



CapMan

Interim Report

Q1 | 2019

*2019 began with a clear
improvement in earnings*

Turnover grew 27%

Comparable operating profit grew 38%

CapMan Plc 25 April 2019

CapMan Plc Jan–Mar 2019 Interim Report

– 2019 began with a clear improvement in earnings

Results and significant events

- Group turnover was MEUR 9.3 1 Jan–31 Mar 2019 (MEUR 7.3 1 Jan–31 Mar 2018), growth was 27 per cent.
- Operating profit was MEUR 4.7 (MEUR 4.1). Operating profit excluding items affecting comparability was MEUR 5.6 (MEUR 4.1), growth was 38 per cent.
- Diluted earnings per share for the period were 2.4 cents (2.3 cents). Diluted earnings per share excluding items affecting comparability were 2.9 cents (2.3 cents).
- CapMan acquired 60 per cent of the reporting, analysis and wealth management firm JAM Advisors on 27 February 2019.
- A total of EUR 0.12 per share was distributed to shareholders as dividend and equity repayment for 2018.

<p>TURNOVER</p> <p>€9.3m</p> <p>+27%</p>	<p>COMPARABLE OPERATING PROFIT</p> <p>€5.6m</p> <p>+38%</p>
<p>CAPITAL UNDER MANAGEMENT 31 MAR 2019</p> <p>€3.2 bn</p>	<p>DISTRIBUTION OF FUNDS</p> <p>€0.12 /share</p>

Joakim Frimodig, CEO:

”The year began with a solid improvement in results. Group comparable operating profit was approx. MEUR 5.6, growing by 38 per cent from last year’s first quarter. Comparable earnings per share also developed strongly and were 3 cents. The improved results are based on the strong development of our core business. Fee-based profitability continued its growth and the return of our own funds was on a good level.

Our turnover grew by 27 per cent from the comparison period. Fee income grew due to strategic projects completed and funds established last year. The Services business also grew across the board. Fee-based profitability of our Management Company and Services businesses almost doubled from the comparison period.

” *The year began with a solid improvement in results.*

The results for the first quarter of the year did not include significant carried interest, although several of our funds are closer to carry.

Most funds developed favourably and especially the Growth fund had a significant effect on our result. The development of our fund investments corresponded to an annualised return of 12 per cent. We continued with selling down the market portfolio in the beginning of the year and continue to allocate funds to our own investments in 2019 according to plan.

An important strategic move was the acquisition of a majority in JAM Advisors. Our objective is to commercialise JAM Advisors’ technologically advanced service business and expand its customer base. The execution of our joint business plan has commenced well and the central action

items to reach cost synergies have been made in the beginning of the year.

” *Growth initiatives continue.*

We continue raising newly established funds. The final size of the Infra fund is determined in the end of the year and fundraising for the next Buyout fund is proceeding according to plan. Our Real Estate business grows strongly, and we are working on projects, which as completed, increase the fee and carry potential of this investment area further. The outlook for all Service business remains very good based on CaPS’ growth prospects, ongoing projects for Scala and the commercialisation of JAM Advisors’ services.

The positive earnings development in the beginning of the year, execution of our strategy and ongoing projects generate positive earnings growth, which supports the implementation of our long-term dividend policy. Our objective is to distribute an annually growing dividend to our shareholders.”

Group turnover and result in Jan–Mar 2019

The Group’s turnover totalled MEUR 9.3 (Jan-Mar 2018: MEUR 7.3). The growth in turnover was mainly due to the increase in management fees and fees from services, which were MEUR 9.2 (MEUR 7.2) combined and grew by 27 per cent from the comparison period.

Operating expenses were MEUR 8.8 (MEUR 6.9). The expenses included a total of MEUR 0.9 in items affecting comparability related to the acquisition of JAM Advisors and the donations approved by the AGM, among others.

Fair value changes of investments were MEUR 4.2 (MEUR 3.6). The comparatively stronger development was mainly due to the positive development of own fund investments.

The Group's operating profit was MEUR 4.7 (MEUR 4.1). Operating profit excluding items affecting comparability was MEUR 5.6.

Financial income and expenses amounted to MEUR -0.6 (MEUR -0.5). Profit before taxes was MEUR 4.1 (MEUR 3.5) and profit after taxes was MEUR 4.0 (MEUR 3.3).

Diluted earnings per share were 2.4 cents (2.3 cents). Diluted earnings per share excluding items affecting comparability was 2.9 cents.

A quarterly breakdown of turnover and profit, together with turnover, operating profit/loss, and profit/loss by segment for the review period are available in the Tables section of this report.

Management Company business

Turnover generated by the Management Company business for the review period totalled MEUR 6.4 (MEUR 5.9).

Management fees totalled MEUR 6.1 (MEUR 5.6). The growth in management fees consisted mainly of management fees from CapMan Nordic Infrastructure I and CapMan Nordic Property Income funds, in addition to fees from the expanded mandate from BVK and two Infra mandates.

Carried interest income for the review period totalled MEUR 0.1 (MEUR 0.1) and was mainly received from Access Capital funds.

Operating expenses of the Management Company business amounted to MEUR 5.6 (MEUR 5.2). Operating profit of the Management company business totalled MEUR 0.8 (MEUR 0.8) and profit for the review period was MEUR 0.6 (MEUR 0.6).

Services business

Turnover generated by Service business totalled MEUR 2.9 (MEUR 1.4) and the growth consisted mainly of the success fees of Scala Fund Advisory and reporting, wealth management and transaction fees of JAM Advisors. JAM Advisors was consolidated with the Group's starting from 27 February 2019.

Operating expenses of the Service business amounted to MEUR 1.3 (MEUR 0.9). The operating profit of the Service business was MEUR 1.8 (MEUR 0.6). The profit for the review period was MEUR 1.4 (MEUR 0.5). The improved profit for the segment was due to successful development of all services businesses for the first quarter of 2019.

Investment business

CapMan reclassified the interest and dividend income from the market portfolio from turnover to change in fair value of investments. Figures for the comparison period have been adjusted accordingly. Change in fair value of investments was MEUR 4.2 in Jan–Mar 2019 (MEUR 3.6 in Jan–Mar 2018).

Operating expenses for the investment business were MEUR 0.3 (MEUR 0.4). The decrease was mainly due to lower expenses related to the management of the market portfolio.

Operating profit for the Investment business was MEUR 3.9 (MEUR 3.2). Profit for the Investment business was MEUR 3.3 (MEUR 2.6). The positive development of the Investment business was due to the positive development of fund investments as well as the positive fair value change of the market portfolio and the realisation of its value.

Table 1: CapMan's investments booked at fair value as at 31 March 2019

	Fair value 31 Mar 2019 (MEUR)
Fund investments	85.0
Investments in joint ventures	4.5
Other financial assets	2.6
Market portfolio	20.0
Total	112.1

Fair value of **fund investments** was MEUR 85.0 on 31 March 2019 (MEUR 77.1 31 March 2018). Fair value changes of fund investments were MEUR 2.4 in the first quarter of 2019 (MEUR 2.6), representing a 2.9% increase in value (Jan–March 2018: +3.5%). The positive change in the fair value of fund investments was especially due to the developments in the CapMan Growth fund. Fund investments include mainly funds managed by CapMan.

CapMan invested a total of MEUR 2.7 in funds in the first quarter of 2019. In the corresponding quarter last year, CapMan invested a total of MEUR 17.2 mainly into CapMan Growth fund. CapMan received distributions from funds totalling MEUR 0.9 (MEUR 1.2). The amount of remaining commitments that have not yet been called totalled MEUR 93.7 as at 31 March 2019 (31 March 2018: MEUR 54.9). The growth in commitments was mainly due to CapMan's commitment of approx. MEUR 30 into CapMan Nordic Infrastructure I fund.

The fair value of the **market portfolio**, which invests in market instruments, was MEUR 20.0 on 31 March 2019 (31 March 2018: MEUR 72.3). CapMan continued to sell down the portfolio in the beginning of 2019 and its fair value development was MEUR 1.7 in the first quarter.

Market portfolio assets were allocated to funds as well as cash instruments, which will be mainly used for future fund investments.

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 at 31 March 2019

CapMan's balance sheet totalled MEUR 221.1 as at 31 March 2019 (31 March 2018: MEUR 200.5). Non-current assets amounted to MEUR 124.3 (MEUR 94.7), of which goodwill totalled MEUR 19.5 (MEUR 4.7).

As at 31 March 2019, fund investments booked at fair value totalled MEUR 85.0 (MEUR 77.1 as at 31 March 2018).

Other financial assets booked at fair value were MEUR 2.6 (MEUR 2.4). The fair value of investments in joint ventures was MEUR 4.5 (MEUR 5.3).

Long-term receivables amounted to MEUR 6.2 (MEUR 3.1).

Current assets amounted to MEUR 96.8 (MEUR 105.8). Financial assets booked at fair value, i.e. current investments, were MEUR 20.0 (MEUR 72.6) and included the market portfolio. Cash in hand and at banks amounted to MEUR 65.8 (MEUR 21.5).

CapMan's interest-bearing net debt amounted to MEUR -3.0 as at 31 March 2019 (MEUR 26.5). CapMan's total interest-bearing debt as at 31 March 2019 is outlined in Table 2.

Table 2: CapMan's interest bearing debt

	Debt amount 31 Mar 2019 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2018 (MEUR)
Multi-issuer bond (issued in 2014)	10	Q2 2019	1.85	10
Senior bond (issued in 2018)	50	Q2 2023	4.13	50
Long-term credit facility (available)	(20)			(20)

CapMan Plc's bonds and long-term credit facility include financing covenants, which are conditional on the company's equity ratio and net gearing ratio. CapMan honoured all covenants as at 31 March 2019.

Trade and other payables totalled MEUR 31.0 (MEUR 27.9) and included the equity repayment paid after the end of the review period.

The Group's cash flow from operations totalled MEUR -0.2 for the review period (MEUR -2.6). 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 +20.0 (MEUR +14.4) and includes, inter alia, investments and repaid capital received by the Group, including the disposal of the market portfolio.

Cash flow before financing totalled MEUR +19.8 (MEUR +11.8) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was

MEUR -8.5 (MEUR -13.6), and included dividend payments for shareholders for 2018, but not the equity repayment, which was paid in April.

Capital under management as at 31 March 2019

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 3,196 as at 31 March 2019 (31 March 2018: MEUR 2,969). The increase in capital under management was mainly due to the establishment of CapMan Nordic Infrastructure I fund, Infra mandates and the growth in the mandate from BVK. Capital under management per fund type is displayed in Table 3.

Table 3: Capital under management

	31.3.19 (MEUR)	31.3.18 (MEUR)
Real Estate funds	1,928	1,820
Private Equity funds (incl. Credit)	940	1,149
Infra funds	270	0
Other funds	58	0
Total capital under management	3,196	2,969

In June 2018, CapMan has clarified the calculation method of capital under management in order to better reflect the amount of the assets at the reporting date. Due to this, the figures in the comparison period differ from figures reported earlier.

Key figures 31 March 2019

CapMan's return on equity was 12.2 per cent on 31 March 2019 (31 March 2018: 11.2 per cent) and return on investment 10.3 per cent (9.6 per cent). Comparable return on equity was 15.0 per cent and comparable return on investment was 12.2 per cent. Equity ratio was 52.6 per cent (57.6 per cent).

According to the CapMan's long-term financial targets, the target level for the company's return on equity is on average over 20 per cent. The objective for the equity ratio is more than 60 per cent.

Table 4: CapMan's key figures

	31.3.19	31.3.18	31.12.18
Earnings per share, cents	2.4	2.3	5.5
Diluted, cents	2.4	2.3	5.4
Adjusted earnings per share, diluted, cents	2.9	2.3	5.4
Shareholders' equity / share, cents	75.7	78.4	82.6
Share issue adjusted number of shares	149,016,841	145,743,650	146,521,760
Return on equity, %	12.2	11.2	6.5
Return on equity, comparable, %	15.0	11.2	6.5
Return on investment, %	10.3	9.6	6.7
Return on investment, comparable, %	12.2	9.6	6.7
Equity ratio, %	52.6	57.6	58.7
Net gearing, %	-2.6	23.1	4.3

Decisions of the General Meetings regarding distribution of funds

CapMan's Annual General Meeting (AGM) decided in accordance with the amended proposal of the Board of Directors, that a dividend of EUR 0.06 per share be paid from the distributable profits of the company. The dividend was paid on 22 March 2019. The Extraordinary General Meeting decided in accordance with the proposal of the Board of Directors that EUR 0.06 per share be returned from the invested unrestricted equity fund of the company. The equity repayment was paid on 3 April 2019. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange releases on the decisions taken by the General Meetings issued on 13 and 25 March 2019.

Decisions of the AGM regarding the composition of the Board

The AGM decided that the Board of Directors comprises six members. Mr. Andreas Tallberg, Ms. Catarina Fagerholm, Mr. Eero Heliövaara, Ms. Mammu Kaario, Mr. Olli Liitola and Mr. Peter Ramsay were elected members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. The Board composition and remuneration have been described in greater detail in the stock exchange releases regarding the decisions of the AGM and the organisational meeting of the Board issued on 13 March 2019.

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. 9.18 per cent of all shares in the company.

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. 9.18 per cent of all shares in the company.

The authorisation shall remain in force until the end of the following AGM and 30 June 2020 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 13 March 2019.

Shares and shareholders

Shares and share capital

There were no changes in CapMan's share capital during the review period.

Share capital totalled EUR 771,586.98 as at 31 March 2019. CapMan had 152,453,966 shares outstanding as at 31 March 2019 (146,201,925 shares as at 31 March 2018). CapMan issued 5,110,000 shares in the first quarter in a directed share issue to JAM Advisors' owners as part of the transaction.

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.

Company shares

As at 31 March 2019, 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 39,974 as at 31 March 2019 (31 March 2018: EUR 37,871). No changes occurred in the number of own shares held by CapMan Plc during the review period.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 1.52 on 31 March 2019 (31 March 2018: EUR 1.44). The trade-weighted average price for the review period was EUR 1.69 (EUR 1.67). The highest price paid was EUR 1.82 (EUR 1.81) and the lowest EUR 1.48 (EUR 1.44). The number of CapMan Plc shares traded totalled 7.1 million (13.6 million), valued at MEUR 12.1 (MEUR 22.8).

The market capitalisation of CapMan Plc shares as at 31 March 2019 was MEUR 231.4 (31 March 2018: MEUR 210.5).

Shareholders

The number of CapMan Plc shareholders increased by 8 per cent from the corresponding period last year and totalled 19,014 as at 31 March 2019 (31 March 2018: 17,576). There were no flagging notices issued in the review period.

Personnel

CapMan employed 130 people on average in the first quarter of 2019 (Jan–Mar 2018 average: 117), of whom 92 (77) 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.

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.

The long-term scheme of CapMan consists of an investment based long-term share-based incentive plan for key employees.

In the investment based long-term share-based incentive plan the participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share. 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.

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 option plans 2013 and 2016. The terms of the option programmes can be found on CapMan's website at www.capman.com.

Significant events during the review period

In February, CapMan acquired 60 per cent of Finnish analysis, reporting and wealth management company JAM Advisors Oy. The acquisition provides CapMan with significant new and technologically advanced service business and wealth management services and expands CapMan's networks among new customer segments. The acquisition was completed with a directed share issue to the owners of JAM Advisors.

In January, CapMan Infra completed its second investment based on a mandate from NHIS and NH-Amundi, leading Korean financial institutions. The investment was made into an onshore wind park in Sweden.

Events after the review period

There were no major events after the review period.

Significant risks and short-term uncertainties

General risks

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. The general risks are heightened in CapMan's operations in Russia, which may impair CapMan's goodwill.

Market risks

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, including its trading portfolio.

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.

Risks related to the success of the business

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 reasons that are independent of CapMan may make it more difficult to raise funds from new or current investors in the future.

Gaining new customers or the launch of new investment areas, products or service businesses may also fail, which may prevent or hamper the realisation of CapMan's growth objectives.

Risks related to fair value changes in portfolio companies, real estate or infrastructure investments

The values of portfolio 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 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 fair values of real estate and infrastructure investments may also vary between review periods based on changes in, inter alia, demand, capacity, condition or exit process. The variations are typically smaller compared to the variations in the fair value of portfolio companies.

Risks related to carried interest and other performance-based income

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. The transaction-based fees of JAM Advisors may also vary significantly from period to period.

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. One real estate investment remains in the fund. The realisation of the clawback liability would have a negative cash flow impact and it is possible that the provision made is not sufficient.

Risks related to the availability or cost of financing

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.

Risks related to the change in the regulatory environment

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 2019

CapMan's objective is to pay an annually increasing dividend to its shareholders.

The combined growth objective for Management Company and Service 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. CapMan's equity ratio target is more than 60 per cent.

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on an annual basis considering the nature of the business. CapMan expects management fees and fees from services to continue growing in aggregate in 2019. Our objective is to improve the aggregate profitability of Management Company and Service businesses 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, market instrument and inflation development, valuation multiples of peer companies, exchange rates and various other factors outside of CapMan's control, as well as the combined effect of the aforementioned factors, influence fair value development of CapMan's

overall investments in addition to portfolio company and asset-specific development.

CapMan's objective is to improve results in the longer term, taking into account annual fluctuations affecting the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2019.

Items affecting comparability are described in the Tables section of this report.

Helsinki 25 April 2019

CAPMAN PLC

Board of Directors

CapMan Group's Half-Year Report for the period Jan–Mar 2019 is published on Thursday 8 August 2019.

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Group Statement of comprehensive income (IFRS)

€ ('000)	1-3/19	1-3/18	1-12/18
Management fees	6 128	5 627	22 123
Sale of services	3 029	1 606	10 337
Carried interest	131	107	1 022
Turnover*	9 288	7 340	33 482
Other operating income	13	1	4
Personnel expenses	-5 254	-4 699	-19 863
Depreciation and amortisation	-284	-52	-171
Other operating expenses	-3 226	-2 158	-9 102
Fair value changes of investments	4 167	3 626	7 602
Operating profit	4 705	4 058	11 951
Financial income and expenses	-604	-515	-2 669
Profit before taxes	4 101	3 543	9 282
Income taxes	-108	-203	-801
Profit for the period	3 993	3 340	8 481
Other comprehensive income:			
Translation differences	-36	65	71
Total comprehensive income	3 957	3 405	8 552

€ ('000)	1-3/19	1-3/18	1-12/18
Profit attributable to:			
Equity holders of the company	3 619	3 378	8 064
Non-controlling interest	374	.39	418
Total comprehensive income attributable to:			
Equity holders of the company	3 583	3 444	8 134
Non-controlling interest	374	.39	418
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, cents	2,4	2,3	5,5
Diluted, cents	2,4	2,3	5,4

* As of January 1, 2019, CapMan changed its accounting policy regarding classification of dividend and interest income from financial assets held for trading ("market portfolio"), and the figures for the comparison periods have been restated. Dividend and interest income from market portfolio previously included in turnover has been transferred to item Fair value changes of investments. This change has decreased turnover and increased Fair value changes of investments for Q1 2018 and full year 2018, by EUR 1,115 thousand and EUR 2,510 thousand, respectively.

Group balance sheet (IFRS)

€ ('000)	31.3.19	31.3.18	31.12.18
ASSETS			
Non-current assets			
Tangible assets	3 394	303	317
Goodwill	19 544	4 704	4 704
Other intangible assets	972	165	85
Investments at fair value through profit and loss			
Investments in funds	85 030	77 091	80 583
Other financial assets	2 587	2 387	2 548
Investments in joint ventures	4 484	5 307	4 470
Receivables	6 247	3 066	5 075
Deferred income tax assets	2 055	1 724	2 026
	124 313	94 747	99 808
Current assets			
Trade and other receivables	10 908	11 680	12 646
Financial assets at fair value through profit and loss	20 000	72 635	39 006
Cash and bank	65 843	21 457	54 544
	96 751	105 772	106 196
Total assets	221 064	200 518	206 003

€ ('000)	31.3.19	31.3.18	31.12.18
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	83 861	83 088	83 812
Translation difference	-321	-292	-286
Retained earnings	-8 046	-7 938	-2 728
Total capital attributable to the Company's equity holders	115 234	114 598	120 537
Non-controlling interests	139	-24	433
Total equity	115 373	114 574	120 970
Non-current liabilities			
Deferred income tax liabilities	2 556	8 793	3 285
Interest-bearing loans and borrowings	51 920	45 253	49 705
Other non-current liabilities	7 794	124	167
	62 270	54 170	53 157
Current liabilities			
Trade and other payables	30 967	27 869	16 808
Interest-bearing loans and borrowings	10 907	3 000	9 989
Current income tax liabilities	1 546	905	5 078
	43 421	31 774	31 875
Total liabilities	105 691	85 944	85 032
Total equity and liabilities	221 064	200 518	206 003

Group Statement of Changes in Equity

Attributable to the equity holders of the Company

€ ('000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests
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
Equity on 1 January 2019	772	38 968	83 812	-286	-2 728	120 537	433
Profit for the year					3 619	3 619	374
Other comprehensive income for the year							
Currency translation differences				-36		-36	
Total comprehensive income for the year				-36	3 619	3 583	374
Share issue			9 027			9 027	0
Share subscriptions with options			167			167	
Options and Performance Share Plan					210	210	
Dividends and return of capital			-9 146		-9 146	-18 291	-668
Equity on 31 March 2019	772	38 968	83 861	-321	-8 046	115 234	139

Statement of cash flow (IFRS)

€ ('000)	1-3/19	1-3/18	1-12/18
Cash flow from operations			
Profit for the financial year	3 993	3 340	8 481
Adjustments on cash flow statement	-2 389	-1 578	-766
Change in working capital:			
Change in current non-interest-bearing receivables	-1 477	-2 926	-5 853
Change in current trade payables and other non-interest-bearing liabilities	3 146	-1 041	-1 031
Interest paid	-61	-220	-2 438
Taxes paid	-3 383	-222	-3 078
Cash flow from operations	-172	-2 647	-4 686
Cash flow from investing activities			
Acquisition of subsidiaries	960		-8 399
Investments in tangible and intangible assets	-294	-24	-77
Investments at fair value through profit and loss	19 301	14 347	47 204
Long-term loan receivables granted	-32	-28	-155
Proceeds from long-term receivables		77	972
Interest received	39	44	67
Cash flow from investing activities	19 974	14 417	39 612
Cash flow from financing activities			
Share issue	160	423	1 146
Proceeds from borrowings			49 748
Repayment of long-term loan			-38 489
Dividends paid	-8 662	-14 026	-16 079
Cash flow from financing activities	-8 502	-13 603	-3 674
Change in cash and cash equivalents	11 300	-1 833	31 253
Cash and cash equivalents at start of year	54 544	23 291	23 291
Cash and cash equivalents at end of year	65 843	21 457	54 544

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, except for a reclassification of interest and dividend income from financial assets held for trading ("market portfolio") in the income statement from Turnover to Fair value changes of investments, and the adoption of new standards as presented below. The figures for the comparison periods have been restated to correspond the beforementioned reclassification of market portfolio dividends and interests.

Figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

As of January 1, 2019, the Group has applied the following new standards that have become effective:

- IFRS 16 Leases

The Group has adopted IFRS 16 using the simplified approach also known as the modified retrospective approach or the cumulative catch-up method, and within that approach, chosen the forward-looking alternative. Adoption of IFRS 16 increased the right-of-use assets and lease liabilities by EUR 3.2 million on the transition date January 1, 2019, and had no impact on equity. In the income statement, adoption of IFRS 16 increased depreciation charges and financial expenses and decreased other operating expenses, and on a net basis had a minor impact on profit for the period. Annual Report for 2018 includes more details on the impacts of the adoption of IFRS 16.

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: the 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 and infrastructure assets. 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 the 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 through Scala Fund Advisory. Wealth management and analysis and reporting services are offered through JAM Advisors to institutional clients, foundations, family offices and wealthy private clients. Income from the Services business include fees from CapMan Procurement Services (CaPS), fundraising advisory services (Scala) and wealth management, analysis and reporting services (JAM Advisors).

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.

Segment information 1-3/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	6 110	18			6 128
Service fees	154	2 852		23	3 029
Carried interest	131				131
Turnover, external	6 395	2 870		23	9 288
Turnover, internal		151		-151	
Other operating income	1	12			13
Personnel expenses, of which	-3 140	-526	-44	-1 543	-5 254
Salaries and bonuses	-3 140	-526	-44	-1 333	-5 044
Share-based payment				-210	-210
Depreciation, amortisation and impairment	-154	-53		-77	-284
Other operating expenses	-1 348	-385	-65	-1 428	-3 226
Internal service fees	-959	-310	-172	1 441	0
Fair value changes of investments			4 167		4 167
Operating profit	795	1 759	3 886	-1 735	4 705
Items impacting comparability					
Acquisition related expenses				781	781
Donations				97	97
Items impacting comparability, total				878	878
Adjusted operating profit	795	1 759	3 886	-857	5 583
Financial items			-604		-604
Income taxes	-159	-352	56	347	-108
Profit for the period	636	1 407	3 338	-1 388	3 993

Segment information 1-3/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Profit for the period	636	1 407	3 338	-1 388	3 993
Items impacting comparability					
Acquisition related expenses				715	715
Donations				97	97
Items impacting comparability, total				812	812
Adjusted profit for the period	636	1 407	3 338	-577	4 804
Earnings per share, cents					2,4
Items impacting comparability, cents					0,6
Adjusted earnings per share, cents					3,0
Earnings per share, diluted, cents					2,4
Items impacting comparability, cents					0,5
Adjusted earnings per share, diluted, cents					2,9
Non-current assets	23 901	11 263	97 821	-8 672	124 313
Total assets include:					
Investments in joint ventures			4 484		4 484
Timing of revenue recognition from customer contracts:					
Services transferred over time	6 264	1 595		23	7 883
Services transferred at a point in time	131	1 275			1 406
Revenue from customer contracts, external	6 395	2 870		23	9 288

Segment information 1-3/2018

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	5 627				5 627
Service fees	183	1 386		37	1 606
Carried interest	107				107
Turnover, external	5 918	1 386		406	7 340
Turnover, internal		116		-116	0
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			3 626		3 626
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
Earnings per share, cents					2,3
Earnings per share, diluted, cents					2,3

Segment information 1-3/2018

€ ('000)	Management company business	Service business	Investment business	Other	Total
Non-current assets	4 860	22	89 437	427	94 747
Total assets include:					
Investments in joint ventures			5 307		5 307
Timing of revenue recognition from customer contracts:					
Services transferred over time	5 810	1 386	0	37	7 233
Services transferred at a point in time	107	0	0	0	107
Revenue from customer contracts, external	5 918	1 386	0	406	7 340

Segment information 1–12/2018

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	22 123				22 123
Service fees	1 054	8 680		603	10 337
Carried interest	1 022				1 022
Turnover, external	24 199	8 680		603	33 482
Turnover, internal		442		-442	
Other operating income	2			1	4
Personnel expenses, of which	-12 569	-2 417	-229	-4 647	-19 863
Salaries and bonuses	-12 569	-2 417	-229	-4 011	-19 226
Share-based payment				-636	-636
Depreciation, amortisation and impairment	-118	-7		-46	-171
Other operating expenses	-5 104	-1 086	-236	-2 677	-9 102
Internal service fees	-3 569	-1 240	-687	5 496	0
Fair value changes of investments			7 602		7 602
Operating profit	2 842	4 372	6 450	-1 712	11 951
Financial items			-2 669		-2 669
Income taxes	-568	-963	387	342	-801
Profit for the period	2 274	3 409	4 168	-1 369	8 481
Earnings per share, cents					5,5
Earnings per share, diluted, cents					5,4

Segment information 1–12/2018

€ ('000)	Management company business	Service business	Investment business	Other	Total
Non-current assets	7 255	2 338	92 159	-1 944	99 808
Total assets include:					
Investments in joint ventures			4 470		4 470
Timing of revenue recognition from customer contracts:					
Services transferred over time	23 177	5 713		603	29 493
Services transferred at a point in time	1 022	2 967			3 989
Revenue from customer contracts, external	24 199	8 680		603	33 482

Acquisitions

Acquisition of JAM Advisors

On January 31, 2019, CapMan announced it will acquire 60 per cent of JAM Advisors Oy ("JAM Advisors"), a reporting, analysis and wealth management company. The completion of the acquisition required approval from the FIN-FSA as well as the fulfilment of other terms and conditions for the acquisition. The acquisition was completed on February 27, 2019, and the purchase price was paid by executing a directed issue of 5,110,000 new CapMan shares to the owners of JAM Advisors, corresponding to approx. 3 per cent of CapMan's outstanding shares.

Fair value of the issued shares amounted to EUR 9.0 million and is based on the volume-weighted average price (EUR 1.768) of CapMan Plc's share on the acquisition date 27 February 2019 and is recognised to the invested unrestricted equity fund. CapMan has a call option and the sellers have a put option for the remaining 40 per cent non-controlling interest. The options are exercisable in 2023. Due to the equivalent option arrangement, CapMan is considered to have a present ownership interest over the shares held by the non-controlling interest, and therefore, no profit or loss is attributed to non-controlling interests and no non-controlling interest is presented separately within consolidated equity.

The acquisition provides CapMan with a new technologically advanced service and wealth management business and opportunities to expand into new customer segments. Following the acquisition, CapMan significantly strengthens its interface with Finnish institutional investors. Additionally, JAM obtains support from CapMan to fully commercialise and internationalise its innovative portfolio analysis and reporting services. JAM Advisors serves mainly domestic institutional investors, foundations, family offices and high-net-worth individuals and serves as their advisor. JAM has more than 100 customers and its services comprise approx. EUR 9 billion in client assets in total.

The provisional goodwill arising from the acquisition is EUR 14,8 million and is mainly attributable to expansion of JAM Advisors' business and arising sales and cost synergies.

As of the acquisition date, February 27, 2019, JAM Advisors has been consolidated into CapMan's consolidated financial statements in full and reported as part of CapMan's reportable segment Service Business. Had JAM Advisors been consolidated from January 1, 2019, the Group income statement would show pro forma turnover of EUR 9.8 million and net profit of EUR 3.5 million.

The expenses arising from the share issue, EUR 0.0 million, have been deducted from the amount recognised in the invested unrestricted equity fund, whereas expenses related to the acquisition, EUR 0.5 million, have been included in Other operating expenses of the consolidated income statement.

The purchase price allocation is provisional. The following table summarises the provisional consideration, the fair value of identifiable assets acquired and liabilities assumed at the acquisition date, and the provision goodwill.

€ ('000)	Fair value
Consideration	
Share consideration (5,110,000 x EUR 1.768)	9 034
Fair value of call and put options	7 628
Total consideration	16 662
ASSETS	
Non-current assets	
Tangible assets	36
Rights-of-use assets	458
Intangible assets	664
Receivables	60
Current assets	
Trade and other receivables	341
Cash and cash equivalents	1 419
Total assets	2 977

€ ('000)	Fair value
LIABILITIES	
Non-current liabilities	
Deferred tax liabilities	98
Lease liabilities	208
Current liabilities	
Trade and other payables	599
Lease liabilities	250
Total liabilities	1 155
Net assets	1 822
Consideration	16 662
Goodwill	14 840

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 0.06 per share and a repayment of invested unrestricted equity fund of EUR 0.06 per share, totalling EUR 18.3 million, was paid to the shareholders for the financial year 2018. Dividend was paid on March 22, 2019 and repayment of equity on April 3, 2019. A dividend of EUR 0.11 per share, totalling EUR 16.1 million, was paid for the financial year 2017.

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)	31.3.2019	31.12.18
Index and foreign exchange derivatives, bought call options, sold put options and sold futures		
Fair value	14	-50
Underlying value	-3 565	-21 207

Non-current assets

Fair value hierarchy of financial assets measured at fair value at 31 March 2019

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1			80 583	80 583
Additions			2 688	2 688
Distributions			-885	-885
Fair value gains/losses			2 443	2 443
Transfers*			202	202
at the end of period			85 030	85 030
Other investments				
at Jan 1		166	2 381	2 547
Fair value gains/losses			39	39
at the end of period		166	2 420	2 586
Investments in joint ventures				
at Jan 1			4 470	4 470
Additions			22	22
Fair value gains/losses			-9	-9
at the end of period			4 484	4 484
Current financial assets at FVTPL**	11 076	8 925		20 000

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

**fair value through profit or loss

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 2 assets measured at fair value consist of investments for which the quoted price is available from markets that are not active. CapMan has measured level 2 investments using the last trading price of the reporting period end.

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

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 46,8 million at the end of the reporting period.

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

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1		19	58 245	58 264
Additions			31 868	31 868
Distributions		-4	-17 432	-17 436
Fair value gains/losses		-15	8 088	8 073
Transfers*			-187	-187
at the end of period		0	80 583	80 583
Growth equity investments				
at Jan 1			28 840	28 840
Additions			0	0
Decreases			-26 626	-26 626
Fair value gains/losses			-2 214	-2 214
at the end of period			0	0
Other investments				
at Jan 1		124	18	142
Additions		42		42
Fair value gains/losses			150	150
Transfers			2 214	2 214
at the end of period		166	2 381	2 547
Investments in joint ventures				
at Jan 1			4 917	4 917
Additions			106	106
Decreases			-832	-832
Fair value gains/losses			279	279
at the end of period			4 470	4 470
Current financial assets at FVTPL**	28 960	10 046		39 006

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

**fair value through profit or loss

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 2 assets measured at fair value consist of investments for which the quoted price is available from markets that are not active. CapMan has measured level 2 investments using the last trading price of the reporting period end.

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

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 45.1 million at the end of the reporting period.

Sensitivity analysis of Level 3 investments at 31 March 2019

Investment area	Fair Value MEUR, 31 Mar 2019	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth	16.2	Peer group	Peer group earnings multiples	EV/EBITDA 2019 10.4x	+/- 0.9 MEUR
			Discount to peer group multiples	23 %	-/+ 0.3 MEUR
Buyout	12.4	Peer group	Peer group earnings multiples	EV/EBITDA 2019 8.1x	+ 1.9 MEUR / - 2.1 MEUR
			Discount to peer group multiples	21 %	- 0.6 MEUR / + 0.5 MEUR
Real Estate	27.2	Valuation by an independent valuer			
Infra	5.2	Price of recent investment			
Russia	4.1	Peer group	Peer group earnings multiples	EV/EBITDA 2019 10.6x	+/- 0.4 MEUR
			Discount to peer group multiples	32 %	-/+ 0.2 MEUR
Credit	2.5	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	0.3	Reports from PE fund management company			
Other investment areas	2.5	Peer group	Peer group earnings multiples	EV/EBITDA 2019 7.0x	-/+ 0.1 MEUR
			Discount to peer group multiples	10 %	-/+ 0.0 MEUR
Investments in external PE funds	17.0	Reports from PE fund management company			
Investments in joint ventures	4.5	Peer group	Peer group earnings multiples	EV/EBITDA 2019 7.0x	+ 0.3 MEUR / - 0.4 MEUR
			Discount to peer group multiples	20 %	-/+ 0.1 MEUR

Sensitivity analysis of Level 3 investments at 31 December 2018

Investment area	Fair Value MEUR, 31 Dec 2018	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth	13.7	Peer group	Peer group earnings multiples	EV/EBITDA 2018 10.8x	-/+ 0.9 MEUR
			Discount to peer group multiples	26 %	-/+ 0.3 MEUR
Buyout	13.5	Peer group	Peer group earnings multiples	EV/EBITDA 2018 8.5x	- 2.5 MEUR / + 2.3 MEUR
			Discount to peer group multiples	20 %	+/- 0.6 MEUR
Real Estate	27.1	Valuation by an independent valuer			
Infra	5.5	Price of recent investment			
Russia	3.9	Peer group	Peer group earnings multiples	EV/EBITDA 2018 10.3x	-/+ 0.3 MEUR
			Discount to peer group multiples	33 %	-/+ 0.1 MEUR
Credit	2,3	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	0.3	Reports from PE fund management company			
Other investment areas	2.4	Peer group	Peer group earnings multiples	EV/EBITDA 2018 7.8x	-/+ 0.1 MEUR
			Discount to peer group multiples	10 %	-/+ 0.0 MEUR
Investments in external PE funds	14.3	Reports from PE fund management company			
Investments in joint ventures	4.5	Peer group	Peer group earnings multiples	EV/EBITDA 2018 7.9x	- 0.4 MEUR / + 0.3 MEUR
			Discount to peer group multiples	20 %	-/+ 0.1 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 a 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 the 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 nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and the financial situation 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 available market price for actively traded (quoted) investments, earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment, and the Discounted Cash Flows method, whereby estimated future cash flows and the terminal value are discounted to the present by applying the appropriate risk-adjusted rate. CapMan always applies a discount to peer group multiples, due to e.g. limited liquidity of the investments. Due to the qualitative nature of the valuation methodologies, the fair values are to a considerable degree 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 on a quarterly basis. 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 consists almost entirely of investments in Maneq Investments Luxembourg which is indirectly invested into portfolio companies in the 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 the underlying portfolio companies.

Seasonal nature of business

Carried 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.

Average personnel

By country	31.3.19	31.12.18
Finland	92	77
Sweden	20	19
Denmark	4	4
Russia	11	11
Luxembourg	1	1
United Kingdom	3	5
In total	130	117

Contingent liabilities

€ ('000)	31.3.19	31.12.18
Leasing agreements *	-	3 172
Securities and other contingent liabilities	33 666	37 959
Remaining commitments to funds	93 741	98 043
Remaining commitments by investment area		
Buyout	11 228	11 883
Credit	1 691	1 846
Russia	1 119	1 123
Real Estate	7 701	9 130
Other	3 664	3 610
Funds of funds	713	713
Growth equity	14 529	14 500
Infra	29 829	29 829
External private equity funds	23 265	25 409
In total	93 741	98 043

*As of January 1, 2019 the Group has applied IFRS 16 Leases -standard and therefore does not present contingent leasing agreement liability for the reporting period.

Related parties

Commitments to related parties

€ ('000)	31.3.19	31.12.18
Commitments to Maneq funds	3 775	3 797

Turnover and profit quarterly

Year 2019

MEUR	1-3/19
Turnover	9,3
Management fees	6,1
Sales of services	3,0
Carried interest	0,1
Other operating income	0,0
Operating expenses	-8,8
Fair value changes of investments	4,2
Operating profit	4,7
Financial income and expenses	-0,6
Profit / loss before taxes	-0,1
Profit / loss for the period	4,0

Year 2018

MEUR	1-3/18	4-6/18	7-9/18	10-12/18	1-12/18
Turnover	8,5	11,4	7,2	8,9	36,0
Management fees	5,6	5,7	5,2	5,6	22,1
Sales of services	1,6	4,1	1,7	2,9	10,3
Carried interest	0,1	0,6	0,2	0,1	1,0
Other operating income	0,0	0,0	0,0	0,0	0,0
Operating expenses	-6,9	-8,1	-6,3	-7,8	-29,1
Fair value changes of investments	3,6	3,7	4,1	-3,8	7,6
Operating profit	4,1	6,0	4,8	-2,9	12,0
Financial income and expenses	-0,5	-1,0	-0,5	-0,7	-2,7
Profit / loss before taxes	3,5	5,1	4,3	-3,6	9,3
Profit / loss for the period	3,3	4,3	4,1	-3,2	8,5