



CapMan

Financial Statements Bulletin

1-12 | 2019

*A strong conclusion to a
year of growth*

Turnover grew 46%

Comparable operating profit grew 110%

Comparable earnings per share grew
115%

CapMan Plc 30 January 2020

CapMan Plc Jan–Dec 2019 Financial Statements Bulletin

– A strong conclusion to a year of growth

Results and significant events in 2019

- Group turnover was MEUR 49.0 1 Jan–31 Dec 2019 (MEUR 33.5 1 Jan–31 Dec 2018), growth was 46 per cent from the comparison period.
- Operating profit was MEUR 19.4 (MEUR 12.0). Operating profit excluding items affecting comparability was MEUR 25.0 (MEUR 12.0), growth was 110 per cent from the comparison period.
- Diluted earnings per share were 9.0 cents (5.4 cents). Diluted earnings per share excluding items affecting comparability were 11.6 cents (5.4 cents), growth was 115 per cent from the comparison period.
- CapMan established CapMan Hotels II Fund with MEUR 368 in equity.
- The Board of Directors proposes a total of 13 cents/share to be distributed for 2019, consisting of a dividend of 4 cents/share and equity repayment of 9 cents/share.

<p>TURNOVER</p> <p>€49.0m</p> <p>+46%</p>	<p>COMPARABLE OPERATING PROFIT</p> <p>€25.0m</p> <p>+110%</p>
<p>COMPARABLE EARNINGS / SHARE</p> <p>11.6¢</p> <p>+115%</p>	<p>BOARD PROPOSAL FOR DISTRIBUTION / SHARE</p> <p>13¢</p> <p>Distribution has grown annually since 2012</p>

Joakim Frimodig, CEO:

”CapMan’s results in 2019 were a strong message that our strategy focused on the Nordic private assets market bears fruit. Group turnover grew by almost 50 per cent. Correspondingly, comparable operating profit grew by more than 110 per cent from the comparison period to MEUR 25. Comparable earnings per share was **approx.** 12 cents.

We have made progress in all aspects of our strategy. Demand for our funds remains solid and our fundraising projects proceed as planned. At the end of 2019, we established a new hotel real estate fund with equity of approx. MEUR 370 at establishment. The fund has a semi-open-ended structure. Our objective is to grow the fund significantly. Fundraising continues also to our newest Buyout and Infra funds. We have also commenced new fundraising projects, including the next fund in our Credit-strategy and our third Nordic Real Estate fund.

” *We have made progress in all aspects of our strategy.*

We expect significant growth in capital under management as our ongoing fundraisings progress in 2020. Our management fee-based profitability improved significantly during 2019 and we expect continued improvement this year.

Our Service business has grown by more than 80 per cent and the segment’s operating profit exceeded MEUR 9 in 2019. All three service businesses – CaPS, Scala and JAM Advisors – have performed well and their growth outlook remains good.

Following the strong development of our Management Company and Service businesses our fee-based profitability has grown more than three

years in a row and the combined operating profit excluding carried interest income and items affecting comparability reached a new record level at MEUR 12 in 2019.

” *Last year, we received a total of MEUR 7 in carried interest income from our funds.*

Last year, we received a total of MEUR 7 in carried interest income from our previous hotels real estate fund following the sale of its portfolio to the new fund, as well as from CapMan Mezzanine V and Access Capital funds. Several other funds are approaching carry.

Our funds have actively invested and conducted exits in 2019. Value creation work continues strong and our own fund investments returned 10 per cent last year.

The fundraising and operating environment in Russia is challenging. Following a strategic review, we have agreed on the sale of our Russia business to the investment team responsible for it. At the end of 2019, we wrote down the entire goodwill associated with the Russia business, MEUR 4.2. The measure has no impact on cash flow. Russia represented less than 3 per cent of CapMan’s turnover in 2019 and the operations were slightly loss-making in 2019.

Total return of CapMan’s share was strong in 2019 at approx. 64 per cent. The development significantly beat the Nasdaq Helsinki general index. CapMan’s Board of Directors proposes to the AGM to be held in spring that a total of 13 cents per share is distributed to shareholders. Continued strong growth and improved profitability support 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 2019

The Group's turnover totalled MEUR 49.0 (Jan-Dec 2018: MEUR 33.5). The 46 per cent growth in turnover was mainly due to increased carried interest income as well as management and service fees.

Personnel expenses were MEUR 24.2 (MEUR 19.9). The growth in expenses was related to the acquisition of JAM Advisors that increased CapMan's headcount by 26 people, as well as the Infra investment area. Depreciations and amortisations were MEUR 1.4 (MEUR 0.2), excluding items affecting comparability, namely MEUR 4.2 as a result of the impairment of goodwill of CapMan's Russia business. The growth in depreciation was mainly due to the processing of lease expenses in the income statement according to IFRS 16. Other operating expenses amounted to MEUR 10.6 (MEUR 9.1), excluding items affecting comparability, and grew MEUR 1.5 from the comparison year. Reported operating expenses were MEUR 41.8 (MEUR 29.1) in total.

Fair value changes of investments were MEUR 12.3 (MEUR 7.6). Fair value changes were more positive compared to the comparison year, due to positive development in many funds in 2019 as well as negative development in the market portfolio during the fourth quarter of 2018.

The Group's operating profit was MEUR 19.4 (MEUR 12.0). Operating profit excluding items affecting comparability was MEUR 25.0 (MEUR 12.0).

Financial income and expenses amounted to MEUR -1.8 (MEUR -2.7). Lower expenses compared to the comparison year was due to fair value changes of debt as well as larger interest income. Profit before taxes was MEUR 17.6 (MEUR 9.3) and profit after taxes was MEUR 15.9 (MEUR 8.5).

Diluted earnings per share were 9.0 cents (5.4 cents). Diluted earnings per share excluding items affecting comparability was 11.6 cents (5.4 cents).

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.

Management Company business

Turnover generated by the Management Company business for the year totalled MEUR 32.8 (MEUR 24.2).

Management fees totalled MEUR 24.7 (MEUR 22.1). CapMan Buyout XI fund and CapMan Nordic Infrastructure I fund, in addition to fees from the expanded mandate from BVK and Infra's second mandate contributed favourably to management fees for the period, offsetting the decrease in fees obtained from older funds in line with the funds' standard lifecycle.

Carried interest income for the year totalled MEUR 6.9 (MEUR 1.0) and was received from CapMan Hotels RE fund, CapMan Mezzanine V fund and Access Capital funds.

Operating expenses of the Management Company business amounted to MEUR 26.8 (MEUR 21.4) and included the impairment of goodwill related to CapMan Russia. Operating profit of the Management Company business totalled MEUR 6.0 (MEUR 2.8) and profit for the year was MEUR 5.3 (MEUR 2.3). Excluding items affecting comparability, operating profit of the Management Company business was MEUR 10.2 (MEUR 2.8) and profit was MEUR 8.2 (MEUR 2.3).

Service business

Turnover generated by Service business totalled MEUR 15.7 (MEUR 8.7) and the growth consisted mainly of the success fees of Scala Fund

Advisory and fees of JAM Advisors. JAM Advisors was consolidated as of 27 February 2019.

Operating expenses of the Service business amounted to MEUR 6.9 (MEUR 4.8). The operating profit of the Service business was MEUR 9.1 (MEUR 4.4). The profit for the year was MEUR 7.3 (MEUR 3.4). The improved profit for the segment was due to successful development of all services businesses in 2019.

Investment business

CapMan reclassified the interest and dividend income from the market portfolio from turnover to change in fair value of investments in the beginning of 2019. Figures for the comparison period have been adjusted accordingly. Change in fair value of investments was MEUR 12.3 in 2019 (MEUR 7.6 in 2018).

Operating expenses for the investment business were MEUR 2.0 (MEUR 1.2).

Operating profit for the Investment business was MEUR 10.2 (MEUR 6.5). Profit for the Investment business was MEUR 8.0 (MEUR 4.2). The comparison period was negatively impacted by the development of the market portfolio in the fourth quarter of 2018 and CapMan continued to sell down its market portfolio in the beginning of 2019.

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

	Fair value 31 Dec 2019 (MEUR)
Fund investments	115.9
Other financial assets	2.7
Market portfolio	10.8
Total	129,4

Fair value of **fund investments** was MEUR 115.9 on 31 December 2019 (31 December 2018: MEUR 80.6). Fair value changes of fund investments were MEUR 9.7 in 2019 (MEUR 8.1), representing a 9.5 per cent increase in value (2018: +9.0 per cent). The positive change in the fair value of fund investments was especially due to the developments in the CapMan Growth fund, Real Estate funds, the Infra fund as well as external funds. Fund investments include mainly funds managed by CapMan. Investments in joint ventures totalling MEUR 4.6 were reclassified as fund investments in June 2019.

CapMan invested a total of MEUR 38.0 in the first nine months of 2019 mainly in the CapMan Nordic Infrastructure I fund following its first investment. In the corresponding period last year, CapMan invested a total of MEUR 31.9 mainly into CapMan Growth fund as well as CapMan Real Estate funds and CapMan Infra's first mandate. CapMan received distributions from funds totalling MEUR 17.5 (MEUR 17.4). The amount of remaining commitments that have not yet been called totalled MEUR 103.8 as at 31 December 2019 (31 December 2018: MEUR 98.0). The growth in commitments was mainly due to CapMan's commitments into the newest CapMan Buyout fund. Capital calls, distributions and remaining commitments are detailed in the Tables section of this report.

The fair value of the **market portfolio**, which invests in market instruments, was MEUR 10.8 on 31 December 2019 (31 December 2018: MEUR 39.0). CapMan continued to sell down the portfolio in 2019 and its fair value development was MEUR +2.4 in 2019 (MEUR -2.5 in the comparison year). Market portfolio assets were reallocated 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 December 2019

CapMan's balance sheet totalled MEUR 216.5 as at 31 December 2019 (31 December 2018: MEUR 206.0). Non-current assets amounted to MEUR 151.3 (MEUR 99.8), of which goodwill totalled MEUR 15.3 (MEUR 4.7). Goodwill increased due to the acquisition of JAM Advisors. The goodwill of CapMan Russia was impaired by MEUR 4.2 in the last quarter of 2019.

As at 31 December 2019, fund investments booked at fair value totalled MEUR 115.9 (MEUR 80.6 as at 31 December 2018).

Other financial assets booked at fair value were MEUR 2.7 (MEUR 2.5). The fair value of investments in joint ventures was MEUR 0.0 (MEUR 4.5). Joint ventures were classified as fund investments during the year.

Long-term receivables amounted to MEUR 9.4 (MEUR 5.1).

Current assets amounted to MEUR 65.2 (MEUR 106.2). Financial assets booked at fair value, i.e. current investments, were MEUR 10.8 (MEUR 39.0) and included the market portfolio. Cash in hand and at banks amounted to MEUR 43.7 (MEUR 54.5).

CapMan's interest-bearing net debt amounted to MEUR 9.3 as at 31 December 2019 (MEUR 5.2). CapMan repaid its MEUR 10 multi-issuer bond and increased its long-term credit facility to MEUR 40 in 2019. CapMan's total interest-bearing debt as at 31 December 2019 is outlined in Table 2.

Table 2: CapMan's interest bearing debt

	Debt amount 31 Dec 2019 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2018 (MEUR)
Multi-issuer bond (issued in 2014)	-	Q2 2019	1.85	10
Senior bond (issued in 2018)	50	Q2 2023	4.13	50
Long-term credit facility (available)	(40)			(20)

CapMan Plc's bond 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 December 2019.

Trade and other payables totalled MEUR 20.2 on 31 December 2019 (31 December 2018: MEUR 16.8).

The Group's cash flow from operations totalled MEUR -0.4 for the year (MEUR -4.7). CapMan receives management fees from funds semi-annually, in January and July, which is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR +16.9 (MEUR +39.6) 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 +16.5 (MEUR +34.9) and reflects the development in the Management Company business, Service

business and Investment business. Cash flow from financing was MEUR -27.4 (MEUR -3.7) and included the repayment of the multi-issuer bond.

Capital under management as at 31 December 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. Capital under management is calculated based on the capital, which forms the basis for management fees, and includes primarily equity without accounting for the funds' debt. 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 3,245 as at 31 December 2019 (31 December 2018: MEUR 3,043). The increase in capital under management was mainly due to the establishment of CapMan Nordic Infrastructure I and CapMan Buyout XI funds and the Infra mandate completed in 2019. The establishment of the new CapMan Hotels II fund had limited impact on capital under management, as assets were sold from the old CapMan Hotels RE fund to the new fund. The debt for the new fund has been included in capital under management in line with the previous Hotels RE fund. Capital under management per fund type is displayed in Table 3.

Table 3: Capital under management (incl. funds and mandates)

	31.12.19 (MEUR)	31.12.18 (MEUR)
Real Estate	1,931	1,896
Private Equity & Credit	973	944
Infra	293	203
Other	48	0
Total capital under management (incl. Hotels II fund debt)	3,245	3,043

Key figures 31 December 2019

CapMan's return on equity was 12.7 per cent on 31 December 2019 (31 December 2018: 6.8 per cent) and return on investment 10.5 per cent (6.7 per cent). Comparable return on equity was 16.0 per cent (6.8 per cent) and comparable return on investment was 13.5 per cent (6.7 per cent). Equity ratio was 59.9 per cent (58.7 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

	31.12.19	30.9.18
Earnings per share, cents	9.2	5.5
Diluted, cents	9.0	5.4
Adjusted earnings per share, diluted, cents	11.6	5.4
Shareholders' equity / share, cents	85.1	82.6
Share issue adjusted number of shares, avg.	152,154,735	146,521,760
Return on equity, %*	12.7	6.8
Return on equity, comparable, %*	16.0	6.8
Return on investment, %	10.5	6.7
Return on investment, comparable, %	13.5	6.7
Equity ratio, %	59.9	58.7
Net gearing, %	7.2	4.3

**CapMan has changed the calculation of Return on equity (ROE) as of Q2 2019. Return on equity is calculated as annualised profit for the period divided by average total equity (incl. non-controlling interests). Previously, ROE was calculated as annualised profit attributable to equity holders of the parent divided by average equity attributable to equity holders of the parent. The figures for the comparison periods have been restated accordingly.*

Proposal of the Board of Directors regarding distribution of funds

CapMan Plc's objective is to distribute an annually growing dividend to shareholders. CapMan Plc's Board of Directors will propose to the Annual General Meeting (AGM) to be held on 11 March 2020 that a total of EUR 0,13 per share will be paid to shareholders, equivalent of a total of MEUR 20.0, from distributable earnings. The distribution of funds is divided in a dividend of EUR 0.04 per, equivalent to a total of approx. MEUR 6.1 as well as an equity repayment of EUR 0.09 per share to be returned from the invested unrestricted equity fund, equivalent to a total of approx. MEUR 13.9. CapMan's distributable earnings amounted to MEUR 88.9 on 31 December 2019.

A dividend of EUR 0.06 per share, totalling MEUR 8.9 and an equity repayment of MEUR 0.06, totalling MEUR 8.9, was paid for 2018. CapMan Plc's distributable earnings amounted to MEUR MEUR 90.3 on 31 December 2018.

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2020

CapMan Group's Financial Statements and the Report of the Board of Directors for 2019 will be published as part of the company's Annual Report for 2019 in February 2020 during week 8. CapMan Plc's 2020 AGM will be held on Wednesday 11 March 2020 at 10:00 a.m. in Helsinki.

The Notice to the Annual General Meeting and other proposals of the Board of Directors to the Annual General Meeting are published by 19 February 2020 the latest.

Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 19 February 2020 the latest.

Corporate Governance Statement

CapMan Plc's Corporate Governance Statement will be published separately from the Report of the Board of Directors as part of the company's Annual Report for 2019 during week 8 and will be available on the company's website by 19 February 2020 the latest.

Decisions of 2019 General Meetings

Decisions of the General Meetings regarding distribution of funds

CapMan's 2019 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 2019 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 2019 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 year.

Share capital totalled EUR 771,586.98 as at 31 December 2019. CapMan had 153,754,648 shares outstanding as at 31 December 2019 (147,142,163 shares as at 31 December 2018). CapMan issued 5,110,000 shares in 2019 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 December 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 62,066 as at 31 December 2019 (31 December 2018: EUR 46 549). No changes occurred in the number of own shares held by CapMan Plc during the year.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 2.36 on 31 December 2019 (31 December 2018: EUR 1.47). The trade-weighted average price for the year was EUR 1.85 (EUR 1.60). The highest price paid was EUR 2.36 (EUR 1.81) and the lowest EUR 1.48 (EUR 1.39). The number of CapMan Plc shares traded totalled 41.5 million (29.4 million), valued at MEUR 76.6 (MEUR 46.9).

The market capitalisation of CapMan Plc shares as at 31 December 2019 was MEUR 362.9 (31 December 2018: MEUR 216.6).

Shareholders

The number of CapMan Plc shareholders increased by 9 per cent from the corresponding period last year and totalled 19,936 as at 31

December 2019 (31 December 2018: 18,278). There were two flagging notices issued during the year.

On 21 November 2019, CapMan received a notification from Föreningen Konstsamfundet r.f. on behalf of Silvertärnan Ab. Based on the notification, the combined share of ownership and votes of Silvertärnan Ab in CapMan Plc has exceeded 5 per cent and 10 per cent thresholds. The notice follows a transaction, where Silvertärnan Ab acquired a total of 16,226,519 CapMan Plc shares in a trade completed on 21 November 2019. Following the trade, Silvertärnan Ab owns 10,56 per cent of all shares and voting rights in CapMan Plc.

On 21 November 2019, CapMan received a notification from Mandatum Life Insurance Company. Pursuant to the notification, the aggregate holdings of shares and voting rights of the notifying party has fallen below 5 per cent on 21 November 2019. The notification is based on a stock market transaction conducted on 21 November 2019.

Personnel

CapMan employed 147 people on average in 2019 (2018 average: 117), of whom 110 (77) worked in Finland and the remainder in the other Nordic countries, Russia, Luxembourg and the United Kingdom. The increase in people working in Finland was due to the acquisition of JAM Advisors. A breakdown of personnel by country is presented in the Tables section of this report. As of 31 December 2019, CapMan no-longer had employees based in Russia.

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 commenced on 1 April 2018 and ends 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 2019, 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.

More information about the share-based incentive plan and the terms of the option programmes can be found on CapMan's website at www.capman.com.

Significant events in 2019

CapMan agreed to sell the Russia business to the Russia investment team and wrote down the entire goodwill related to the Russia business area, MEUR 4.2, at the end of 2019. CapMan's fund investments still include investments in Russia funds, with a fair value of MEUR 4.3 as at 31 December 2019.

CapMan Nordic Infrastructure I fund had raised MEUR 174 by the end of 2019. Fundraising for the fund continues.

CapMan established CapMan Hotels II Fund as a successor to its first hotel fund, CapMan Hotels RE, which was launched in 2008. CapMan Hotels II has a long-term semi-open-ended structure. At the establishment, CapMan Hotels II has equity of €368 million and it acquires a seed portfolio consisting of all the current assets in CapMan's first hotel fund. The new fund generates management and performance fees based on commitments made to the fund in accordance with standard practices within the industry.

CapMan incorporated its procurement services business CaPS in June. CapMan's ownership of the subsidiary is 95 per cent.

CapMan held the first closing of its eleventh Buyout fund, CapMan Buyout XI, in June and the fund has raised approx. MEUR 170. The fund

generates fees and carried interest to CapMan according to industry practices. CapMan's own commitment to the fund is MEUR 30. Fundraising for the fund continues.

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.

Events after the financial year

Christian Borgström, Managing Partner of JAM Advisors and Maximilian Marschan, Managing Partner of CaPS, have been appointed members of CapMan Plc's Management Group as of 1 February 2020.

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.

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 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 7.7 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 2020

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

The combined growth objective for the Management Company and Service businesses 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 2020. Our objective is to improve the aggregate profitability of Management Company and Service businesses before carried interest income and any possible items affecting comparability.

Carried interest income from funds managed by CapMan and the return on CapMan's investments have a substantial impact on CapMan's overall result. In addition to portfolio company and asset-specific development and exits from portfolio companies and assets, various factors outside of the portfolio's and CapMan's control influence fair value development of CapMan's overall investments as well as the magnitude and timing of carried interest.

CapMan's objective is to improve results in the longer term, taking into consideration annual fluctuations related to the nature of the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2020.

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

Helsinki, 30 January 2020

CAPMAN PLC

Board of Directors

CapMan Group's 1 January – 31 March 2020 Interim Report is published on Thursday 23 April 2020.

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Principal media

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Consolidated statement of comprehensive income (IFRS)

€ ('000)	10-12/19	10-12/18	1-12/19	1-12/18
Management fees	7 316	5 592	24 851	22 123
Sale of services	3 881	2 927	17 211	10 337
Carried interest	5 404	122	6 910	1 022
Turnover*	16 601	8 641	48 972	33 482
Other operating income	-1	0	6	4
Personnel expenses	-8 187	-5 030	-24 184	-19 863
Depreciation and amortisation	-4 569	-27	-5 583	-171
Other operating expenses	-3 052	-2 788	-12 069	-9 102
Fair value changes of investments	2 630	-3 743	12 250	7 602
Operating profit	3 424	-2 947	19 392	11 951
Financial income and expenses	60	-672	-1 783	-2 669
Profit before taxes	3 484	-3 619	17 609	9 282
Income taxes	131	443	-1 731	-801
Profit for the period	3 616	-3 176	15 878	8 481
Other comprehensive income:				
Translation differences	79	117	-62	71
Total comprehensive income	3 695	-3 059	15 816	8 552

€ ('000)	10-12/19	10-12/18	1-12/19	1-12/18
Profit attributable to:				
Equity holders of the company	3 526	-2 979	13 963	8 064
Non-controlling interest	90	-197	1 915	418
Total comprehensive income attributable to:				
Equity holders of the company	3 605	-2 862	13 900	8 134
Non-controlling interest	90	-197	1 915	418
Earnings per share for profit attributable to the equity holders of the Company:				
Earnings per share, cents	2,3	-2,0	9,2	5,5
Diluted, cents	2,2	-2,0	9,0	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 by EUR 2,510 thousand for the full year 2018.

Consolidated balance sheet (IFRS)

€ ('000)	31.12.19	31.12.18
ASSETS		
Non-current assets		
Tangible assets	3 428	317
Goodwill	15 314	4 704
Other intangible assets	797	85
Investments at fair value through profit and loss		
Investments in funds	115 918	80 583
Other financial assets	2 731	2 548
Investments in joint ventures	0	4 470
Receivables	9 395	5 075
Deferred income tax assets	3 726	2 026
	151 309	99 808
Current assets		
Trade and other receivables	10 792	12 646
Financial assets at fair value through profit and loss	10 768	39 006
Cash and bank	43 665	54 544
	65 225	106 196
Total assets	216 534	206 003

€ ('000)	31.12.19	31.12.18
EQUITY AND LIABILITIES		
Capital attributable the Company's equity holders		
Share capital	772	772
Share premium account	38 968	38 968
Other reserves	84 823	83 812
Translation difference	-348	-286
Retained earnings	3 218	-2 728
Total capital attributable to the Company's equity holders	127 433	120 537
Non-controlling interests	2 100	433
Total equity	129 533	120 970
Non-current liabilities		
Deferred income tax liabilities	2 156	3 285
Financial liabilities	59 110	49 705
Other non-current liabilities	167	167
	61 433	53 157
Current liabilities		
Trade and other payables	20 159	16 808
Interest-bearing loans and borrowings	939	9 989
Current income tax liabilities	4 469	5 078
	25 567	31 875
Total liabilities	87 000	85 032
Total equity and liabilities	216 534	206 003

Consolidated 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					8 064	8 064	418
Other comprehensive income for the year							
Currency translation differences				71		71	
Total comprehensive income for the year				71	8 064	8 135	418
Share issue of non-controlling interests							20
Share subscriptions with options			1 139			1 139	
Options and Performance Share Plan			116		520	636	
Dividends					-16 079	-16 079	
Other changes			7			7	
Equity on 31 December 2018	772	38 968	83 812	-286	-2 728	120 537	433
Equity on 1 January 2019	772	38 968	83 812	-286	-2 728	120 537	433
Profit for the year					13 963	13 963	1 915
Other comprehensive income for the year							
Currency translation differences				-61		-61	
Total comprehensive income for the year				-61	13 963	13 901	1 915
Share issue			9 027			9 027	
Equity investment of non-controlling interests					397	397	418
Share subscriptions with options			1 130			1 130	
Options and Performance Share Plan					732	732	
Dividends and return of capital			-9 146		-9 146	-18 291	-668
Equity on 31 December 2019	772	38 968	84 823	-348	3 218	127 433	2 100

Consolidated statement of cash flows (IFRS)

€ ('000)	1-12/19	1-12/18
Cash flow from operations		
Profit for the financial year	15 878	8 481
Adjustments on cash flow statement	-6 540	-766
Change in working capital:		
Change in current non-interest-bearing receivables	-3 812	-5 853
Change in current trade payables and other non-interest-bearing liabilities	1 308	-1 031
Interest paid	-2 643	-2 438
Taxes paid	-4 553	-3 078
Cash flow from operations	-363	-4 686
Cash flow from investing activities		
Acquisition of subsidiaries	-540	-8 399
Proceeds from sale of subsidiaries*	5 900	
Investments in tangible and intangible assets	-561	-77
Investments at fair value through profit and loss	12 390	47 204
Long-term loan receivables granted	-3 034	-155
Proceeds from long-term receivables	2 594	972
Interest received	158	67
Cash flow from investing activities	16 907	39 612
Cash flow from financing activities		
Share issue	1 542	1 146
Proceeds from borrowings	130	49 748
Repayment of long-term loan	-10 000	-38 489
Payment of lease liabilities	-924	
Dividends paid and return of capital	-18 958	-16 079
Cash flow from other financing items	787	
Cash flow from financing activities	-27 423	-3 674
Change in cash and cash equivalents	-10 879	31 253
Cash and cash equivalents at start of year	54 544	23 291
Cash and cash equivalents at end of year	43 665	54 544

*Gain on sale of subsidiaries is included in turnover of the Consolidated Statement of Comprehensive Income, on line item Carried interest

Accounting principles

This financial statement release 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 to the beforementioned reclassification of market portfolio dividends and interests. The full-year figures in this release are audited.

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 3.9 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.

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 10-12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	7 275	42			7 316
Service fees	342	3 126		413	3 881
Carried interest	5 404				5 404
Turnover, external	13 021	3 167		413	16 601
Other operating income				-1	-1
Personnel expenses, of which	-4 165	-1 341	3	-2 683	-8 187
Salaries and bonuses	-4 165	-1 341	3	-2 511	-8 014
Share-based payment				-172	-172
Depreciation and amortisation	-146	-126		-66	-339
Impairment	-4 230				-4 230
Other operating expenses	-1 201	-747	-319	-784	-3 052
Internal service fees	-913	-54	-172	1 139	
Fair value changes of investments			2 630		2 630
Operating profit	2 366	899	2 142	-1 983	3 424
Items impacting comparability					
Impairment of goodwill	4 230				4 230
Items impacting comparability, total	4 230				4 230
Adjusted operating profit	6 596	899	2 142	-1 983	7 654
Financial items			60		60
Income taxes	90	-180	-175	397	131
Profit for the period	2 456	719	2 027	-1 586	3 616
Items impacting comparability					
Impairment of goodwill and other writedowns	2 821				2 821
Items impacting comparability, total	2 821				2 821
Adjusted profit for the period	5 277	719	2 027	-1 586	6 436

Segment information 10-12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Earnings per share, cents					2,3
Items impacting comparability, cents					1,9
Adjusted earnings per share, cents					4,2
Earnings per share, diluted, cents					2,2
Items impacting comparability, cents					1,8
Adjusted earnings per share, diluted, cents					4,0
Timing of revenue recognition from customer contracts:					
Services transferred over time	7 617	2 113		413	10 143
Services transferred at a point in time	5 404	1 055			6 459
Revenue from customer contracts, external	13 021	3 167		413	16 601

Segment information 10-12/2018

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	5 592				5 592
Service fees	500	2 044		383	2 927
Carried interest	122				122
Turnover, external	6 214	2 044		383	8 641
Turnover, internal		98		-98	
Other operating income	0				0
Personnel expenses, of which	-3 084	-678	-43	-1 225	-5 030
Salaries and bonuses	-3 084	-678	-43	-1 046	-4 851
Share-based payment				-179	-179
Depreciation, amortisation and impairment	-13	-2		-12	-27
Other operating expenses	-1 699	-352	7	-744	-2 788
Internal service fees	-880	-310	-172	1 362	0
Fair value changes of investments			-3 743		-3 743
Operating profit	538	801	-3 951	-334	-2 947
Financial items			-672		-672
Income taxes	-108	-161	642	70	443
Profit for the period	431	640	-3 982	-264	-3 176
Earnings per share, cents					-2,0
Earnings per share, diluted, cents					-2,0
Timing of revenue recognition from customer contracts:					
Services transferred over time	6 092	1 683		383	8 158
Services transferred at a point in time	122	361		0	483
Revenue from customer contracts, external	6 214	2 044		383	8 641

Segment information 1-12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	24 684	167			24 851
Service fees	1 188	15 530		493	17 211
Carried interest	6 910				6 910
Turnover, external	32 782	15 697		493	48 972
Turnover, internal		302		-302	
Other operating income	1	12		-7	6
Personnel expenses, of which	-13 586	-3 823	-241	-6 534	-24 184
Salaries and bonuses	-13 586	-3 823	-241	-5 803	-23 453
Share-based payment				-731	-731
Depreciation and amortisation	-618	-471	0	-264	-1 353
Impairment	-4 230	0	0	0	-4 230
Other operating expenses	-4 732	-2 397	-1 097	-3 843	-12 069
Internal service fees	-3 638	-227	-688	4 553	
Fair value changes of investments			12 250		12 250
Operating profit	5 979	9 094	10 224	-5 904	19 392
Items impacting comparability					
Acquisition related expenses				1 126	1 126
Donations			200	97	297
Impairment of goodwill	4 230				4 230
Items impacting comparability, total	4 230		200	1 223	5 653
Adjusted operating profit	10 209	9 094	10 424	-4 681	25 045
Financial items			-1 783		-1 783
Income taxes	-633	-1 819	-461	1 181	-1 731
Profit for the period	5 347	7 275	7 980	-4 724	15 878

Segment information 1-12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Profit for the period	5 347	7 275	7 980	-4 724	15 878
Items impacting comparability					
Acquisition related expenses				991	991
Donations			200	97	297
Impairment of goodwill and other writedowns	2 821				2 821
Items impacting comparability, total	2 821		200	1 088	4 108
Adjusted profit for the period	8 167	7 275	8 180	-3 636	19 987
Earnings per share, cents					9,2
Items impacting comparability, cents					2,7
Adjusted earnings per share, cents					11,9
Earnings per share, diluted, cents					9,0
Items impacting comparability, cents					2,6
Adjusted earnings per share, diluted, cents					11,6
Non-current assets	19 908	13 827	128 970	-11 397	151 309
Timing of revenue recognition from customer contracts:					
Services transferred over time	25 872	7 882		493	34 248
Services transferred at a point in time	6 910	7 814			14 724
Revenue from customer contracts, external	32 782	15 697		493	48 972

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	0	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.

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's income statement would show pro forma turnover of EUR 49.5 million and net profit of EUR 15.7 million (pro forma).

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 following table summarises the purchase price allocation, including the consideration, the fair value of identifiable assets acquired and liabilities assumed at the acquisition date, and 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 and repayment of invested unrestricted equity fund

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.

The Board of Directors will propose to the Annual General Meeting to be held on 11 March 2020 that a dividend of EUR 0.04 per share will be paid to shareholders, equivalent to a total of approx. EUR 6.1 million, and a repayment of invested unrestricted equity fund of EUR 0.09 per share, equivalent to a total of approx. EUR 13.8 million, will be paid to the shareholders. The aggregate amount of proposed dividends and repayment of invested unrestricted equity fund is approx. EUR 20.0 million.

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. The group does not have any derivative contracts at reporting period end.

€ ('000)	31.12.19	31.12.18
Index and foreign exchange derivatives, bought call options, sold put options and sold futures		
Fair value	0	-50
Underlying value	0	-21 207

Non-current assets

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

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1			80 582	80 582
Additions			38 037	38 037
Distributions			-17 543	-17 543
Fair value gains/losses			9 692	9 692
Transfers*	738		4 410	5 148
at the end of period	738		115 180	115 918
Other investments				
at Jan 1		166	2 381	2 547
Fair value gains/losses			184	184
at the end of period		166	2 565	2 731
Investments in joint ventures				
at Jan 1			4 470	4 470
Additions			144	144
Transfers**			-4 581	-4 581
Fair value gains/losses			-33	-33
at the end of period			0	0
Current financial assets at FVTPL***	2 681	8 087		10 768

* Includes the change of cash and cash equivalents of the subsidiary CapMan Fund Investments SICAV-SIF, classified as fund investments, and reclassification of investments made by Maneq Investments Luxembourg S.a.r.l. from joint ventures to fund investments.

** Investment to Maneq Investments Luxembourg S.a.r.l., previously classified as an investment in a joint venture, was reclassified to investments in funds after CapMan acquired all of the shares in the company in Q2 2019. Transfers includes the carrying amount before the acquisition. The company was dissolved in Q4 2019.

*** 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.

During reporting period the cash of the subsidiary CapMan Fund Investments SICAV-SIF was transferred from Level 3 to Level 1.

Investments in funds include subsidiaries CapMan Fund Investments SICAV-SIF, with a fair value of EUR 76.3 million.

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	80 582	80 582
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 (unjusted) 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 42.9 million at the end of the reporting period.

Sensitivity analysis of Level 3 investments at 31 December 2019

Investment area	Fair Value MEUR, 31 Dec 2019	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth	16.1	Peer group	Peer group earnings multiples	EV/EBITDA 2019 12.2x	+/- 1.6 MEUR
			Discount to peer group multiples	20 %	-/+ 0.4 MEUR
Buyout	9.6	Peer group	Peer group earnings multiples	EV/EBITDA 2019 8.9x	+ 2.3 MEUR / - 2.1 MEUR
			Discount to peer group multiples	22 %	- 0.7 MEUR /+ 0.6 MEUR
Real Estate	40.0	Valuation by an independent valuer			
Infra	17.6	Discounted cash flows	Discount rate; market rate and risk premium	12 %	- 0.8 MEUR / + 0.9 MEUR
Russia	4.3	Peer group	Peer group earnings multiples	EV/EBITDA 2019 11.4x	+/- 0.4 MEUR
			Discount to peer group multiples	36 %	-/+ 0.2 MEUR
Credit	2.6	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	0.2	Reports from PE fund management company			
Other investment areas	0.8	Discounted cash flows	Discount rate; market rate and risk premium	6 %	- 0.0 MEUR / value increase based on a change in the discount rate is not booked
Investments in external PE funds	22.8	Reports from PE fund management company			
Maneq-investments	3.7	Peer group	Peer group earnings multiples	EV/EBITDA 2019 8.7x	+/- 0.4 MEUR
			Discount to peer group multiples	22 %	-/+ 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 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 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.

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	31.12.19	31.12.18
Finland	110	77
Sweden	20	19
Denmark	5	4
Russia	8	11
Luxembourg	1	1
United Kingdom	3	5
In total	147	117

Contingent liabilities

€ ('000)	31.12.19	31.12.18
Leasing agreements *		3 172
Securities and other contingent liabilities	62 780	37 959
Remaining commitments to funds	103 785	98 043
Remaining commitments by investment area		
Buyout	39 451	11 883
Credit	1 485	1 846
Russia	1 114	1 123
Real Estate	4 249	9 130
Other	4 199	3 610
Funds of funds	551	713
Growth equity	12 221	14 500
Infra	18 019	29 829
External private equity funds	22 496	25 409
In total	103 785	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)	31.12.19	31.12.18
Commitments to Maneq funds	643	3 797

Turnover and profit quarterly**Year 2019**

MEUR	1-3/19	4-6/19	7-9/19	10-12/19	1-12/19
Turnover	9,3	13,4	9,7	16,6	49,0
Management fees	6,1	5,4	6,0	7,3	24,9
Sales of services	3,0	7,3	3,0	3,9	17,2
Carried interest	0,1	0,7	0,7	5,4	6,9
Other operating income	0,0	0,0	0,0	-1,0	0,0
Operating expenses	-8,8	-9,2	-8,0	-15,8	-41,8
Fair value changes of investments	4,2	1,7	3,8	2,6	12,1
Operating profit	4,7	5,8	5,5	3,5	19,4
Financial income and expenses	-0,6	-0,7	-0,6	0,1	-1,8
Profit / loss before taxes	4,1	5,1	4,9	3,6	17,6
Profit / loss for the period	4,0	4,2	4,1	3,7	15,9

Year 2018

MEUR	1-3/18	4-6/18	7-9/18	10-12/18	1-12/18
Turnover	7,3	10,4	7,1	8,6	33,4
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