profit for the period	606	455	2 636	-355	3 340
Items affecting comparability					

Adjusted earnings per share, cents					2,3
Adjusted earnings per share, diluted, cents					2,3
Non-current assets	4 860	22	89 437	427	94 747
Total assets include:					
Investments in joint ventures			5 307		5 307

1-3/2017					
€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	4 996				4 996
Sale of services	300	1 026		28	1 354
Carried interest					
Dividend and interest income from financial assets held for trading			1 149		1 149
Turnover, external	5 297	1 026	1 149	28	7 499
Turnover, internal		58		-58	
Other operating income				3	3
Personnel expenses, of which	-2 523	-550	-734	-1 200	-5 007
Salaries and bonuses	-2 523	-550	-734	-1 150	-4 957
Share-based payment				-50	-50
Depreciation, amortisation and impairment	-45	-2	-1	-8	-56
Other operating expenses	-1 311	-184	-250	-459	-2 204
Overhead costs	-990	-98	-186	1 273	
Fair value changes of investments			10 308		10 308
Operating profit	427	251	10 285	-420	10 543
Items affecting comparability					
Norvestia integration related costs			360		360
Items affecting comparability, total			360		360
Adjusted operating profit	427	251	10 645	-420	10 903
Financial items			-901		-901

Income taxes	-85	-50	-534	84	-586
Profit for the period	342	201	8 850	-335	9 057
Items affecting comparability					
Norvestia integration related costs			288		288
Items affecting comparability, total			288		288
Adjusted profit for the period	342	201	9 138	-335	9 345
Earnings per share, cents					6,0
Items affecting comparability, cents					0,2
Adjusted earnings per share, cents					6,2
Earnings per share, diluted, cents					5,9
Items affecting comparability, cents					0,2
Adjusted earnings per share, diluted, cents					6,1
Non-current assets	6 398		92 413	371	99 182
Total assets include:					
Investments accounted for using the equity method			87		87
Investments in joint ventures			5 362		5 362

1-12/2017					
€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	19 549			34	19 583
Sale of services	1 098	5 563		447	7 108
Carried interest	4 418				4 418
Dividend and interest income from financial assets held for trading			3 735		3 735
Turnover, external	25 065	5 563	3 735	480	34 843
Turnover, internal		252		-252	
Items affecting comparability					
Reassessment of potential repayment risk to the funds	117				117
Items affecting comparability, total	117				117
Adjusted turnover	25 182	5 815	3 735	229	34 960
Other operating income			3	12	15
Personnel expenses, of which	-11 301	-2 346	-2 177	-5 543	-21 366
Salaries and bonuses	-11 301	-2 346	-2 177	-5 387	-21 210
Share-based payment				-156	-156
Depreciation, amortisation and impairment	-1 666	-4	-13	-34	-1 716
Other operating expenses	-5 436	-818	-1 127	-2 494	-9 876
Overhead costs	-3 982	-390	-743	5 115	
Fair value changes of investments			17 582		17 582
Operating profit	2 680	2 258	17 259	-2 716	19 482
Items affecting comparability					
Reassessment of potential repayment risk to the funds	117				117
Norvestia acquisition related costs			645		645

Norvestia integration related costs			1 204		1 204
Reorganisation costs	956				956
Goodwill impairment	1 500				1 500
Items affecting comparability, total	2 573		1 849		4 422
Adjusted operating profit	5 253	2 258	19 108	-2 717	23 903
Financial items			-3 171		-3 171
Share of the income of investments accounted for using the equity method			-87		-87
Income taxes	-543	-452	-295	534	-757
Profit for the period	2 137	1 806	13 706	-2 183	15 467
Items affecting comparability					
Reassessment of potential repayment risk to the funds	94				94
Norvestia acquisition related costs			653		653
Norvestia integration related costs			1 025		1 025
Reorganisation costs	759				759
Goodwill impairment	1 500				1 500
Items affecting comparability, total	2 352		1 678		4 031
Adjusted profit for the period	4 489	1 806	15 385	-2 182	19 498
Earnings per share, cents					10,4
Items affecting comparability, cents					2,8
Adjusted earnings per share, cents					13,1
Earnings per share, diluted, cents					10,2
Items affecting comparability, cents					2,7

Adjusted earnings per share, diluted, cents				13,0
Non-current assets	4 702	96 920	478	102 100
Total assets include:				
Investments in joint ventures		4 917		4 917

INCOME TAXES

The Group's income taxes in the Income Statements are calculated on the basis of current taxes on taxable income and deferred taxes. Deferred taxes are calculated on the basis of all temporary differences between book value and fiscal value.

DIVIDENDS

A dividend of EUR 0.11 per share, totalling EUR 16.1 million, for the financial year 2017 was paid to the shareholders on March 23, 2018. A dividend of EUR 0.09 per share, totalling EUR 13.0 million, was paid for the financial year 2016.

DERIVATIVE CONTRACTS

The Group uses standardized derivative contracts to make portfolio management more effective. The fair values of the derivative contracts as well as the underlying values are given in the table below. The fair values are adjusted for the corresponding share's dividend income. Derivative contracts are recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. The fair value of futures corresponds to the futures' gain or loss. Hedge accounting is not used.

€ ('000)	31.3.18	31.12.17
Index derivatives, bought call options, sold put options and sold futures		
Fair value	4 129	37
Underlying value	-29 609	-21 962

NON-CURRENT ASSETS

Fund investments at fair value through profit or loss

€ ('000)	31.3.18	31.12.17
Book value, Jan 1	58 264	51 394
Additions	17 220	10 543
Decreases		-35
Distributions	-1 189	-7 157
Fair value gains/losses	2 566	3 422
Transfers	230	97
Book value at the end of period	77 091	58 264
Investments in funds by investment area:		
Buyout	24 125	22 020
Credit	1 980	1 749
Russia	3 957	4 505
Real Estate	24 432	17 885
Other	3 009	2 795
Funds of funds	464	511
External private equity funds	9 615	8 799
Growth equity	9 508	
In total	77 091	58 264

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 40.3 million at the end of the reporting period.

Growth Equity investments at fair value through profit or loss

€ ('000)	31.3.18	31.12.17
Book value, Jan 1	28 840	37 856
Additions		1 856
Decreases	-26 626	-20 920
Fair value gains/losses		9 959
Transfers	-2 214	89
Book value at the end of period	0	28 840

The decrease of growth investments relates a new fund with respect to CapMan sold most of its growth equity investments in January 2018.

Other investments at fair value through profit or loss

€ ('000)	31.3.18	31.12.17
Book value, Jan 1	142	179
Disposals		-5
Fair value gains/losses	31	-32
Transfers	2 214	
Book value at the end of period	2 387	142

Investments in joint ventures at fair value through profit or loss

€ ('000)	31.3.18	31.12.17
Book value, Jan 1	4 917	5 376
Additions		173
Disposals		-63
Distributions		-210
Fair value gains/losses	390	-359
Book value at the end of period	5 307	4 917

Fair value hierarchy of financial assets measured at fair value at 31 March 2018

	Fair value	Level 1	Level 2	Level 3
Investments in funds	77 091			77 091
Growth equity investments	0			0
Joint ventures	5 307			5 307
Other non-current investments	2 387		124	2 263
Current financial assets at FVTPL	72 635	61 935	10 700	0

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as price) or indirectly (that is, derived from prices).

Level 3 - The asset that is not based on observable market data.

	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss as at 31 March 2018				
Investments in funds				
at Jan 1		19	58 245	58 264
Additions			17 220	17 220
Distributions		-4	-1 185	-1 189
Fair value gains/losses		-15	2 581	2 566
Transfers			230	230
at the end of period			77 091	77 091
Growth equity investments				
at Jan 1			28 840	28 840
Additions				
Decreases			-26 626	-26 626
Fair value gains/losses				
Transfers			-2 214	-2 214
at the end of period				
Other investments				
at Jan 1		124	18	142
Fair value gains/losses			31	31
Transfers			2 214	2 214
at the end of period		124	2 263	2 387
Investments in joint ventures				
at Jan 1			4 917	4 917
Additions				
Fair value gains/losses			390	390
at the end of period			5 307	5 307

Fund investments on Level 2 are investments in the CapMan Public Market fund. All other fund investments are included in Level 3. Investments in joint ventures reported on Level 3 include investments in Maneq Investments Luxembourg S.a.r.l. There were no transfers from one level to another during the review period.

Fair value hierarchy of financial assets measured at fair value at 31 December 2017

	Fair value	Level 1	Level 2	Level 3
Investments in funds	58 264	0	19	58 245
Growth equity investments	28 840	0	0	28 840
Joint ventures	4 917	0	0	4 917
Other non-current investments	142	0	124	18
Current financial assets at FVTPL	77 144	66 121	11 023	0

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets

Level 2 - Other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as price) or indirectly (that is, derived from prices)

Level 3 - The asset that is not based on observable market data

	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss as at 31 December 2017				
Investments in funds		41	51 353	51 394
at Jan 1			10 543	10 543
Additions			-35	-35
Disposals		-22	-7 135	-7 157
Distributions			3 422	3 422
Fair value gains/losses		19	97	97
Transfers* at the end of period			58 245	58 264
Growth equity investments				
at Jan 1			37 856	37 856
Additions			1 856	1 856
Disposals			-20 920	-20 920
Fair value gains/losses			9 959	9 959
Transfers at the end of period			89	89
			28 840	28 840
Other investments		124	55	179
at Jan 1			-5	-5
Disposals			-32	-32
Fair value gains/losses at the end of period		124	18	142
Investments in joint ventures				
at Jan 1			5 376	5 376
Additions			173	173
Disposals			-63	-63
Distributions			-210	-210
Fair value gains/losses at the end of period			-359	-359
			4 917	4 917

*Change of cash and cash equivalents of the subsidiary CapMan Fund Investments SICAV-SIF, classified as fund investments.

Fund investments on Level 2 are investments in the CapMan Public Market fund. All other fund investments are included in Level 3.

Other investments reported on Level 3 included Norvestia's shares until acquiring control in Norvestia on December 19, 2016.

Investments in joint ventures reported on Level 3 include investments in Maneq Investments Luxembourg S.a.r.l.

There were no transfers from one level to another during the review period.

Sensitivity analysis of Level 3 investments at 31 March 2018

Investment area	Fair value MEUR 31.3.2018	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth investments	9,5	Peer group	Peer group earnings multiples	EV/EBITDA 2018 9.9x	+/- 0,8 MEUR
			Discount to peer group multiples	29 %	-/+ 0.3 MEUR
Buyout	24,1	Peer group	Peer group earnings multiples	EV/EBITDA 2018 8.9x	+/- 2.5 MEUR
			Discount to peer group multiples	24 %	+/- 0.8 MEUR
Real Estate	24,4	Valuation by an independent valuer			
Investments in external PE funds	9,6	Reports from PE fund management company			
Investments in joint ventures	5,3	Peer group	Peer group earnings multiples	EV/EBITDA 2018 8.6x	+/- 0.3 MEUR
			Discount to peer group multiples	23 %	-/+ 0.1 MEUR

Russia	4,0	Peer group	Peer group earnings multiples	EV/EBITDA 2017 10.4x	+/- 0.3 MEUR
			Discount to peer group multiples	29 %	+/- 0.1 MEUR
Credit	2,0	Discounted cash flows	Discount rate; market rate and risk premium	10 %	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Funds of funds	0,5	Reports from PE fund management company			
Other investment areas	5,2	Peer group	Peer group earnings multiples	EV/EBITDA 2018 8.4x	+/- 0.1 MEUR
			Discount to peer group multiples	10 %	-/+ 0.0 MEUR

Sensitivity analysis of Level 3 investments at 31 December 2017

Investment area	Fair value MEUR 31.12.2017	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth investments	28.8	Peer group	Peer group earnings multiples	EV/Sales 2017 1.1x EV/EBITDA 2017 10.9x	+/- 2.1 MEUR
			Discount to peer group multiples	26 %	-/+ 0.8 MEUR
Buyout	22.0	Peer group	Peer group earnings multiples	EV/EBITDA 2017 9.4x	+ 3.7 / - 3.8 MEUR
			Discount to peer group multiples	26 %	+/- 1.4 MEUR
Real Estate	17.9	Valuation by an independent valuer			
Investments in external PE funds	8.8	Reports from PE fund management company			
Investments in joint ventures	4.9	Peer group	Peer group earnings multiples	EV/EBITDA 2017 9.5x	+/- 0.6 MEUR
			Discount to peer group multiples	29 %	-/+ 0.3 MEUR
Russia	4.5	Peer group	Peer group earnings multiples	EV/EBITDA 2017 11.5x	+/- 0.4 MEUR

			Discount to peer group multiples	30 %	+/- 0.1 MEUR
Credit	1.7	Discounted cash flows	Discount rate; market rate and risk premium	10 %	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Funds of funds	0.5	Reports from PE fund management company			
Other investment areas	2.4	Peer group	Peer group earnings multiples	EV/EBITDA 2017 8.9x	+/- 0.1 MEUR
			Discount to peer group multiples	15 %	-/+ 0.0 MEUR

CapMan has made some investments also in funds that are not managed by CapMan Group companies. The fair values of these investments in CapMan's balance sheet are based on the valuations by the respective fund managers. No separate sensitivity analysis is prepared by CapMan for these investments.

The changes in the peer group earnings multiples and the peer group discounts are typically opposite to each other. Therefore, if the peer group multiples increase, a higher discount is typically applied. Because of this, a change in the peer group multiples may not in full be reflected in the fair values of the fund investments.

The valuations are based on euro. If portfolio company's reporting currency is other than euro, P&L items used in the basis of valuation are converted applying the average foreign exchange rate for corresponding year and the balance sheet items are converted applying the rate at the time of reporting. Changes in the foreign exchange rates, in CapMan's estimate, have no significant direct impact on the fair values calculated by peer group multiples during the reporting period.

The valuation of CapMan funds' investment is based on international valuation guidelines that are widely used and accepted within the industry and among investors. CapMan always aims at valuing funds investments at their actual value. Fair value is the best estimate of the price that would be received by selling an asset in an orderly transaction between market participants on the measurement date.

Determining the fair value of fund investments for funds investing in portfolio companies is carried out using International Private Equity and Venture Capital Valuation Guidelines (IPEVG). In estimating fair value for an investment, CapMan applies a technique or techniques that is/are appropriate in light of the nature, facts, and circumstances of the investment in the context of the total investment portfolio. In doing this, current market data and several inputs, including the price at which an investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment, are evaluated and combined with market participant assumptions. In selecting the appropriate valuation technique for each particular investment, consideration of those specific terms of the investment that may impact its fair value is required.

Different methodologies may be considered. The most applied methodologies at CapMan include the price of recent investments, which is typically applied in the case of new investments, and the earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment. CapMan always applies a discount to peer group multiples, due to e.g. limited liquidity of the investments. Due to qualitative nature of the valuation methodologies, they are mainly based on CapMan's judgment.

The Group has a Monitoring team, which monitors the performance and the price risk of the investment portfolio (financial assets entered at fair value through profit or loss) independently and objectively of the investment teams. The Monitoring team is responsible for reviewing the monthly reporting and forecasts for portfolio companies. Valuation proposals made by the case investment professionals are examined by the Monitoring team and subsequently reviewed and decided by the Valuation Committee, which comprises the Group CFO, Head of Monitoring team and either Risk Manager of the relevant fund or Head of the relevant investment team. The portfolio company valuations are reviewed in the Valuation Committee quarterly. The valuations are back tested against realised exit valuations, and the results of such back testing are reported to the Audit Committee annually.

Investments in real estate are valued at fair value based on appraisals made by independent external experts, who follow International Valuation Standards (IVS). The method most appropriate to the use of the property is always applied, or a combination of such methods. For the most part, the valuation methodology applied is the discounted cash flow method, which is based on significant unobservable inputs. These inputs include the following:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Property operating expenses	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	Based on actual location size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

The value of investments in joint ventures consist almost entirely of investments in Maneq Investments Luxembourg which is indirectly invested into portfolio companies in funds managed by CapMan. The fair values of investments are determined in the same way as in funds investing in portfolio companies. The investment is made through several separate instruments and their values are co-dependent. Therefore the investment has been valued as one entity based on the fair values of underlying portfolio companies.

NON-CURRENT LIABILITIES

€ ('000)	31.3.18	31.12.17
Interest bearing loans at end of review period	45 253	45 215

SEASONAL NATURE OF BUSINESS

Carried in interest income is accrued on an irregular schedule depending on the timing of exits. An exit may have an appreciable impact on the Group's result for the full financial year.

PERSONNEL

By country	31.3.18	31.12.17
Finland	72	74
Sweden	21	22
Denmark	3	4
Russia	13	12
Luxembourg	1	1
United Kingdom	5	5
In total	115	118

CONTINGENT LIABILITIES

€ ('000)	31.3.18	31.12.17
Leasing agreements	3 709	4 012
Securities and other contingent liabilities	46 199	46 264
Remaining commitments to funds	54 857	67 081
Remaining commitments by investment area		
Buyout	11 590	13 178
Credit	2 097	2 316
Russia	1 476	1 477
Real Estate	9 265	10 584
Other	4 189	3 272
Funds of funds	715	717
Growth equity*	17 429	26 626
External private equity funds	8 096	8 911
In total	54 857	67 081

*The commitment relates to a new growth equity-based fund founded on 11.12.2017 with respect to CapMan sold its growth equity investments in January 2018.

RELATED PARTIES

Loans to related parties

CapMan has granted a Management Group member a short-term loan of 133 thousand euros, the interest rate of which being 12-month Euribor + margin of 1%. The loan has been originally granted in January 2016 and it has been renewed in December 2017. The loan will mature in December 2018.

Commitments to related parties

€ ('000)	31.3.18	31.12.17
Commitments to Maneq funds	3 903	3 903

CapMan estimates that EUR 35-40 million of the remaining commitments will be called in the next 4 years, particularly due to unused investment capacity of the older funds.

TURNOVER AND PROFIT QUARTERLY**2018**

MEUR	1-3/18
Turnover	8,5
Management fees	5,6
Sale of services	1,6
Carried interest	0,1
Dividend and interest income from financial assets held for trading	1,1
Other operating income	0,0
Operating expenses	-6,9
Fair value changes of investments	2,5
Operating profit	4,1
Financial income and expenses	-0,5
Share of the income of investments accounted for using the equity method	0,0
Profit / loss before taxes	3,5
Profit / loss for the period	3,3

2017

MEUR	1-3/17	4-6/17	7-9/17	10-12/17	1-12/17
Turnover	7,5	9,1	9,4	8,8	34,8
Management fees	5,0	4,7	4,6	5,3	19,6
Sale of services	1,4	2,2	1,6	1,9	7,1
Carried interest	0,0	0,0	3,1	1,3	4,4
Dividend and interest income from financial assets held for trading	1,1	2,2	0,1	0,2	3,7
Other operating income	0,0	0,0	0,0	0,0	0,0
Operating expenses	-7,3	-7,4	-6,3	-12,0	-33,0
Fair value changes of investments	10,3	5,6	2,0	-0,3	17,6
Operating profit	10,5	7,3	5,1	-3,5	19,4
Financial income and expenses	-0,9	-0,8	-0,7	-0,8	-3,2
Share of the income of investments accounted for using the equity method	0,0	0,0	0,0	-0,1	-0,1
Profit / loss before taxes	9,6	6,4	4,5	-4,4	16,1
Profit / loss for the period	9,1	5,8	3,8	-3,2	15,5