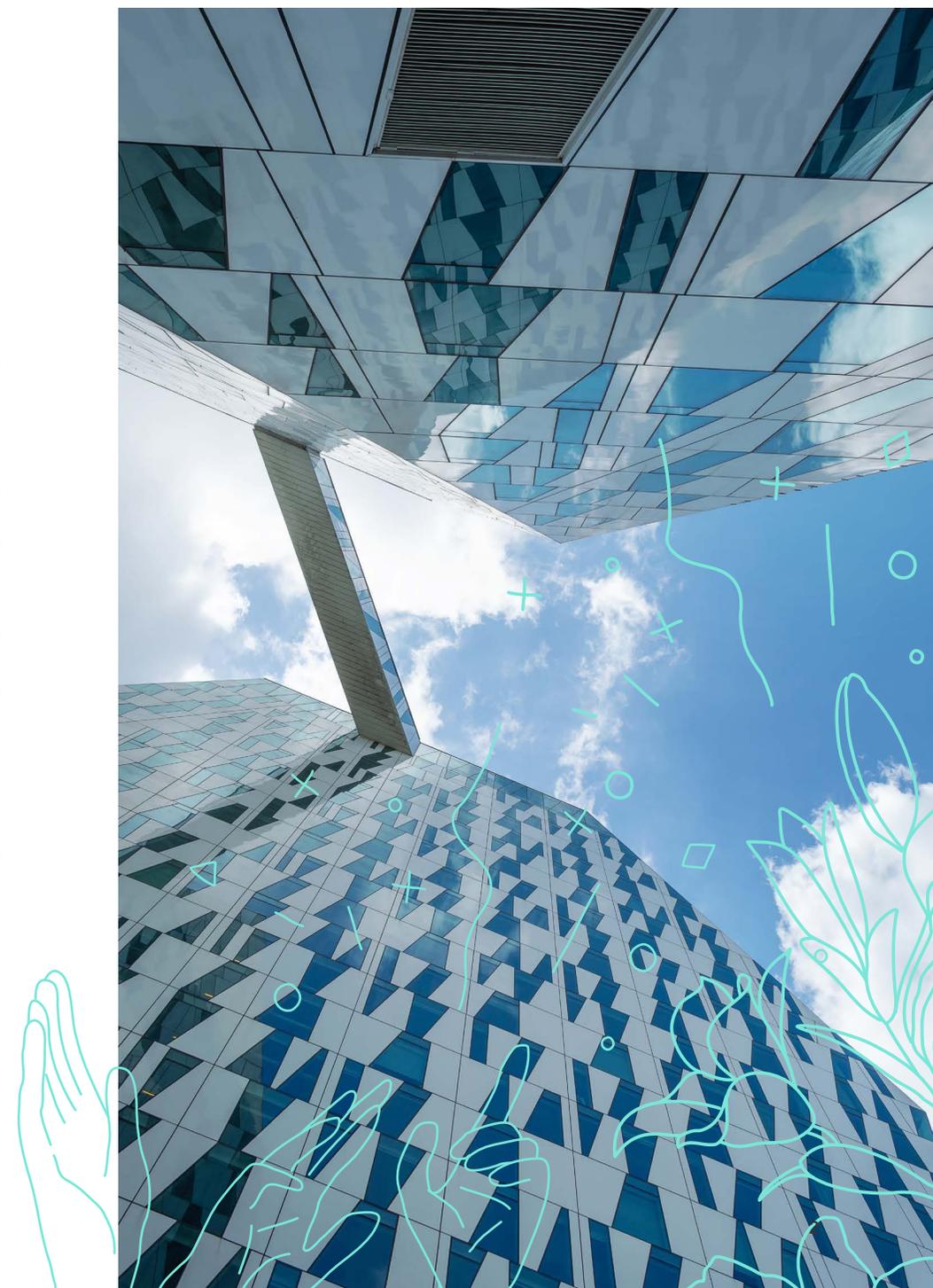


CapMan } Annual Report 2020



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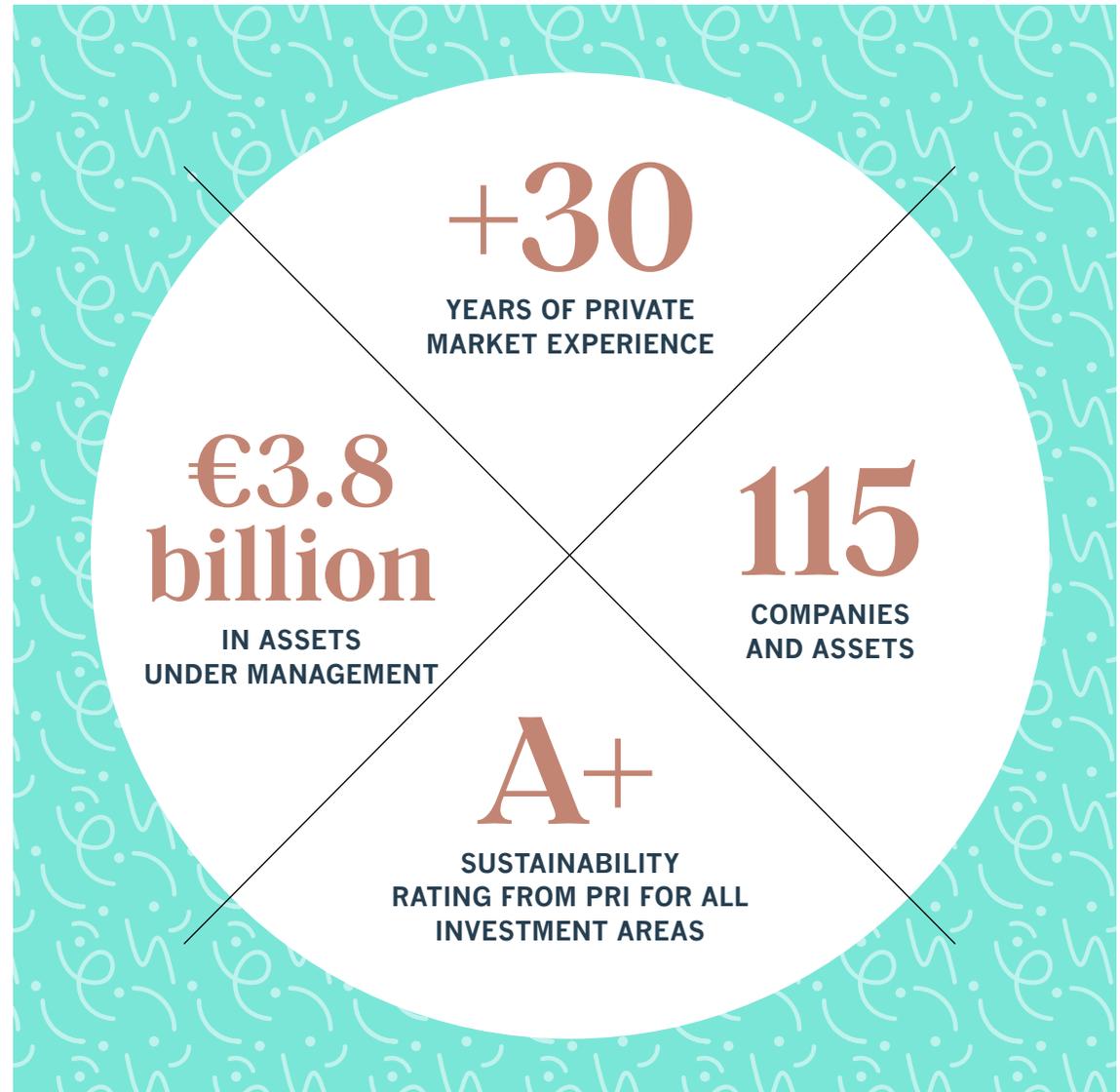
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CapMan in brief

CapMan is a leading Nordic private asset expert with an active approach to value creation. As one of the Nordic private equity pioneers, we have developed hundreds of companies and real estate assets and created substantial value in these businesses and assets over the past 30 years. Our objective is to provide attractive returns and innovative solutions to investors. We have a broad presence in the unlisted market through our local and specialised teams. Our investment strategies cover Private Equity, Real Estate and Infra. We also have a growing service business that includes procurement services, wealth management, and analysis, reporting and back office services. Altogether, CapMan employs around 150 people in Helsinki, Stockholm, Copenhagen, London and Luxembourg. We are a public company listed on Nasdaq Helsinki since 2001 and a signatory of the UN Principles for Responsible Investment (PRI) since 2012.

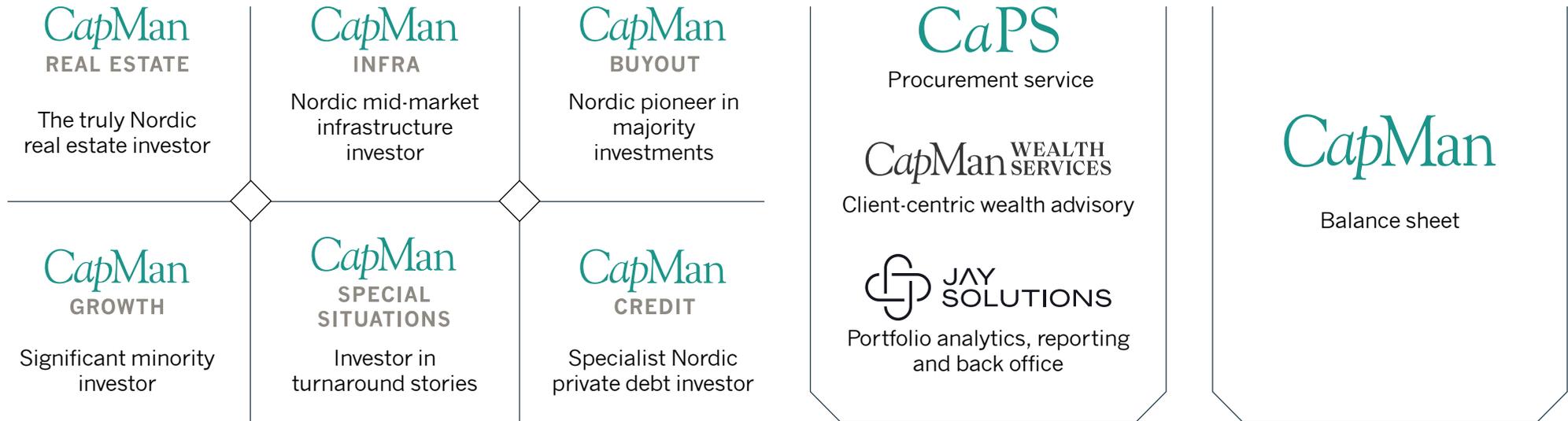
We invest actively in private markets across investment strategies for the enrichment of society.



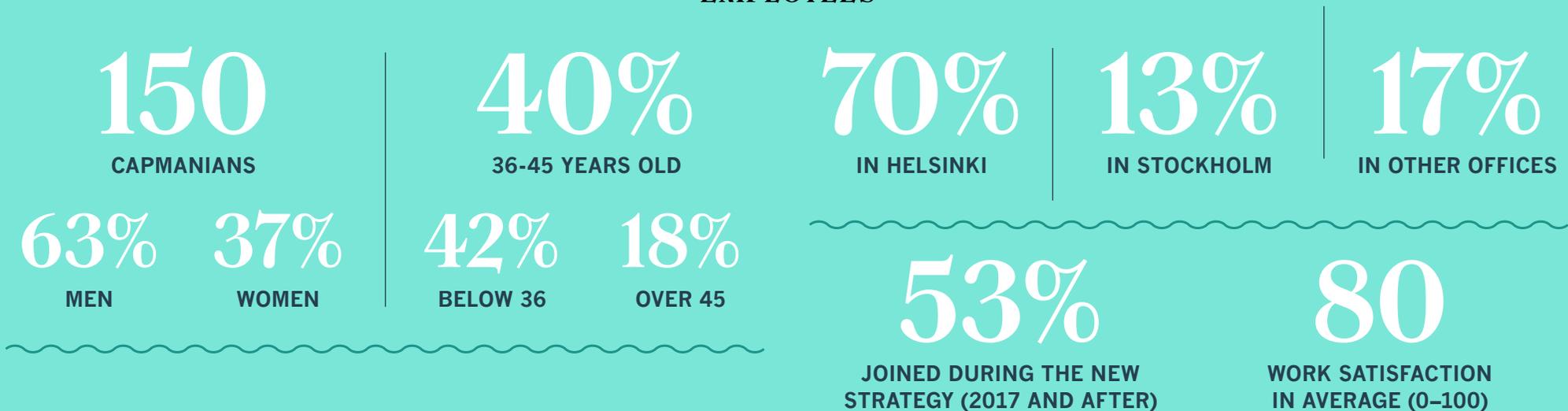
MANAGEMENT COMPANY BUSINESS

SERVICE BUSINESS

INVESTMENT BUSINESS



EMPLOYEES





2020 Highlights

A year flanked by the Covid-19 pandemic

In general, CapMan has navigated the Covid-19 pandemic well. The pandemic mainly impacted our business through changes in fair values of investments. Fair values decreased as the pandemic began but recovered well by the end of the year.

Impact on management fees was moderate and we established new funds according to plan.

No new funds transferred to carry during 2020. The increased uncertainty, impact

on value creation in the portfolio as well as delayed exit processes may have delayed or impeded the transfer of funds to carry, as well as impacted the magnitude and timing of potential carried interest.

Transaction-based service fees depend on the general market sentiment and are therefore more prone to be impacted by general market sentiment. Recurring service fees grew as planned.



New growth fund closed at €97 million

CapMan Growth established a new €97 million growth fund which makes significant minority investments in growth stage companies with ambitious growth and expansion goals. The growth fund attracted great interest within investors, and the fund exceeded its original target size. The new fund is looking to invest in fast growing companies and has attracted some of the most successful Finnish entrepreneurs to back it. The first investments from the new fund are Neural DSP, a sound processing technology leader, and Unikie, a software technology developer of autonomous vehicles.



CapMan Real Estate established the largest fund in the company's history

CapMan Real Estate has established the third Nordic value-add real estate fund, CapMan Nordic Real Estate III. The fund has raised €535 million of equity commitments from Nordic, European, and North American institutional investors, with more than 70% of commitments coming from outside the Nordics. Following strong investor demand, the fund is the largest fund in CapMan's operating history to date. In line with its predecessor funds, CMNRE III invests mainly in transitional offices and select residential strategies in capital cities as well as in other major growth centres in Sweden, Finland, Denmark and Norway.

CaPS expanded to the Baltic

CapMan Procurement Services CaPS accelerated the international expansion of its operations by introducing its procurement service concept in the Baltic region through CaPS Baltics, a joint venture together with the leading Baltic private equity fund manager BaltCap. The geographic expansion follows the introduction of CaPS in Sweden and provides services for over 40 BaltCap portfolio companies as well as existing CaPS member companies with operations in the Baltic region.

Growth portfolio companies and entrepreneurs awarded

The portfolio companies of CapMan Growth gained recognition in various entrepreneur awards during the year. Kustaa Poutiainen, founder of Picosun was one of four entrepreneurs awarded Entrepreneur of the Year, and Douglas Castro, founder of Neural DSP Technologies, received the Young Entrepreneur of the year award in prestigious Finnish entrepreneurship awards by Suomen Yrittäjät ry. The Finnish Software and E-business Association chose Esko Mertsalmi, CEO of Unikie, as the Software Entrepreneur of the Year 2020.

The issuance of a €50 million bond

In December, CapMan issued a €50 million senior bond that matures in 2025. The new bond extends the average maturity of CapMan's debt portfolio and is part of its efficient management. The proceeds from the Notes offering have been used to refinance certain existing indebtedness of the company, including funding the purchase of a part of the company's existing notes by way of a tender offer. The new notes support the company's growth and provides improved opportunities to meet our commitments and it lengthens the average maturity of the loan portfolio.

Several exits from the real estate fund

CapMan Real Estate made several successful exits during the year. Päsén 1, a 10,000 sqm multi-let office building in central Stockholm was sold to Fabegge. The area has experienced rapid development and growth in the past few years and as a result, the rental values have risen significantly. Grundtvighus, a total of 9,787 sqm of leasable space in central Copenhagen was sold to Johan Gedda. The exit took place a little over two years after the initial investment. Härmeentie 15, an office building located in the Sörnäinen district of Helsinki, was sold to Swedish real estate company Castellum. During the ownership, CapMan has completed an extensive refurbishment of the property and transformed it to fit with the neighbourhood's profile.

In addition to the exits, CapMan Nordic Real Estate II signed an agreement with the Swedish Police to lease in excess of 30,000 sqm of space in Eskilstuna, Sweden. CapMan will now develop a modern police station at the property, which will be ready in 2024.

NEW EMPLOYERS AND TEAMS
150
 CAPMANIANS

CapMan Infra assets under management increase to €360 million

CapMan Infra has broadened and internationalised its investor base through a syndicated transaction in one of its portfolio companies and additional commitments closed in CapMan Nordic Infrastructure I. Total assets under management for CapMan Infra have increased to approx. €360 million and the investor base has become distinctly global with nearly half of the capital coming outside of the Nordic countries from Europe, North America and Asia.



CapMan Real Estate offered rent reprieve due to the pandemic

The Covid-19 pandemic closed restaurants and cafes for two months in spring. CapMan Real Estate decided not to collect rent from the months during which the entrepreneurs will not have the possibility to continue their operations normally due to the legislation. The rent reprieve applied to the restaurants and other foodservice businesses that are tenants in the CapMan's fully owned, Finnish business premises. The rent reprieve was well-received by tenants, which had suffered from the decline in customer flows already before the government-imposed lockdown.

New infrastructure assets to the portfolio

CapMan Infra acquired three new assets during the year. The acquisition of Nydalen Energi, the provider of environmentally friendly district heating and cooling in the fast growing Nydalen area in Oslo, marked the CapMan Nordic Infrastructure I fund's first core energy investment. Valokuitunen, a joint venture between CapMan Infra and Telia Company, was launched in April. Valokuitunen will invest up to €300 million in fibre networks in Finland and focuses on rolling-out fibre networks in growth centres and surrounding areas in Finland. Thirdly, CapMan Infra acquired the district heating business in the city of Loviisa, on the southern coast of Finland, from Porvoon Energia. Porvoon Energia's district heating business produces and distributes heat to residential, commercial and public properties in the city of Loviisa.

CapMan Buyout XI closed its first investment

CapMan Buyout's fund CapMan Buyout XI invested in leading industrial software solutions provider PDSVISION with the goal to support the accelerated growth and expansion of the company. The investment is the first of the CapMan Buyout XI fund, which was established in 2019. In addition to the new investment, CapMan Buyout also successfully exited INR (Iconic Nordic Rooms).



CapMan for Good

CapMan for Good is a foundation that supports causes and projects that work to improve the well-being of people and society. The purpose of CapMan for Good is to support entrepreneurship, education and other activities in order to increase well-being in disadvantaged parts of society. CapMan for Good worked together with CaPS's network to raise €95,000 for the Tukikummit Foundation in 2020 for the benefit of children and young people to continue with hobbies and have access to study material. CapMan for Good is also a partner of Eskilstuna United community-driven initiative Ronjabollen, which provides young girls in the Eskilstuna region, many with an immigrant background, with an opportunity to develop skills and self-esteem through football. Further, the foundation is launching a mentorship programme for small businesses and entrepreneurs.

Learn more: www.capmanforgood.org
www.tukikummit.fi

Special Situation was established as a new investment area

We broadened our investment business and established CapMan Special Situations, which invests in underperforming or non-core businesses and supports them through financial restructuring and operational turnaround. The experienced investment professionals and operational advisors in the CapMan Special Situations team partner closely with the portfolio company management, owners and banks to enable the companies to transform. Antti Uusitalo, Tuomas Rinne, and Jari Vikiö, were appointed Partners for the new investment area.



Reorganising the service business

During the year, we reorganised our investor-focused service offering in order to provide a comprehensive offering to a broad range of investors that wish to increase their access to private markets and obtain an unbiased view of their wealth. JAY Solutions became an independent business, offering its customers technology-driven reporting, analytics and back office services. We also established CapMan Wealth Services – a business that offers comprehensive wealth advisory services covering both listed and unlisted markets to family offices, smaller institutional investors and high net-worth individuals. Going forward, CapMan's Service business includes wealth advisory business CapMan Wealth Services, reporting service JAY Solutions and procurement service CaPS.

A+ rating from PRI

Our work in improving responsible investment processes and activities was recognised and is reflected in our PRI Assessment Scorecard. CapMan received top A+ scores from PRI for all of our investment areas and the score A for responsible investment strategy in 2020. The ratings are based on PRI's assessment of our annual transparency report.

Read more under
www.capman.com/company/sustainable-investments/

CapMan impact

RESOURCES

M€ 3,800

Assets under management

250 LPs as customers

High customer satisfaction: On average, 73% of Nordic Real estate and Growth investors have invested in at least two funds. 48% of AUM is outside Nordics

M€ 175

investment capital from balance sheet

150 employees

Employee satisfaction and engagement at high levels: 80/100 and 75/100 respectively

+30 years of experience

Founded in 1989, share listed on Nasdaq Helsinki since 2001

DRIVERS

MEGATRENDS

1. Private assets are a growing market
2. Broader investor base looking to access private markets
3. Diversification and a multi strategy approach
4. Private asset returns have outperformed other asset classes

APPROACH

CapMan is a leading Nordic private asset expert with an active approach to value creation

BUSINESS AREAS

<p>Private Equity</p> <ul style="list-style-type: none"> • Growth • Buyout • Special Situations • Credit 	<p>Services</p> <ul style="list-style-type: none"> • CapMan Wealth Advisory • JAY Solutions • CaPS
<p>Real Estate</p>	<p>Infrastructure</p>

MISSION STATEMENT

We build value for the enrichment of society

VALUES

Active Ownership, Dedication, High Ethics

ACTIVITIES ARE ANCHORED IN KEY SDGs

IMPACT

EARNINGS STREAMS

Management fees and fees from services	Carried interest	Returns and fair value changes of own investments
--	------------------	---

KEY FINANCIAL OBJECTIVES

<p>MGMT company and Service business growth</p> <p>>10%</p>	<p>ROE</p> <p>>20%</p>	<p>Equity ratio</p> <p>>60%</p>	<p>Annually growing dividend</p>
<p>2017–2020 average</p>			
<p>16%</p> <ul style="list-style-type: none"> • Profitable fee growth 	<p>11%</p> <ul style="list-style-type: none"> • Fee profitability • Investment returns • Carried interest 	<p>58%</p> <ul style="list-style-type: none"> • Strong balance sheet • Good liquidity 	<p>14 ¢</p> <ul style="list-style-type: none"> • BoD proposal to the AGM • Growth for 8 consecutive years

SELECTION OF KEY SUSTAINABILITY IMPACTS

<p>Growth</p> <p>SDG 8</p> <p>Growing revenues and jobs</p>	<p>Diversity</p> <p>SDG 8</p> <p>Board and management group composition follow-up</p>	<p>GHG emissions</p> <p>SDG 7, 13</p> <p>Emissions follow-up in Infra portfolio</p>	<p>Sustainable communities</p> <p>SDG 11</p> <p>Utilisation of existing building stock</p>	<p>Anti-bribery & corruption</p> <p>SDG 16</p> <p>Stringent AML and KYC processes</p>
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OUTCOMES

- Returns for 10 million pensioners
- 15,000 employees in aggregate in portfolio companies
- 40,000 MT CO₂ reduced in Infra assets p.a.



Our operating model

CapMan is a private markets pioneer in the Nordics driven by our values: active ownership, commitment and high ethics. Together, we build value for the enrichment of society.

CapMan manages funds that invest in unlisted companies, real estate and infrastructure.

Our customers are mainly pension funds, insurance companies and other institutional investors with a long investment horizon. A growing part of our investor base comes from outside the Nordics.

not invested in the asset class, can also access private equity solutions that match their profile and investment horizon. As we know the business well, we can also provide centralised procurement services that allow companies in our network to manage their procurement easily and cost-effectively.

In addition to its fund investors, CapMan also invests its own funds in the funds it manages. The return on this capital is reflected in CapMan's result either as changes in fair values or as realised returns.

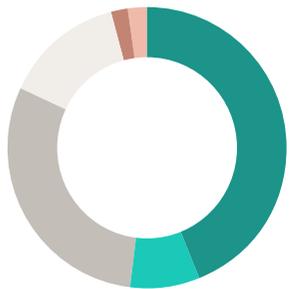
A longer term investment horizon

A private assets investor is generally a medium-term owner whose ownership horizon typically includes driving change in the target company. CapMan raises capital from institutional investors, or limited partners (LPs), to establish private equity funds, from which the equity is invested in target companies in accordance with the fund strategy. CapMan manages and develops the portfolio companies or assets for an average of 4–7 years, after which they are sold to another industrial owner or investor, or they are listed. Part of our capital under management is in evergreen funds and mandates that are managed on a long-term basis.

Tailwinds from megatrends

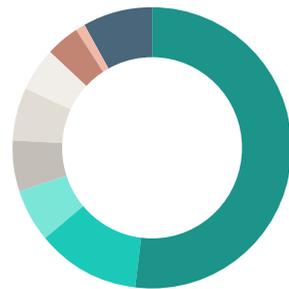
International megatrends support our development. Investors are now increasingly seeking returns from alternative asset classes, and private equity has historically outperformed listed asset classes. Unlisted investment products are a growing market. The wider investor base is willing to invest in unlisted properties. The unlisted market is becoming more diverse, and private equity concepts are being used more commonly in various asset classes than before. The unlisted market includes not only the acquisition of control in unlisted companies, but also minority investments, debt investments, special situations, real estate investments and general investments.

LPs per location



- Finland 44%
- Other Nordics 8%
- Other Europe 30%
- North America 14%
- Asia 2%
- Others 2%

LPs per type



- Pension funds 53%
- Fund of funds 12%
- Insurance companies 6%
- Corporate investors 6%
- Government agencies 6%
- CapMan 5%
- Trusts 4%
- Family offices & private individuals 1%
- Others 8%



Our long-term financial goals reflect our company's strategic direction and the outlook described above. 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's objective is to pay an annually increasing dividend to our shareholders. The good financial position and strong balance sheet support this goal. CapMan has increased its distribution per share every year since 2012.

A broad social impact

The social impact of our operations is extensive. By growing our portfolio companies, we create new jobs and contribute to new innovations. By investing in infrastructure and real estate, we improve the environment and everyday life of communities. We also enable investments in more sustainable and climate-friendly technology. The returns of our funds contribute to e.g. the assets of pension funds and thereby strengthen their solidity and ability to cover pension liabilities.

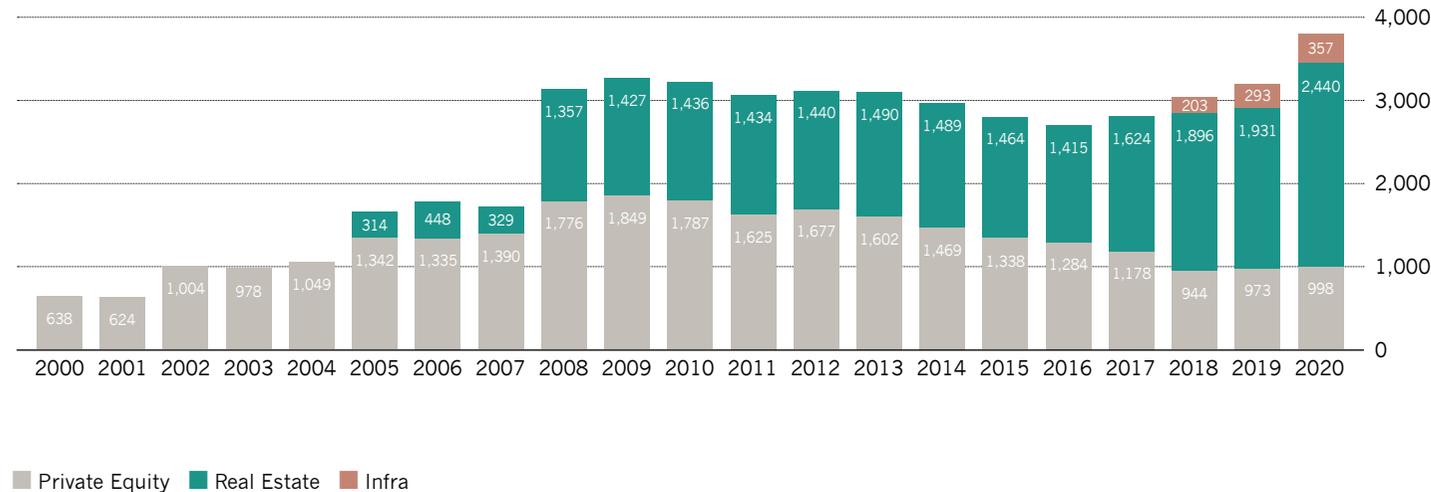
Through our foundation CapMan for Good, we aim to support positive developments at the grassroots level in the Nordics. The foundation supports projects that improve the quality of life of the recipient and support social well-being. The foundation was founded in 2019 and has supported, among other things, the activities of the Tukikummit ry association and the free time activities and involvement of girls living in the Swedish suburbs. In addition, the foundation launched a mentoring programme that aims to help small businesses and entrepreneurs identify growth bottlenecks.



3.8

€ BILLION ASSETS UNDER MANAGEMENT IN FUNDS AND MANDATES

Assets under management (M€)



CapMan's investment and service teams

CapMan manages funds and mandates investing in private assets across investment areas.

REAL ESTATE



CapMan Real Estate executes both value add and income-focused investment strategies across all major property sectors in Sweden, Finland, Denmark and Norway. The team's value-add funds seek to acquire transitional properties in the most liquid Nordic markets where an asset can be enhanced by active asset management such as redevelopment, change of use, or repositioning. The income-focused funds and mandates seek well-located, high quality investments that generate attractive risk-adjusted returns for our investors across market cycles. CapMan's Nordic Real Estate operations include 40 real estate investment professionals across five countries. CapMan's real estate funds hold approx. 80 assets. The funds made five new investments and seven exits in 2020.

INFRASTRUCTURE



CapMan Infra invests in energy, transportation and telecommunications infrastructure across the Nordics. CapMan Infra is a dedicated and active owner to drive operational improvements and offers tailored solutions to local infrastructure asset owners in the Nordic countries. The team of nine infrastructure professionals is based in Helsinki and Stockholm. The first fund by CapMan Infra was established in 2018 and has made four investments to date. The team also manages two investment mandates.

CapMan – All employees



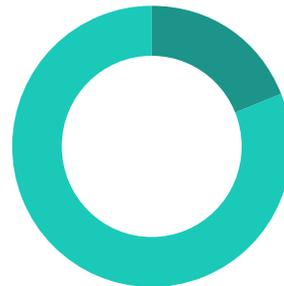
■ Women 37%
■ Men 63%

CapManians – Management Group



■ Women 30%
■ Men 70%

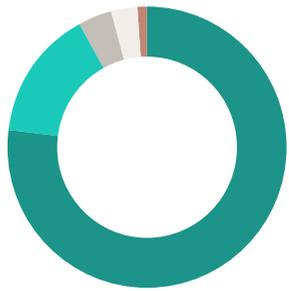
CapManians – Investment professionals



■ Women 19%
■ Men 81%

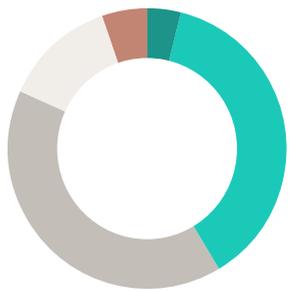


CapManians –
By geography



■ Finland 77% ■ UK 3%
■ Sweden 15% ■ Luxembourg 1%
■ Denmark 4%

CapManians –
By age



■ Under 25yr 4% ■ 46-55yr 13%
■ 26-35yr 37% ■ Over 55yr 5%
■ 36-45yr 40%

PRIVATE EQUITY AND CREDIT

CapMan
BUYOUT

CapMan Buyout makes majority investments in mid-sized unlisted companies in the Nordic countries. The team’s 12 investment professionals are based in Helsinki and Stockholm. The team manages Buyout funds and looks for interesting growth stories, niche market leaders, winning company cultures and passionate entrepreneurs. Buyout is a generalist investor – the prospects to grow into a best-in-class company is the differentiating factor instead of industry or sector. CapMan Buyout funds hold 10 portfolio companies. The funds made one new investment and two exits in 2020.

CapMan
GROWTH

CapMan Growth makes significant minority investments in Nordic growth stage companies that have ambitious growth and expansion goals. As active investors, the team works closely with management and owners to help realize their growth ambitions. Through its funds, CapMan Growth can provide capital for recruiting, M&A and other growth initiatives. In addition, the funds can acquire shares from owners helping realize some value from their business while maintaining control. The funds managed by CapMan Growth have invested in 13 companies. The fund made two new investments in 2020.

CapMan
SPECIAL SITUATIONS

CapMan Special Situations pursues event-driven investment situations by providing flexible capital solutions and strong operational capability to deliver step-change improvements in performance. The team specializes in demanding strategic and operational turnarounds, financial restructurings, and corporate carve-outs in which executional certainty can be assured with substantial value creation and controlled risks. The focus is on mid-sized private and public companies that are headquartered in Finland. CapMan Special Situations is CapMan’s newest investment area that was launched in 2020.

CapMan
CREDIT

CapMan’s Credit investment strategy includes two private debt funds managed by Nest Capital, an independent partnership of CapMan Group. The funds provide private debt, mainly in the form of mezzanine, to small and medium-sized companies across the Nordic countries. Nest Capital’s funds include total commitments of €200 million and eight portfolio companies as of 31 December 2020.

SERVICE BUSINESS

CapMan serves investors that want to access the best private and public market solutions as well as growing companies that want to improve their operations through efficient procurement.

CaPS

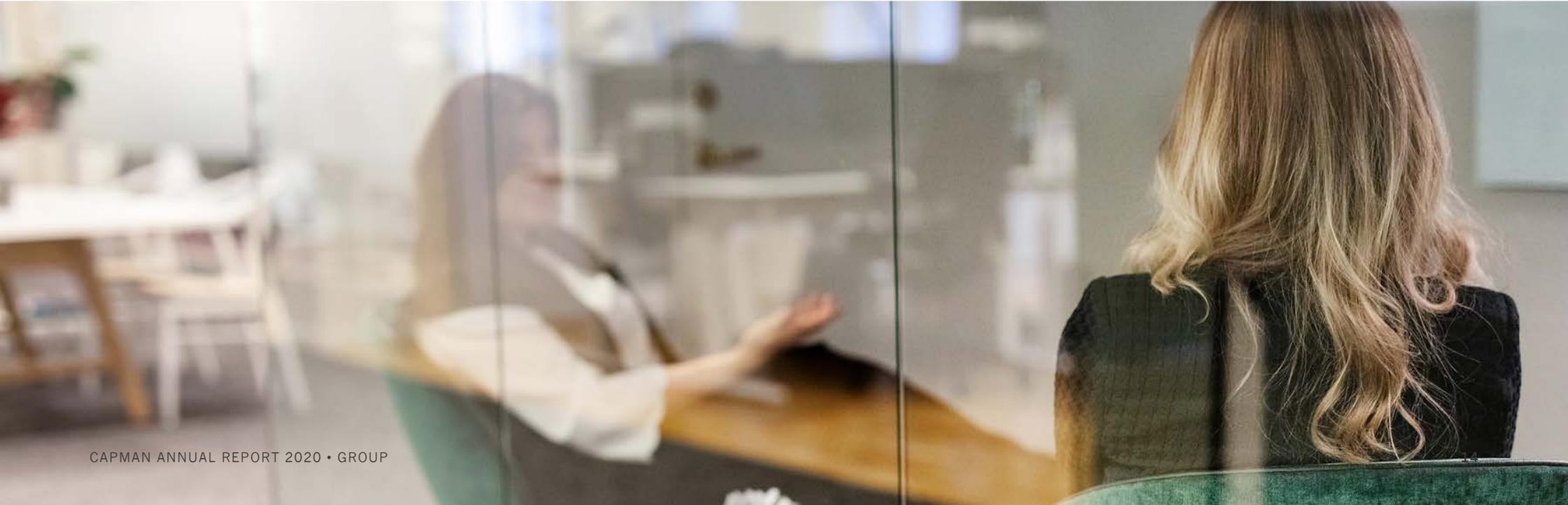
CaPS (CapMan Procurement Services) is a service driving down costs on non-strategic products and services for our member companies in Finland, Sweden and the Baltics. CaPS combines the procurement of our members and review and address their indirect spend in order to achieve significant savings. Each year, more than 200 member companies use our procurement services.

CapMan WEALTH SERVICES

CapMan Wealth Services offers comprehensive wealth advisory services. The team serves mainly family offices, institutional investors and high net worth individuals and provides bespoke access to the best product solutions covering both private and public markets.

JAY SOLUTIONS

JAY Solutions offers its customers analytics and reporting services. The proprietary platform visualises a portfolio's wealth at a given moment and provides clients with an objective, reliable and up-to-date view of their entire wealth, regardless of asset location and type. The team also provides back office services as needed.



CEO's review

On track despite pandemic curveball

The year 2020 will go down in history as a year of contrasts, also for CapMan. Although the Covid-19 pandemic threw an unexpected curveball, we succeeded in growing our assets under management as well as our management fees, launching new products and creating value in our investments.

Last January, our plans were clear. We intended to continue on our strong growth path, increase the profitability of recurring income, actively make new investments, and build sustainable value in our portfolio, with the intention to also realise carried interest from funds. However, the year turned out to be very different than expected. Suddenly, work equalled remote work without physical meetings, and international fundraising took place in a world where planes remained on the ground. At the same time, our organisation leaped on digitalisation as our teams transitioned to hybrid forms of remote work. During the year, 15 new CapManians started their employment from their home offices and have since become integrated in the CapMan family.

We succeeded in our goals

Considering the circumstances, we succeeded well in the goals we set at the beginning of the year. Last year, we raised over €800 million in new capital to our eight funds and mandates, and our assets under management reached a new record at €4 billion. The profit-





ability of our management fees and fees from services improved, and we made over ten new investments into our funds. Our total share return was clearly positive in 2020.

Strong year in fundraising

The successful fundraising indicates that our concept works. The Nordic Real Estate III fund will, at significantly exceeding €500 million, become the largest fund in CapMan's history to date. The fund continues the success of the preceding Nordic Real Estate funds and has both internationalised and diversified our investor base. Our Real Estate team is the largest one in the Nordics.

In addition, our Growth team took major steps during the year. In the summer, CapMan Growth established its second growth fund, which raised close to €100 million. The fund exceeded its original target size as well as the size of the previous Growth fund. The fund attracted a lot of interest among investors, which reflects the Growth team's successful strategy. The team has already made two investments in line with the strategy into Finnish growth companies, whose development we are excited to follow in the coming years.

Growth from new teams

The assets under management of CapMan Infra increased to almost €400 million with the completion of the first fund's fundraising

and the investments made by new investors in individual assets. In three years, CapMan Infra has grown from a one-person venture to a team of ten with operations in Finland and Sweden. The team completed three new investments last year and the fund has invested 70% of its target size.

We also made new initiatives during 2020 by launching CapMan Special Situations, an investment area that pursues event-driven investment situations by providing flexible capital solutions and strong operational capability to deliver step change improvements in performance. Currently, there is no other local private equity investor in Finland specialising in similar situations.

New power in the service business

Services have been an integral part of our business for several years already. At the end of 2020, we had two new service organisations focusing on investors' needs: CapMan Wealth Services and JAY Solutions. CapMan Wealth Services offers comprehensive wealth advisory services covering both listed and unlisted markets. JAY Solutions, which has grown from JAM Advisor's analytics and reporting business, offers technology-driven reporting, analytics and back office services across the financial services industry. At the same time CaPS has continued its growth and internationalisation. The procurement service concept was launched in the Baltics in

We have learned that sometimes plans need to be altered rapidly, but if the business is on a sound foundation and the goals are clear, even challenging circumstances are not obstructing success.

collaboration with BaltCap. We expect rapid growth in our service business in the coming years as the restructurings and investments of 2020 start to pay off.

The exceptional year affected valuations

The value creation work has been challenging in many portfolio assets in these exceptional circumstances. Due to the COVID-19 pandemic at the beginning of the year, the fair values of our investments decreased significantly. However, valuation levels have recovered since the beginning of the year, and after three consecutive upward quarters, changes in the fair values of our own investments were positive for the full year.

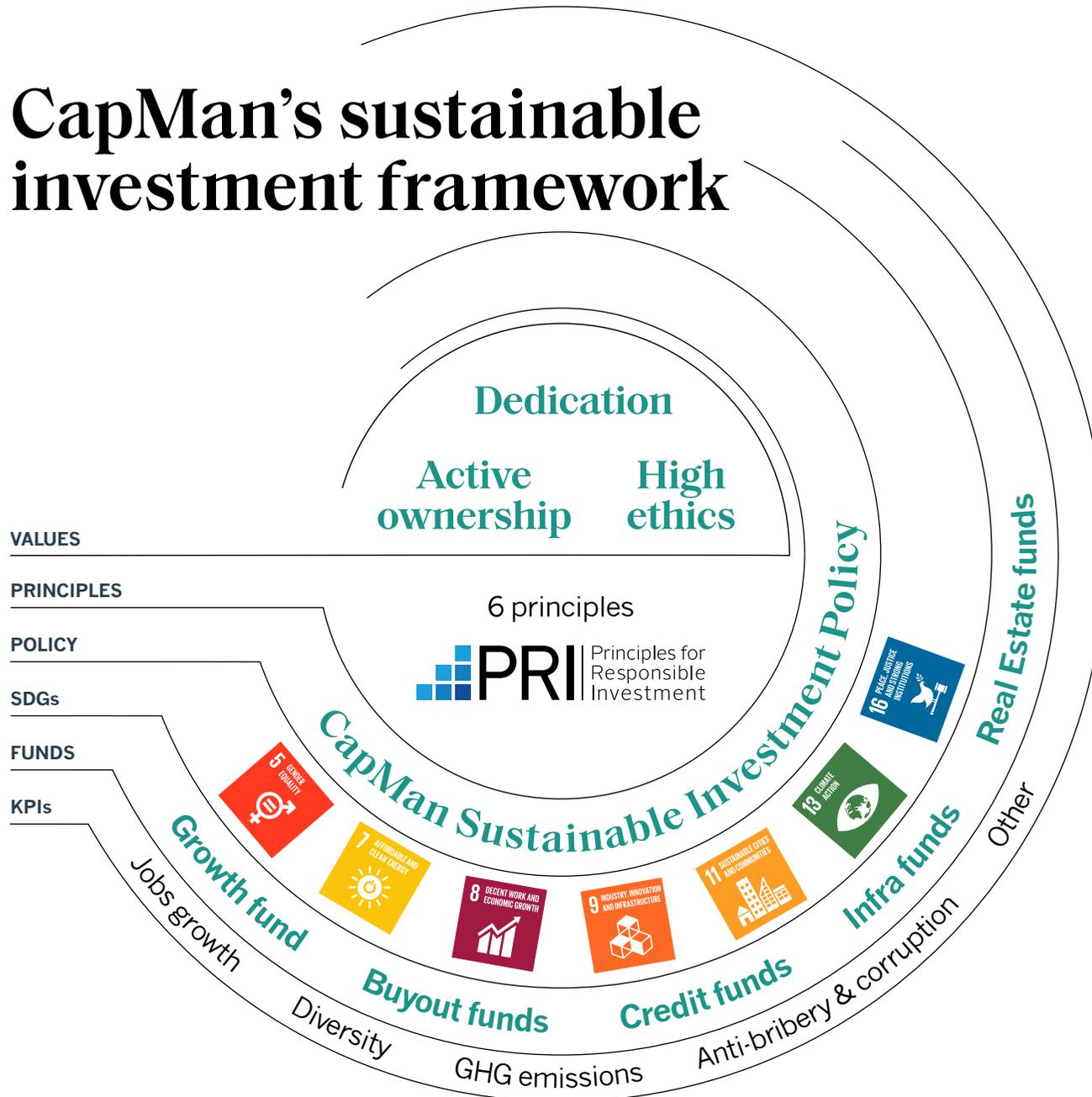
Last year provided an abundance of new insights. We have learned that sometimes plans need to be altered rapidly, but if the business is on a sound foundation

and the goals are clear, even challenging circumstances are not obstructing success.

The year ahead will reinforce this approach as we continue to apply the lessons learned during the pandemic and the new opportunities it creates. In 2021, with the recovery of a good acquisition market, we will focus especially on strong value creation in our current investments as well as on exits and new investments. Fundraising in key investment areas continues and our goal is to bring new products to the market. Succeeding in these goals should correlate with strong returns to shareholders.

Joakim Frimodig
CEO

CapMan's sustainable investment framework



We follow the Principles of Responsible Investing in our investment operations. We also take into account UN Sustainable Development Goals that are relevant for a particular investment strategy or fund. We further co-operate with NGOs and networks that promote responsible investment and business practices.



CapMan for Good is a foundation founded by CapMan in 2019. The foundation supports causes and projects that work to improve the well-being of people and society. We are a community-oriented foundation and we want to drive change for the better in the Nordic region.



PRI is a network of international investors that concretise the Principles for Responsible Investment through co-operation. CapMan became a signatory already in 2012.



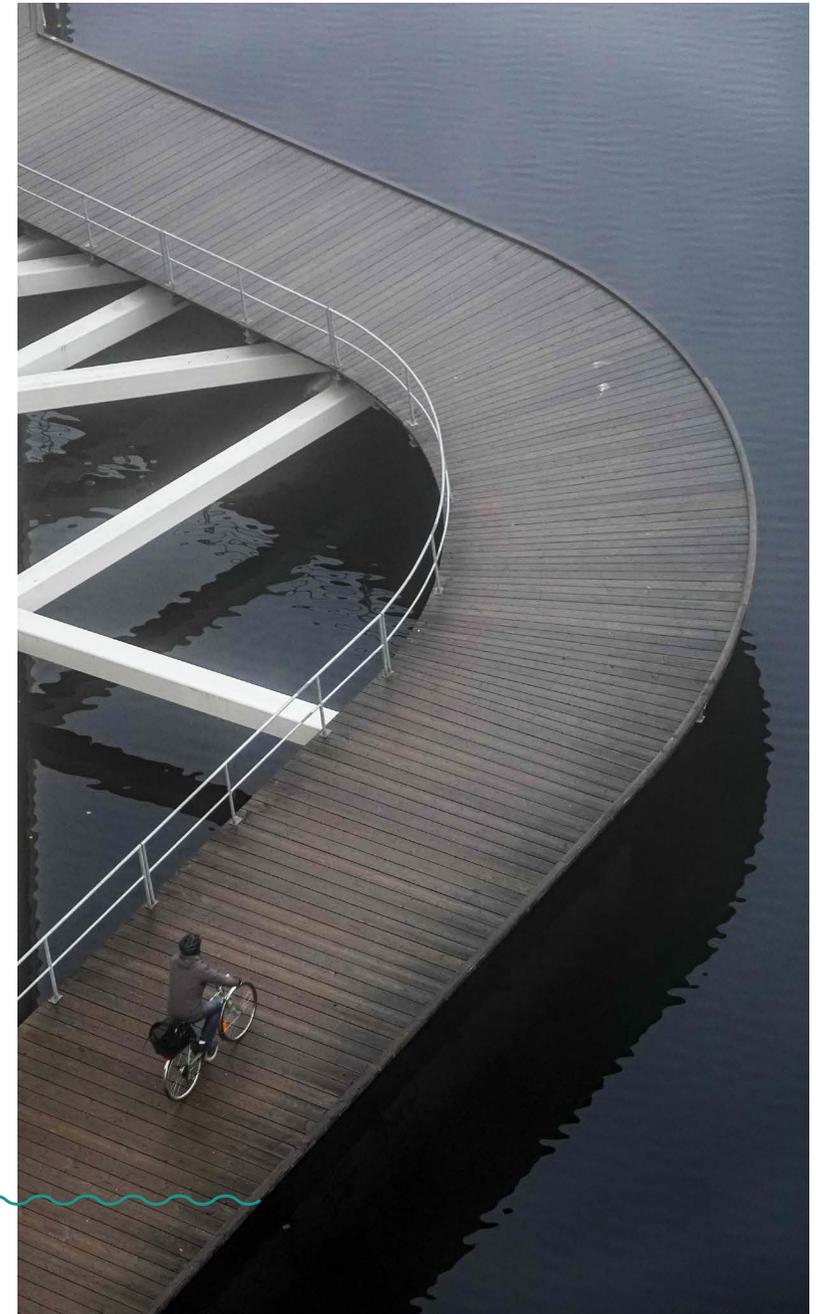
Level 20 is a non-profit organisation founded in 2015 and headquartered in London. The purpose of the organisation is to increase awareness of diversity and inclusion topics within the private equity industry. More than 40 international private equity firms support Level 20. CapMan is one of founding members of its Nordic chapter.

Sustainable investment at CapMan

CapMan is an active investor in growing businesses, real estate and infrastructure in the Nordic countries. As active owners, funds managed by CapMan can drive change on a broad scale. Our governing principle is to add to the enrichment of society. This applies to returns from our investments but also to how we make these returns and what the compound effects are for a broad group of stakeholders. Our investment activities are rooted in our values.

Beneficiaries of private assets value creation

Who benefits from private assets? We manage almost €4 billion in assets on behalf of institutional investors. The returns from our funds contribute to the well-being of more than 10 million pension beneficiaries around the world. Our activity also shapes the Nordic communities where we invest. At the end of 2020, CapMan's portfolio companies employed an aggregate of approx. 15,000 people and our real estate assets housed approx. 3,000 tenants. The funding and expertise provided helps companies grow, launch new products, innovate and add meaningful jobs to society. Through our real asset investment areas we invest into communities and services to help them and their residents prosper. Functioning private assets markets that are driven by active value creation benefits the society as a whole.



During the past year, we have continued to develop our approach to sustainable investing by going over processes, gathering data, conducting materiality analysis and defining where we can make a real difference. We are aware that we still have a lot of work ahead of us. In addition to specific actions taken in individual investments, we consider the network effect from working together with LPs, advisors and potential buyers of portfolio companies and assets. Our activity has far-reaching impact on the society, and therefore how things are done is of equal importance to what is accomplished.

Our approach

CapMan became a signatory of the Principles of Responsible Investing in 2012. The six principles are guiding us throughout the investment process. Our PRI scorecard based on the latest available assessment of our 2020 report provided us with an A+ score for private equity, infrastructure and real estate and an A score for responsible investment strategy and governance. The latest PRI Transparency Report is available on PRI's and CapMan's web pages.

We integrate ESG criteria throughout the investment process from sourcing and screening of investments to due diligence and making the investment. Sustainability is also part of the overall value creation process. We have identified several Sustainable Development Goals as well as separate targets as central to the investment areas where we are active. We further develop KPIs and publish a selection in our annual Sustainable Investment Snapshot.

Sustainability governance

CapMan Plc has been a public company since 2001. We follow the Finnish Corporate Governance Code. We also follow national and EU level public company regulation on transparency. We have implemented compliance procedures and processes in our fund management operations to prevent money laundering and fraud. The identities of all investors in CapMan funds are verified and the source of their funds are identified. CapMan Plc's Management Group has joint responsibility for sustainable investment practices on a Group level. The Management Group has established a dedicated sustainable investment working group with representatives from investment areas, including Real Estate, Buyout, Infra and Growth, as well as service teams. The purpose of the working group is to share information as well as develop and follow up on joint policies and best practices for implementing sustainable investing at CapMan. Every investment area has a designated investment professional responsible for implementing sustainable investment considerations in the corresponding funds and portfolios and work together with case teams, asset management and portfolio company management to identify risks and opportunities related to ESG.

Learn more about our approach and KPIs in our Sustainable Investment Snapshot www.capman.com/sustainable-investments/

UPRIGHT PROJECT

Net impact profile

CapMan has applied the methodology of The Upright Project, a Finnish start-up, to evaluate the net impact of its Private Equity, Credit and Infra funds. CapMan's net impact profile is based on the products and services provided by the companies in the funds. The model utilises scientific articles and machine learning to analyse how companies impact the environment, health of people, society and creation and distribution of knowledge. This information is summarised as a net impact score. CapMan's net impact score is +1.3. based on the portfolio as of 31 December 2020 (in comparison, Nasdaq's net impact score is +1.0). Generating taxes, creating jobs and contributing to societal infrastructure are the main positive impacts of CapMan's portfolio.

Learn more: www.uprightproject.com

CapMan Plc – Corporate Governance Statement 2020

CapMan Plc (“CapMan”) complies with the Finnish Corporate Governance Code 2020 for listed companies issued by the Securities Market Association which entered into force on 1 January 2020 (the “Code”). CapMan complies with all of the recommendation of the Code. This Corporate Governance Statement (the “Statement”) has been prepared in compliance with the Code’s Corporate Governance reporting guidelines, it has been reviewed by the Audit Committee of CapMan’s Board of Directors (the “Board”) and it is issued separate from the report by the Board. CapMan’s corporate governance model also follows the Finnish laws, the articles of association of the company and the rules and directions of Nasdaq Helsinki Ltd.

The Code is publicly available on the website of the Securities Market Association at www.cgfinland.fi/en. For further information regarding CapMan’s corporate governance, please visit the company’s website at <https://www.capman.com/shareholders/governance/>

1 CapMan’s governance model

CapMan is a Finnish limited liability company headquartered in Helsinki, Finland. The parent company CapMan Plc and its subsidiaries form CapMan group. CapMan’s shares are

publicly listed in Nasdaq Helsinki. CapMan’s governance model consists of the general meeting of shareholders, the Board of Directors and the CEO. In the operative management of the company the CEO is assisted by the management group.

2 General Meeting of the shareholders and the Articles of Association

The highest decision-making power at CapMan is held by the General Meeting of the shareholders. Among other things, the General Meeting adopts the financial statements, decides on distribution of assets based on the proposal of the Board of Directors, elects the members of the Board of Directors and the auditor, decides on the discharge from liability and on amendments to the Articles of Association. The notice to the General Meeting, the documents to be presented and the proposals for the General Meeting are published on the company’s website and, if needed, as a stock exchange release three weeks prior to the General Meeting at the latest.

In 2020 CapMan’s annual general meeting was held on 11 March in Helsinki. In total 159 shareholders attended the meeting representing 30.8% of the registered share capital and voting rights. All but one members of the Board, the CEO and the auditor in charge were

present at the meeting. All of the decisions of the general meeting were taken without voting. The decisions are available on the company’s website at <https://www.capman.com/shareholders/general-meetings/>

CapMan’s Articles of Association and material related to the General Meeting are available on the company’s website at the address: <https://www.capman.com/shareholders/governance/>

3 Shareholders’ Nomination Board

CapMan Plc’s 2018 AGM decided to establish a Shareholders’ Nomination Board to prepare future proposals concerning the election and remuneration of the members of the Board of Directors to the General Meeting. The AGM also adopted a Charter for the Nomination Board. The Shareholders’ Nomination Board shall serve until further notice. The term of office of the members of the Shareholders’ Nomination Board expires annually after the new Shareholders’ Nomination Board has been nominated.

The Shareholders’ Nomination Board consists of representatives nominated by the four largest shareholders of the company and the Chairman of CapMan Plc’s Board of Directors, serving as an expert member. As an expert member the Chairman of the Board of

Directors of CapMan Plc does not take part in the decision-making of the Shareholders’ Nomination Board.

The following members were nominated to the Shareholders’ Nomination Board in September 2020: Stefan Björkman (Managing Director of Föreningen Konstsamfundet r.f., representative of Silvertärnan Ab) (Chairman of the Nomination Board), Mikko Mursula (Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company), Ari Tolppanen (Chairman of the Board of Oy Inventiainvest Ab) and Mikko Kalervo Laakkonen. Additionally, Andreas Tallberg, the Chairman of the Board of Directors of CapMan Plc, served as the expert member on the Shareholders’ Nomination Board.

The Nomination Board convened two times in 2020. The Nomination Board conducted an evaluation of the Board work, discussed, in particular the size, composition and diversity of the Board of Directors and the areas of expertise that are deemed most beneficial for the company. The Nomination Board also reviewed the remuneration of the Board and gave its proposals to the Annual General Meeting on 25 January 2021. The proposals were published as a stock exchange release.

The Charter of the Shareholders’ Nomination Board is available on CapMan’s website at: www.capman.com/shareholders/governance/nomination-board/

4 Board of Directors

4.1 Composition of the Board of Directors

All members of the Board are elected yearly by the Annual General Meeting. There is no specific order for the appointment of Board members in the articles of association. According to the articles of association, the Board comprises at least three and at most nine members, who do not have deputies. Members are elected for a term of office, which starts at the close of the Annual General Meeting at which they were elected and ends at the close of the Annual General Meeting following their election. The Board elects a Chairman and a Vice Chairman from among its members. The Shareholders' Nomination Board makes the proposals on the composition of the Board of Directors and the remuneration for the Board and Committee Members to the Annual General Meeting. The Shareholders' Nomination Board's proposals are typically published as a separate stock exchange release and are also included in the notice to convene the Annual General Meeting.

The Annual General Meeting held on 11 March 2020 elected seven members to the Board of Directors. Ms. Catarina Fagerholm, Mr. Eero Heliövaara, Ms. Mammu Kaario, Mr. Olli Liitola, Mr. Peter Ramsay and Mr. Andreas Tallberg were re-elected to the Board. Mr. Johan Hammarén was elected to the Board of Directors as a new member and he was present at the meeting. At its organizing meeting 11 March 2020, the Board elected from among its members Andreas Tallberg as its Chair and Mammu Kaario as Vice Chair.

The biographical details of the Board members are presented in the table on page 22.

4.2 Diversity of the Board of Directors

The company values that its Board members' have diverse backgrounds taking into account the competencies that are relevant for CapMan's business, such as know-how of the financial sector. The aim is that the Board consists of representatives of both genders and different age groups, that the Board members have versatile educational and professional backgrounds and that the Board of Directors as a whole has sufficient experience on an international operating environment.

The company considers that the composition of its Board is in its current form sufficiently aligned with the objectives set for the diversity of the Board composition. In 2020 both genders were represented in the Board (29% female, 71% male), the members were between 51 and 67 years of age, their educational backgrounds were relevant to the company's operations, and they had experience on both international and local operating environments.

4.3 Independence of the Board members

The majority of the Board must be independent from the company. At least two of the members that are independent from the company shall also be independent of the company's significant shareholders.

The Board has in its organizing meeting on 11 March 2020 assessed its members' independence of the company and of its significant shareholders. According to the assessment Catarina Fagerholm, Eero Heliövaara, Peter Ramsay, Mammu Kaario and Andreas Tallberg were independent of both the company and its significant shareholders. Olli Liitola was

independent of the company's significant shareholders but non-independent of the company, since he has been employed by the company until 2017. Johan Hammarén was non-independent of company's significant shareholder Silvertärnan Ab through board membership, and non-independent of the company due to his employment with a group company until 2019.

Shares and share-based rights of each Board member and corporations over which he/she exercises control in the company and its group companies are presented in the table on page 22.

4.4 Duties and responsibilities of the Board

Under the Finnish Companies Act and CapMan's articles of association, the Board is responsible for the administration of the company and the proper organisation of its operations. The Board is also responsible for the appropriate arrangement of the control of the company's accounts and finances. The Board has confirmed a written charter for its work, which describes the main tasks and duties, working principles and meeting practices of the Board, and an annual self-evaluation of the Board's operations and working methods.

In accordance with the charter, the main duties of the Board were:

- to convene the General Meetings of shareholders
- to appoint and dismiss the CEO
- to supervise management
- to approve strategic and financial objectives
- to approve the budget
- to decide on the establishment of new CapMan funds and the level of CapMan's own commitments therein

- to decide on fund investments to other than CapMan funds exceeding EUR 5 million and direct investments exceeding EUR 5 million
- to decide on any major changes in the business portfolio
- to ensure that the company has a proper organisation
- to ensure the proper operation of the management system
- to approve annual financial statements and interim reports
- to ensure that the supervision of the accounting and financial management is properly organised
- to ensure that the business of the group complies with relevant rules and regulations
- to approve the principles of corporate governance, internal control, risk management and other essential policies and practices
- to decide on the CEO's remuneration and on the remuneration policy to be followed for other executives and CapMan's key employees
- to confirm the central duties and operating principles of the Board committees

The Chairman of the Board ensures and monitors that the Board fulfils the tasks appointed to it under legislation and by the company's articles of association.

4.5 Work of the Board in 2020

In 2020, the Board of Directors met eight times. The Board had seven meetings in the composition as elected by the 2020 AGM and one meeting in the composition as elected by the 2019 AGM.

The table on page 22 presents Board members' attendance at the meetings in 2020.

Board of Directors in 2020

Name	Personal information	Shares and share-based rights as of 31 Dec 2020	Attendance at the Board meetings	Attendance at the Committee meetings
Andreas Tallberg	Chairman of the Board since 15 March 2017 Member of the Board since 2017 Born: 1963 Education: M.Sc. (Econ.) Main occupation: CEO of Oy G.W. Sohlberg Ab Chairman of the Remuneration Committee Expert member of the Shareholders' Nomination Board Independent of the company and significant shareholders	804,530	8/8	Remuneration Committee: 2/2 Nomination Board: 2/2
Catarina Fagerholm	Member of the board since 2018 Born: 1963 Education: M. Sc. (Econ.) Main occupation: Board professional Member of the Audit and Remuneration Committees Independent of the company and significant shareholders	73,011	8/8	Audit committee: 5/5 Remuneration Committee: 2/2
Eero Heliövaara	Member of the board since 2018 Born: 1956 Education: M.Sc. (Eng.), M.Sc. (Business Admin.) Main occupation: Board professional Member of the Remuneration Committee Independent of the company and significant Shareholders	92,000	8/8	Remuneration Committee: 2/2
Mammu Kaario	Member of the Board since 2017 Born 1963 Education: LL.M., MBA Main occupation: Board professional Chairman of the Audit Committee Independent of the company and significant Shareholders	38,071	8/8	Audit Committee: 5/5
Peter Ramsay	Member of the Board since 2019 Born: 1967 Education: M. Sc. (Econ.) Main occupation: CFO and chief investment director of Veikko Laine Group Member of the Audit Committee Independent of the company and significant shareholders	10,000	8/8	Audit Committee: 5/5
Olli Liitola	Member of the Board since 2019. Born: 1957 Education: M.Sc. (Tech.) Main occupation: Board professional Independent of significant shareholders and non-independent of the company	2,150,000	8/8	
Johan Hammarén*	Member of the Board since 2020 Born: 1969 Education: LL.M., Bachelor of Science (Econ.) Main occupation: Managing Director, Oy Hammarén & Co Ab, board professional Non-independent of the significant shareholders and non-independent of the company	0	7/7	

*) Was elected as a new member at the AGM held on 11 March 2020

5 Board Committees

The Board may establish Committees to ensure efficient preparation of the matters under its responsibility. The Committees are established, and their members are elected from among the members of the Board in the Board's organizing meeting to be held after the AGM for the same term as the Board. The Committees shall consist of at least three members. The charters for each committee shall be confirmed by the Board. The Chairs of the committees report to the following Board meeting on the topics discussed in the committee meetings. Also, the materials presented, and the minutes of the committee meetings are delivered to the Board for information. The committees do not have autonomous decision-making power, but the Board makes the decisions within its competence collectively.

In its organizing meeting held on 11 March 2020, CapMan's Board of Directors established an Audit and Remuneration Committee.

5.1 Audit Committee

The Audit Committee has been established to improve the efficient preparation of matters pertaining to financial reporting and supervision.

The duties of the Audit Committee included:

- monitoring the financial position of the Company
- monitoring and assessment of the financial reporting process
- supervising the financial reporting process
- monitoring and assessment of the company's internal control and risk management systems and compliance processes

- monitoring and assessment of the most significant financial and tax risks
- review of the Company's Corporate Governance Statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit company, particularly the provision of related services
- other communications with the auditor
- preparing the proposal for resolution on the election of the auditor
- defining the principles concerning the monitoring and assessment of related party transactions
- monitoring and assessment of the processes and risks relating to IT security
- evaluation of the use and presentation of alternative performance measures
- monitoring and assessment of any special issues allocated by the Board and falling within the competence of the audit committee.

The Board has in its organizing meeting on 11 March 2020 elected Mammu Kaario (chairman), Catarina Fagerholm and Peter Ramsay as members of the Audit Committee. In 2020, the Committee met five times. The table on page 22 presents the Committee members' attendance at the meetings.

All members of the Audit Committee were independent of the company and its significant shareholders. All members of the Audit Committee are experienced in demanding positions in financial administration and business management and they hold degrees suitable for Audit Committee members.

5.2 Remuneration Committee

The Remuneration Committee has been established to improve the efficient preparation of matters pertaining to the remuneration and appointment of the CEO and the rest of the management team as well as the remuneration policy covering the company's other personnel.

The main duties of the Remuneration Committee in accordance with the charter were to assist the Board by preparing the Board decisions concerning:

- CEO appointment and remuneration
- company management team's remuneration principles generally and individual situations as required
- company's overall principles for total compensation structure.

The Committee further contributed to:

- securing the objectivity and transparency of the decision-making regarding remuneration issues in the company
- the systematic alignment of remuneration principles and practice with company strategy and its long-term and short-term goals
- the appointment of the management team of the company.

In addition to the abovementioned tasks, the Remuneration Committee prepared the company's Remuneration Policy and Remuneration Report for governing bodies.

The Board has in its organizing meeting on 11 March 2020 elected Andreas Tallberg (Chairman), Catarina Fagerholm and Eero Heliövaara as members of the Remuneration Committee. The Committee convened twice in 2020. The table on page 22 presents the Committee members' attendance at the meetings.

All members of the Remuneration Committee are independent of the company and its significant shareholders.

6 Chief Executive Officer (CEO)

In 2020, CapMan's CEO was Joakim Frimodig (born 1978, BA (Oxon)). Frimodig's shares and share-based rights and those of the corporations over which he exercises control are presented in the table on page 24.

The Board elects the company's CEO. The CEO's service terms and conditions are specified in writing in the CEO's service contract, which is approved by the Board. The CEO manages and supervises the company's business operations according to the Finnish Companies Act and in compliance with the instructions and authorisations issued by the Board. The CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. Generally, the CEO is independently responsible for the operational activities of the company and for day-to-day decisions on business activities and the implementation of these decisions. The CEO appoints the heads of business areas. The Board approves the recruitment of the CEO's immediate subordinates. The CEO cannot be elected as Chairman of the Board.

Management Group in 2020

Name	Responsibilities	Personal information	Shares and share-based rights on 31 Dec 2020
Joakim Frimodig	CEO	Born: 1978 Education: BA (Oxon)	Shares: 1,015,500*
Anna Berglind	Head of People and Culture	Born: 1974 Education: M.Sc. (Soc.)	Shares: 140,940
Niko Haavisto	CFO	Born: 1972 Education: M. Sc. (Business)	Shares: 499,510
Christian Borgström	Head of CapMan Wealth Services	Born: 1971 Education: M.Sc. (Econ.)	Shares: 843,000
Pia Käll	Head of CapMan Buyout	Born: 1980 Education: M.Sc. (Tech.)	Shares: 100,200
Maximilian Marschan	Head of CaPS	Born: 1974 Education: M.Sc. (Econ.)	Shares: 109,700 2016A-options: 25,000
Mika Matikainen	Head of CapMan Real Estate	Born: 1975 Education: M. Sc. (Econ), M.Soc.Sc	Shares: 113,850
Juha Mikkola	Head of CapMan Growth Equity	Born: 1961 Education: M.Sc. (Econ.)	Shares: 188,312
Ville Poukka	Head of CapMan Infra	Born: 1981 Education: M.Sc. (Econ)	Shares: 131,466
Mari Simula	Head of Fund Investor Relations	Born: 1982 Education: M.Sc. (Tech.)	Shares: 297,392

* In addition, Joakim Frimodig's holding company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 10.37% of all shares in CapMan Plc

7 Management Group

The main tasks of the Management Group consist of

- (i) coordination of team strategy, fund-raising, resources as well as marketing and brand issues,
- (ii) implementation of decisions by the Board and the CEO/Management Group,
- (iii) giving input by providing information for the decision-making and participating in discussion, and
- (iv) spreading information within the teams as agreed in the Management Group.

The composition of the Management Group, responsibilities and the shares and

share-based rights of the members of the Management Group and of the corporations over which they exercise control in the end of the financial year of 2020 are presented in the table on page 24.

8 Internal control and risk management

The aim of CapMan's internal control and risk management is to ensure that the company's operations are efficient, appropriate, reliable and in compliance with regulation, and that risks associated with the company's business and objectives are identified and appropriately monitored and managed. The group's

internal control system is an essential part of the group's management system and consists of organization structure, policies, processes, working instructions, allocation of tasks and responsibilities, approval authorizations, manual and automated controls, monitoring reports and reviews. The Board and the CEO are responsible for the internal control and the risk management but the internal control is conducted on all levels of the organization, in all business and support functions. Each employee is individually responsible for the compliance of policies and instructions and for reporting the faults and malpractice to his/her supervisor or other designated persons.

9 Internal control and risk management pertaining to the financial reporting

The internal control and risk management pertaining to the financial reporting process is part of CapMan's overall internal control framework. The key roles and responsibilities for internal control and risk management have been defined in the group's internal guidelines which are approved and updated by the management and/or the Board of Directors of the company.

CapMan's internal control and risk management concerning financial reporting is designed to provide inter alia reasonable assurance concerning the reliability, comprehensiveness and timeliness of the financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The objective is also to promote ethical values, good corporate governance and risk management practices and to ensure the compliance with laws, regulation and CapMan's internal policies.

9.1 General description of the financial reporting process

CapMan's operating model is based on having a local presence in Finland, Sweden, Denmark, Luxembourg and the UK, and operating the organisation across national borders. CapMan's subsidiaries in six countries report their results on a monthly or quarterly basis to the parent company. The bookkeeping function is mainly outsourced.

Financial information is assembled,

captured, analysed, and distributed in accordance with existing processes and procedures. The group has a common reporting and consolidation system that facilitates compliance with a set of common control requirements. The monthly accounting entries of the most significant subsidiaries are transferred to the Group's reporting system on an entry-by-entry level. The other subsidiaries submit their figures either monthly or quarterly to the group accounting to be inserted to the group reporting system for consolidation. The reported figures are reviewed in subsidiaries as well as in group accounting. Group accounting also monitors the balance sheet and income statement items by analytically reviewing the figures. The consolidated accounts of CapMan are prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU.

9.2 Control and risk management of the financial reporting process

The Board has the overall responsibility for the proper arrangement of internal control and risk management over financial reporting. The Board has appointed the Audit Committee to undertake the more specific tasks in relation to financial reporting process control such as monitoring the financial statements reporting process, the supervision of the financial reporting process and monitoring the efficiency of the company's internal control. The Audit Committee also reviews regularly the main features of the internal control and risk management systems pertaining to the financial reporting process.

The management of the group is responsible for the implementation of internal control

and risk management processes and for ascertaining their operational effectiveness. The management is also responsible for ensuring that the company's accounting practices comply with laws and regulations and that the company's financial matters are managed in a reliable and consistent manner.

The CEO leads the risk management process by defining and allocating responsibility areas. The CEO has nominated the group's CFO as risk manager to be in charge of coordinating the overall risk management process. The risk manager reports to the Audit Committee on matters concerning internal control and risk management. The management has allocated responsibility for establishing more specific internal control policies and procedures to personnel in charge of different functions. The group's management and accounting departments possess appropriate levels of authority and responsibility to facilitate effective internal control over financial reporting.

9.3 Risk assessment and control activities

Risks related to the financial reporting process are identified through the objectives of financial reporting. The risk assessment process is designed to identify financial reporting risks and to determine how these risks should be managed. Control activities based on risk assessments are determined for all levels of the organisation. These activities include guidelines and instructions, approvals, authorisations, verifications, reconciliations, analytical reviews, and segregation of duties.

In the annual strategy process of the group, the identified risks are reviewed, the

risk management control activities are audited and effects of potential new identified risks on the strategy are evaluated. The objectives and responsibilities of the risk management process as well as the determination of the risk-appetite were updated during 2020.

9.4 Information and communication pertaining to the financial reporting

CapMan has defined the roles and responsibilities pertaining to financial reporting as a part of the group's information and communication practices. External and internal information regarding financial reporting and its internal control is gathered systematically, and relevant information on the group's transactions is provided to the management. Up-to-date information relevant for the financial reporting is presented in a timely manner to the relevant functions such as the Board and management group. All external communications are carried out in accordance with the group disclosure policy, which is available on the company's website: www.capman.com/shareholders/statements-policies/disclosure/

9.5 The organisation and monitoring of internal control activities

To ensure the effectiveness of internal control pertaining to financial reporting, monitoring activities are conducted at all levels of the organisation. Monitoring is performed through ongoing follow-up activities, separate evaluations or a combination of the two. Separate internal audit assignments are initiated by the Board or management. The scope and

frequency of separate evaluations depend primarily on the assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies are reported to the management, and serious matters to the Audit Committee and the Board.

Group accounting performs monthly consistency checks of income statement and balance sheet for subsidiaries and business areas. The group accounting team also conducts management fee and cost analysis, quarterly fair value change checks, impairment and cash flow checks as well as control of IFRS changes. The Audit Committee and the Board regularly review group-level financial reports, including comparison of actual figures with prior periods and budgets, other forecasts, monthly cash flow estimates and covenant levels. In addition, the Audit Committee monitors in more detail, among others, the reporting process (including the management's discretionary evaluations), risk management, internal control and audit.

The monitoring team, which is independent from the investment teams, is responsible for the quarterly valuation process, monitoring and forecasting fair value movements and preparing the models for and calculating carried interest income for the funds under the management of the Group.

CapMan's subsidiaries holding a license to act as alternative investment fund manager or investment firm granted by the Finnish Financial Supervisory Authority, have separate risk management and internal audit functions as required by applicable laws.

The compliance function oversees that the operations of the CapMan Group comply with regulation and that the group companies will adopt the relevant new regulations promptly.

10 Other information

10.1 Procedures related to insider administration

CapMan complies with the Market Abuse Regulation's ("MAR", 596/2014) rules on managers' transactions and insider management and the guidelines for insiders issued by Nasdaq Helsinki. In addition, CapMan has its own internal policy regarding insider management, which is partly stricter than the general insider rules. The Group's Compliance Officer is responsible for insider administration and shall e.g. monitor that employees comply with insider rules and trading restrictions, maintain project-specific insider lists, arrange internal trainings for employees on insider rules and on disclosure responsibilities of listed companies.

CapMan maintains an internal, non-public list on managers and persons closely associated with them, which are, according to MAR, obliged to disclose all transactions made with financial instruments issued by CapMan. CapMan has determined the members of the Board of Directors and the Management Group (including the CEO) as managers defined in the MAR (hereinafter "Manager(s)"). Each Manager has been instructed to inform the persons closely associated with them about the obligation to disclose transactions. CapMan publishes a release on each transaction which has been executed by a Manager or his/her closely associated person with the

financial instruments issued by CapMan in case the total value of all transactions of this person exceeds EUR 5,000 within a calendar year. The total holding of CapMan's shares and share-based rights of each Manager is annually published as a part of the Annual Report.

CapMan maintains project-specific insider lists for the projects, as set out in MAR, which may have a significant effect on the prices of the financial instruments issued by CapMan. These project-specific insider lists are drafted and maintained in accordance with the MAR and CapMan's internal policies and are established following a decision to delay the disclosure of inside information. The persons added to the project-specific list and all other persons that possess inside information related to CapMan, are not permitted to trade in financial instruments issued by CapMan. Prior to trading in CapMan's financial instruments, each manager, employee or other person is always obliged to personally assess whether he/she is in the possession of inside information related to CapMan.

CapMan's Managers (as described above) or employees are not permitted to trade in financial instruments issued by CapMan during a closed period of 30 calendar days prior to the publication of CapMan's interim reports, half year financial report or financial statements bulletin (closed period). The publication dates are announced annually over a stock exchange release. CapMan's Managers and employees have been instructed to inform

their closely associated persons regarding closed periods and trading restrictions on CapMan's financial instruments during the closed period. According to the internal trading pre-approval procedure, the Managers and the employees of CapMan Group are obliged to request a written pre-approval from the Compliance Officer before trading in financial instruments issued by CapMan.

10.2 Principles regarding Related Party Transactions

The company does not customarily enter into transactions with its related parties which would be significant for the company and deviate from the ordinary course of business or would be conducted in deviation from customary market terms. Possible significant and out of ordinary transaction deviating from market terms would be discussed in the Board meeting. The Board also confirms the company's principles regarding related party transactions. The related party transactions are monitored by the financial administration and the legal function as part of the company's customary reporting and control processes and the related parties are instructed of the related party matters. The company maintains a list of its related parties and their acts are reported in the financial statements. Significant related-party transaction are published as needed.

10.3 Audit fees

Ernst & Young Oy, authorised public accountants, acted as auditor of the company in 2020. Ms. Ulla Nykky, APA, acted as the lead auditor. The audit fees paid to the auditor amounted to 283,000 euros (249,000 euros in 2019) and the fees related to other non-audit related services amounted to 28,000 euros (107,000 euros in 2019).

10.4 Internal audit

Taking into account the nature and extent of the company's business CapMan has not considered it necessary to organise internal audit as a separate function. The internal audit of the licensed operation has been outsourced to an external service provider. CapMan has in recent years increased the number of personnel in compliance and risk management functions in order to ensure that the operations comply with laws and regulations and that the risks are identified, monitored and managed appropriately.

Helsinki, 3 February 2021
CAPMAN PLC
Board of Directors

Board of Directors



Andreas Tallberg

Chairman of the Board of Directors

Education: M.Sc. (Econ.)

At CapMan since: Chairman of the Board of Directors since 2017

Holdings in CapMan Plc (31 December 2020): 804,530 shares

Board Committees: Remuneration Committee (Chairman)

Main Occupation: Chairman and CEO, Oy G.W. Sohlberg AB

Key Board Memberships: CapMan Plc (Chairman), Nissala Oy (Chairman), Mehiläinen (Chairman), Parmaco Oy (Chairman), Realia Group (Chairman), Rothschild Nordic AB (Member of the Board), Altor (Senior Advisor)

Andreas Tallberg has served as the CEO of Finnish investment company Oy G.W. Sohlberg Ab since 2007. He is a Senior Adviser at Rothschild & Co. Between 1996 and 2006 he was a senior partner at EQT. Before this, he has worked in business development for Nokia Corporation, Wilson Sporting Goods and Amer Group. Tallberg also has extensive experience from board work. He has been Chairman of the Board of Glaston Oyj, Detection Technology Oyj, Staffpoint, Perlos Oyj, TG Group and Wulff Oyj. Tallberg was also the Deputy Chairman of the Board of Lite-On Mobile and a member of the Board of Directors at Handelsbanken Finland Branch.



Mammu Kaario

Deputy Chairman of the Board of Directors

Education: LL.M., MBA

At CapMan since: Member of the Board of Directors since 2017

Holdings in CapMan Plc (31 December 2020): 38,071 shares

Board Committees: Audit Committee (Chairman)
Main Occupation: Board professional

Key Board Memberships: CapMan Plc (Deputy Chairman), Ponsse Oyj, Aspö Oyj, Robit Oyj, Lapti Oy, Gofore Oy, NordiclD

Mammu Kaario has more than 25 years of experience from the finance industry. She was CEO of Partnera Oy between 2016 and 2017 and an investment manager at Korona Invest between 2011 and 2016. Further, Kaario was a partner at Unicus Ltd between 2005 and 2010 and has held several financial advisory positions between 2004 and 2010. Before this, Kaario was an investment banker for 15 years at Conventum Oyj, among others.



Catarina Fagerholm

Member of the Board of Directors

Education: M.Sc. (Econ.)

At CapMan since: Member of the Board of Directors since 2018

Holdings in CapMan Plc (31 December 2020): 73,011 shares

Board Committees: Audit Committee, Remuneration Committee

Main Occupation: Board professional
Key Board Memberships: Attendo Abp, CapMan Plc, Restel Oy

Catarina Fagerholm served as CEO for Instru Optiikka Ltd from 2007 to 2018. She was Member of the Board, Deputy Chairman of the Board in Altia Oy between 2008 and 2015. She was Member of the Board in Kaupan liitto during 2013–2018 and Atasun Optik during 2012–2014. During 1998–2006 she was CEO of BSH Kodinkoneet Ltd (Finland and Baltics) as well as member of the Management Group in BSH Hausgeräte Northern Europe. Between 1996–1998 Fagerholm was Country and Brand Director in Electrolux/AEG (Finland, Russia, Baltics). She has had several managerial positions in Amer Group Ltd in 1987–1996.



Johan Hammarén

Member of the Board of Directors

Education: LL.M., BSc. (Econ.)

At CapMan since: Member of the Board of Directors since 2020

Holdings in CapMan Plc (31 December 2020): –
Main Occupation: CEO, Oy Hammarén & Co Ab, Board professional

Key Board Memberships: CapMan Plc, Fondia Oyj, Aktia Bank Oyj, Silvertärnan Ab, Pieni Kirahvi Oy Ab (Kanniston Leipomo), Naava Group Oy, Livräntestalten Hereditas Ab, Smartblock Oy, Oy Hammarén & Co Ab

Johan Hammarén is CEO of Oy Hammarén & Co Ab. He is one of the founders of JAM Advisors and served in several management positions in the company between 2012 and 2018. Prior to JAM Advisors, he was one of the founders of Fondia Oyj where he had several management positions in 2006–2012. Hammarén served in different legal roles in Nokia between 2000 and 2006.



Eero Heliövaara

Member of the Board of Directors

Education: M.Sc. (Eng.), M.Sc. (Business Admin.)

At CapMan since: Member of the Board of Directors since 2018

Holdings in CapMan Plc (31 December 2020): 92,000 shares

Board Committees: Remuneration Committee

Main Occupation: Board professional

Key Board Memberships: CapMan Plc, Sitowise Oy (Chairman), YIT Oyj (Chairman), Finnish Foundation of Economic Education, Lympha Touch Ltd, Foundation of the Finnish Cancer Institute, Saastamoinen Foundation, DIF — Directors Institute of Finland

Eero Heliövaara was Director General in the Prime Minister's Office during 2013–2017. During 2010–2012 Heliövaara served as Board professional and angel investor. He was President and CEO in SRV Group Plc during 2006–2009. In 2001–2005 he was President and CEO of Pohjola Group Plc. In 1998–2001 he was Executive Vice President and Chief Investment Officer in Mutual Pension Insurance Company Ilmarinen. He worked as Managing Director of Merita Asset Management Ltd during 1996–1998 and as First Vice President in Merita Pankki, Private Banking in 1994–1996. During 1991–1994 Heliövaara served as Managing Director of Union Bank of Luxembourg International S.A. In 1987–1991, he served as Managing Director of Arctos Capital Ltd, Financial Director of Spontel Ltd in 1985–1987 and as Financial Analyst in Industrialisation Fund of Finland Ltd during 1982–1985.



Peter Ramsay

Member of the Board of Directors

Education: M.Sc. (Econ.)

At CapMan since: Member of the Board of Directors since 2019

Holdings in CapMan Plc (31 December 2020): 10,000 shares

Board Committees: Audit Committee

Main Occupation: CFO and Chief Investment Officer, Veikko Laine Group

Key Board Memberships: CapMan Plc, Puro Finance Oy (Chairman)

Peter Ramsay has over 30 years of experience in the finance industry. He has acted Chief Investment Officer at Veikko Laine Oy Group since 2014. In 2013–2014 he acted as Chief Investment Officer at FIM Varainhoito Group and as CEO at FIM Plc during 2011–2013. Ramsay served as CEO at Avenir Rahastoyhtiö Oy during 2000–2011. In 1995–2000 he worked in several management positions at Enskilda Securities (SEB AB) and during 1990–1995 in many positions at Alfred Berg Fondkommission AB and at Opstock Pankkiiriliike Oy.



Olli Liitola

Member of the Board of Directors

Education: M.Sc. (Eng.)

At CapMan since: Member of the Board of Directors since 2019

Holdings in CapMan Plc (31 December 2020): 2,150,000 shares

Main Occupation: Board professional

Key Board Memberships: CapMan Plc, Bright Group Oy, Harvia Group Plc (Chairman),

Olli Liitola has over 25 years of experience in private equity. Liitola has worked at CapMan since 1991 and has acted in several management positions at CapMan Group, among others as CFO and Senior Partner. Liitola has extensive experience in board work. He has acted as Chairman of the Board at Lunawood Oy, Puulämpö Yhtiöt Oy and PPTH-Norden Oy and been a Member of the Board at Pretax Oy and NICE Entertainment Group Oy.

CapMan Management Group



Joakim Frimodig

CEO

Education: BA, Oxon

At CapMan since: 2016

Holdings in CapMan Plc (31 December 2020):

1,015,500 shares directly*

*In addition, Joakim Frimodig's holding company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 10.37% of all shares in CapMan Plc

Joakim Frimodig has been the CEO of CapMan since September 2017 and a Management Group member since 2016. He joined CapMan from Summa Capital, where he worked for the past 12 years, most recently as Deputy Managing Partner. Prior to that, he worked for Alfred Berg and ABN Amro Corporate Finance.



Anna Berglind

Head of People and Culture

Education: M.Sc. (Soc.), Certified Business Coach

At CapMan since: 2018

Holdings in CapMan Plc (31 December 2020):

140,940 shares

Anna Berglind has been Head of People and Culture and member of the Management Group in CapMan from August 2018. Before joining CapMan, she was Vice President, Human Resources during 2013–2018 and HR Manager during 2010–2013 at Mandatum Life.



Christian Borgström

Managing Partner, CapMan Wealth Services

Education: M.Sc. (Econ.)

At CapMan since: 2019

Holdings in CapMan Plc (31 December 2020):

843,000 shares

Christian Borgström is the Managing Partner of CapMan Wealth Services. He has more than 25 years of working experience on financial markets working with asset management as well as corporate analysis tasks both in Finland and abroad.



Niko Haavisto

CFO

Education: M.Sc. (Business)

At CapMan since: 2010

Holdings in CapMan Plc (31 December 2020):
499,510 shares

Niko Haavisto has been CapMan's CFO since 2010. Prior to joining CapMan he worked for Oriola-KD Corporation as Director of Financial Control and Planning. Before that he worked as financial controller at GE Healthcare Finland and as Authorised Public Auditor at PricewaterhouseCoopers.



Pia Käll

Managing Partner, Buyout

Education: M.Sc. (Eng.)

At CapMan since: 2016

Holdings in CapMan Plc (31 December 2020):
100,200 shares

Pia Käll joined CapMan Buyout in 2016 as a partner and was designated managing partner in 2017 and joined CapMan Management group. Before joining CapMan, Käll was on the Executive Board of Outotec, where she was responsible for Strategy, M&A, Marketing and Operational Excellence. Previously she worked at McKinsey&Company as a management consultant in 2006–2013.



Maximilian Marschan

Managing Partner, CaPS

Education: M.Sc. (Econ.)

At CapMan since: 2009

Holdings in CapMan Plc (31 December 2020):
109,700 shares, 25,000 2016 options

Maximilian Marschan is the founder of CaPS and is responsible for the overall management of CaPS. Prior to joining CapMan in 2009, Maximilian has managed different sales and procurement organisations for more than 10 years both in Finland and abroad.



Mika Matikainen

Managing Partner, Real Estate

Education: M.Sc. (Econ.), M.Sc. (Soc.)

At CapMan since: 2006

Holdings in CapMan Plc (31 December 2020):
113,850 shares

Mika Matikainen joined CapMan Real Estate in 2006, one year after the inception of the team. He became the head of CapMan Real Estate and a management group member of CapMan in 2010. Since then, Matikainen has been responsible for the expansion of CapMan Real Estate from a local Finnish player into a pan-Nordic asset manager. Prior to CapMan, he worked for UBS Investment Bank in London.



Juha Mikkola

Managing Partner, Growth

Education: B.Sci, MBA

At CapMan since: 2017

Holdings in CapMan Plc (31 December 2020):
188,312 shares

Juha Mikkola has over 25 years of experience in private equity. During his career he has raised several private equity funds and helped build dozens of successful companies. Before heading the Growth team at CapMan, Mikkola was responsible for successfully managing Norvestia's Growth investments since 2011. Prior to that, he was a partner at Eqvitec. He has also been involved in starting the operations of Finland Industry Investment Ltd.



Ville Poukka

Managing Partner, Infra

Education: M.Sc. (Econ.)

At CapMan since: 2017

Holdings in CapMan Plc (31 December 2020):
131,466 shares

Ville Poukka has 15 years of experience in investment banking and private equity. Poukka has extensive and unique track record of energy and infrastructure transactions. During his career, he has worked as leading advisor and originator in several infrastructure transactions across Nordic and Baltic countries. Before CapMan Poukka worked at Danske Bank as Managing Director and was responsible for Nordic Energy and Infrastructure sector team in M&A advisory.



Mari Simula

Head of Fund Investor Relations

Education: M.Sc. (Eng.)

At CapMan since: 2007

Holdings in CapMan Plc (31 December 2020):
297,392 shares

Mari Simula has held several roles at CapMan since 2007 and before her current position, she worked as a Partner at Scala Fund Advisory. Simula has long experience from fund investor relations, fundraising, as well as business development and strategy projects within the private assets industry. In her current role, she is responsible for group-level fundraising and fund investor relations. Prior to joining CapMan, she did research on the private equity industry at the Research Institute of the Finnish Economy, Eta.

Report of the Board of Directors

Group turnover and result in 2020

CapMan Group's turnover totalled MEUR 43.0 in the financial year spanning 1 January–31 December 2020 (1 January–31 December 2019: MEUR 49.0). The 12 per cent decrease in turnover was mainly due to lower carried interest income as well as lower transaction-based service fees compared to the comparison year. Recurring fees of the Management Company and Service business grew by 16 per cent in total.

Operating expenses were MEUR 35.1 (MEUR 41.8) in total. Personnel expenses, including incidentals, were MEUR 22.0 (MEUR 23.5). Depreciations and amortisations were MEUR 1.5 (MEUR 5.6). Other operating expenses amounted to MEUR 9.7 (MEUR 12.1) and reflect cost savings realised during the year 2020. Operating expenses also included additional expenses related to the termination of the 2018 performance share plan, expenses related to the reorganisation of the Service business and the establishment of Special Situations as a new investment area – MEUR 1.7 in total. The comparison period included expenses of MEUR 5.7 mainly related to the impairment of goodwill related to CapMan's Russia business, the acquisition of JAM Advisors and donations, which were reported as items affecting comparability.

Fair value changes of investments were MEUR +4.4 (MEUR +12.3) for 2020. Fair values of investments recovered after April 2020 following the sharp decline in the beginning of the year brought on mainly by the global Covid-19 pandemic. The accelerated improvement in the fourth quarter of the year was due to positive fair value changes in funds on a broad scale.

The Group's operating profit was MEUR 12.3 (MEUR 19.4). Operating profit excluding items affecting comparability was MEUR 12.3 (MEUR 25.0).

Financial income and expenses amounted to MEUR -3.1 (MEUR -1.8). Profit before taxes was MEUR 9.2 (MEUR 17.6) and profit after taxes was MEUR 6.3 (MEUR 15.9).

Diluted earnings per share were 3.3 cents (9.0 cents). Diluted earnings per share excluding items affecting comparability were 3.3 cents (11.6 cents).

Turnover, operating profit and results per segment are described in the Notes to the Financial Statements in section 2 Segment information.

Management Company business

Turnover generated by the Management Company business for the year totalled MEUR 30.9 (MEUR 32.8), a decrease of 6 per cent mainly due to lower carried interest income compared to the comparison year.

Management fees were MEUR 28.9 (MEUR 24.7), growth was 17 per cent. Several new funds contributed favourably to management fees for the period. Full contribution to management fees from the newest CapMan Growth II and CapMan Nordic Real Estate III funds will be visible in 2021. At the same time, management fees decreased in older funds as part of the funds' normal life cycle. Of the turnover, 97 per cent was based on long term contracts (79 per cent during the comparison period).

Carried interest income for the review period totalled MEUR 0.9 and was received mainly from Access Capital funds. In the comparison period, carried interest was MEUR 6.9 mainly due to the sale of assets from the previous hotels real estate fund to the new hotels real estate fund.

Operating expenses of the Management Company business amounted to MEUR 21.9 (MEUR 26.8). Operating profit of the Management Company business was MEUR 9.1 (MEUR 6.0), while profit for the year was MEUR 7.1 (MEUR 5.3). The expenses for the comparison period included the impairment of the goodwill of the Russia business, which was reported as an item affecting comparability.

Service business

Turnover generated by Service business totalled MEUR 11.4 (MEUR 15.7) and the 28 per cent decrease year-over-year was mainly due to lower transaction-based fees in the second and third quarter compared to the corresponding period last year. Losses from negative exchange rate effects on long-term dollar-denominated receivables were also included in Service business turnover.

The Service business was reorganised in the third quarter of the year and starting from August 2020, its service entities are CapMan Wealth Services (previously wealth advisory services provided by JAM Advisors and Scala's investor services), JAY Solutions (previously JAM Advisors' reporting and analytics business) and procurement service CaPS. Recurring service fees increased during the review period. JAM Advisors was consolidated as of 27 February 2019. Of the turnover, 79 per cent was based on long term contracts (50 per cent during the comparison period).

Operating expenses of the Service business amounted to MEUR 6.4 (MEUR 6.9). The operating profit of the Service business was MEUR 5.0 (MEUR 9.1). The profit for the year was MEUR 4.0 (MEUR 7.3).

Investment business

Change in fair value of investments was MEUR +4.4 in 2020 (MEUR +12.3 in 2019). Valuations increased in general over the second, third and fourth quarters following a decrease in the beginning of the year mainly due to the Covid-19 pandemic. Fair values increased overall during the second and third quarter of the year. The positive development accelerated in the last quarter of the year due to strong development of funds.

Operating expenses of the Investment Business were MEUR 0.4 for the review period (MEUR 2.0).

Operating profit for the Investment business was MEUR 4.0 (MEUR 10.2). Comparable operating profit was MEUR 4.0 (MEUR 10.4). Profit for the Investment business was MEUR 0.8 (MEUR 8.0).

Table 1: CapMan’s investments booked at fair value as at 31 December 2020

Fair value 31 December 2020 (MEUR)	
Fund investments	116.1
Other long-term investments	0.2
Market portfolio	0.3
Total	116.6

Fair value of fund investments was MEUR 116.1 on 31 December 2020 (31 December 2019: MEUR 115.9). Fair value changes of fund investments were MEUR +7.1 in 2020 (MEUR +9.7), representing a 5.6 per cent increase in value (2019: +9.5 per cent). The positive change in the fair value of fund investments was mainly due to the generally positive development in funds across the board after April 2020. Fair values have increased especially in the last quarter of the year.

CapMan invested a total of MEUR 17.9 in 2020 (MEUR 38.0). CapMan received distributions from funds totalling MEUR 24.7 (MEUR 17.5). The amount of remaining commitments that have not yet been called totalled MEUR 109.1 as at 31 December 2020 (31 December 2019: MEUR 103.8) and include commitments to the newest Buyout, Infra, Real Estate and Growth funds.

The fair value change of other long-term investments was MEUR -2.5 (MEUR +0.2) during the year mainly due to the write-down of one asset.

The fair value of CapMan’s remaining market portfolio was MEUR 0.3 on 31 December 2020 (31 December 2019: MEUR 10.8) and consisted of listed stocks.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG). Fair values of investments, sensitivity analysis by investment area and remaining commitments are presented in sections 29 and 32.

Balance sheet and financial position as at December 2020

CapMan’s balance sheet totalled MEUR 218.8 as at 31 December 2020 (31 December 2020: MEUR 216.5). Non-current assets amounted to MEUR 146.4 (MEUR 151.3), of which goodwill totalled MEUR 15.3 (MEUR 15.3). Goodwill was written down in the end of 2019 following an impairment of the CapMan Russia business.

As at 31 December 2020, fund investments booked at fair value totalled MEUR 116.1 (MEUR 115.9 as at 31 December 2019).

Other financial assets booked at fair value were MEUR 0.2 (MEUR 2.7).

Long-term receivables amounted to MEUR 9.1 (MEUR 9.4).

Current assets amounted to MEUR 72.3 (MEUR 65.2). Financial assets booked at fair value, i.e. current investments, were MEUR 0.3 (MEUR 10.8) and included the market portfolio. Cash in hand and at banks amounted to MEUR 58.0 (MEUR 43.7).

CapMan’s interest-bearing debt amounted to MEUR 25.5 as at 31 December 2020 (MEUR 9.3). CapMan drew MEUR 20 of its long-term credit facility and issued a MEUR 50 senior bond in 2020. With the proceeds from the bond, CapMan repaid MEUR 18.5 million of its senior bond issued in 2018 and the drawn long-term credit facility. CapMan’s total interest-bearing debt as at 31 December 2020 is outlined in Table 2.

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 2020.

Trade and other payables totalled MEUR 11.1 on 31 December 2020 (31 December 2019: MEUR 20.2).

The Group’s cash flow from operations totalled MEUR -11.9 for 2020 (MEUR -0.4). The larger negative net cash flow from operations compared to the comparison year included MEUR -7.4 in repayment of carried interest (clawback) and MEUR -3.0 in withholding taxes related to the execution of the 2018 performance share plan, among others. 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 +17.5 (MEUR +16.9) 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 +5.6 (MEUR +16.5) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR +8.8 (MEUR -27.4) and included the issue of the 2020 senior bond, the partial repayment of the 2018 senior bond and the distribution of dividends and equity repayment.

Capital under management as at 31 December 2020

Table 2: CapMan’s interest bearing debt

	Debt amount 31 Dec 2020 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2019 (MEUR)
Senior bond (issued in 2018)	31.5	Q2 2023	4.13%	50
Senior bond (issued in 2020)	50	Q4 2025	4.00%	.
Long-term credit facility (drawn/available)	0/40	Q2 2022	2.00%	0/40

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 and the hotels real estate fund. 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 3,827 as at 31 December 2020 (31 December 2019: MEUR 3,245). The increase in capital under management was mainly due to the establishment and commitments to CapMan Nordic Real Estate III and CapMan Growth II funds, as well as the expansion of the real estate mandate. The debt for the new hotels real estate 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)

	31.12.2020 (MEUR)	31.12.2019 (MEUR)
Real Estate	2,440	1,931
Private Equity & Credit	998	973
Infra	357	293
Other	32	48
Total capital under management (incl. Hotels II fund debt)	3,827	3,245

Key figures 31 December 2020

CapMan's return on equity was 5.2 per cent on 31 December 2020 (31 December 2019: 12.7 per cent) and return on investment 6.3 per cent (10.5 per cent). Comparable return on equity was 5.2 per cent (16.0 per cent) and comparable return on investment was 6.3 per cent (13.5 per cent). Equity ratio was 51.9 per cent (59.9 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

	31.12.2020	31.12.2019
Earnings per share, cents	3.3	9.2
Diluted, cents	3.3	9.0
Adjusted earnings per share, diluted, cents	3.3	11.6
Shareholders' equity / share, cents	72.7	85.1
Share issue adjusted number of shares, avg.	155,796,829	152,154,735
Return on equity, %	5.2	12.7
Return on equity, comparable, %	5.2	16.0
Return on investment, %	6.3	10.5
Return on investment, comparable, %	6.3	13.5
Equity ratio, %	51.9	59.9
Net gearing, %	22.5	7.2

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 17 March 2021 that a total of EUR 0.14 per share would be paid to shareholders, equivalent of a total of MEUR 21.9, from distributable funds for 2020. The distribution of funds would be divided in a dividend of EUR 0.02 per share, equivalent to a total of approx. MEUR 3.1 as well as an equity repayment of EUR 0.12 per share to be returned from the invested unrestricted equity fund, equivalent to a total of approx. MEUR 18.8. CapMan's distributable funds amounted to MEUR 72.2 on 31 December 2020. The dividend and equity repayment would be paid in two equal instalments six months apart.

Andreas Tallberg, Chairman of the Board of CapMan

"CapMan's Board of Directors proposes that a total of 14 cents per share of dividends and equity repayments be paid out for 2020. In line with increasingly frequent market practice, we propose that the distribution is to be executed in two instalments starting from the year 2021. CapMan's objective is to pay an annually increasing dividend to its shareholders and the company grows its distribution to shareholders for eight consecutive years following this proposal."

CapMan Plc's Board of Directors and Management Group

The members of CapMan Plc's Board of Directors as of the end of 2020 were Andreas Tallberg (Chairman), Mammu Kaario (Deputy Chairman), Catarina Fagerholm, Johan Hammarén, Eero Heliövaara, Olli Liitola and Peter Ramsay.

The members of CapMan Plc's Management Group as of the end of 2020 were Joakim Frimodig (CEO), Niko Haavisto (CFO), Anna Berglind (Head of People and Culture), Christian Borgström (Managing Partner, CapMan Wealth Services), Pia Käll (Managing Partner, Buyout), Maximilian Marschan (Managing Partner, CaPS), Miika Matikainen (Managing Partner, Real Estate), Juha Mikkola (Managing Partner, Growth), Ville Poukka (Managing Partner, Infra) and Mari Simula (Director, Fund Investor Relations).

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2021

CapMan Group's Financial Statements and the Report of the Board of Directors for 2020 will be published as part of the company's Annual Report for 2020 in February 2021 during week 8. CapMan Plc's 2021 AGM will be held on Wednesday 17 March 2021 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 23 February 2021 the latest.

Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 23 February 2021 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 2020 during week 8 and will be available on the company's website by 23 February 2021 the latest.

Decisions of the 2020 Annual General Meeting

Decisions of the AGM regarding distribution of funds

CapMan's 2020 Annual General Meeting (AGM) decided in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.04 per share and an equity repayment of EUR 0.09 per share be paid from the distributable profits and the invested unrestricted equity fund of the company, EUR 0.13 per share in total. The dividend and equity repayment were paid on 20 March 2020. 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 11 March 2020.

Decisions of the AGM regarding the composition of the Board

The 2020 AGM decided that the Board of Directors comprises seven members. Mr. Andreas Tallberg, Ms. Catarina Fagerholm, Mr. Johan Hammarén, 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 11 March 2020.

Authorisations given to the Board by the AGM

The 2020 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. 9.09 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. 9.09 per cent of all shares in the company.

The authorisation shall remain in force until the end of the following AGM and 30 June 2021 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 11 March 2020.

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 December 2020. CapMan had 156,458,970 shares outstanding as at 31 December 2020 (153,754,648 shares as at 31 December 2019). CapMan issued 2,002,208 shares in a directed share issue without payment to implement the share payments of its Performance Share Plan 2018.

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

Company shares

As at 31 December 2020, 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 61,013 as at 31 December 2020 (31 December 2019: EUR 62,066). 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 2.32 on 31 December 2020 (31 December 2019: EUR 2.36). The trade-weighted average price for the review period was EUR 2.13 (EUR 1.85). The highest price paid was EUR 2.89 (EUR 2.36) and the lowest EUR 1.49 (EUR 1.48). The number of CapMan Plc shares traded totalled 56.6 million (41.5 million), valued at MEUR 120.5 (MEUR 76.6).

The market capitalisation of CapMan Plc shares as at 31 December 2020 was MEUR 362.2 (31 December 2019: MEUR 361.9).

Shareholders

The number of CapMan Plc shareholders increased by 26 per cent from the corresponding period last year and totalled 25,075 as at 31 December 2020 (31 December 2019: 19,936).

There were no flagging notices issued during 2020.

As at 31 December 2020, Members of the Board of Directors and the CEO owned, directly or indirectly as beneficiary holders, a total of 4,183,112 shares, which represented 2.7 per cent of all shares and votes.

Details on CapMan Plc's owners by sector and size, together with the company's major shareholders, nominee-registered shares, and redemption obligation clauses covering company shares are presented in section 23 Share capital and shares.

Personnel

CapMan employed 146 people on average in 2020 (2019 average: 147), of whom 112 (110) worked in Finland and the remainder in the other Nordic countries, Luxembourg and the United Kingdom. A breakdown of personnel by country is presented in section 6 Employee benefit expenses. 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 (Performance Share 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 2020 and ends on 31 March 2023. The participants may earn 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 2023. 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. Following the new Performance Share Plan, CapMan's Board of Directors decided to shorten the performance period of the investment-based long-term incentive plan launched in 2018 by one year and correspondingly reduce the reward amount from the 2018 plan by one-third.

As of 31 December 2020, CapMan Plc had one stock option programme, Stock Option Programme 2016, in place as part of its incentive and commitment arrangements for key personnel. Following the long-term incentive plan, CapMan will not grant new options from the option plan 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. Additional information about compensation schemes is presented in section 30 Share-based payments.

Other significant events in 2020

In December, CapMan issued a EUR 50 million senior bond that matures in 2025. The new bond extends the average maturity of CapMan's debt portfolio and is part of its efficient management. The proceeds from the Notes offering have been used to refinance certain existing indebtedness of the Company, including funding the repurchase of a part of the Company's existing notes by way of a tender offer.

CapMan has terminated the CapMan Real Estate I Ky Fund and returned MEUR 7.4 to its investors in 2020 in accordance with a clawback liability related to the fund. The realisation of this clawback liability had a minor positive effect on CapMan's result for 2020 (MEUR 0.3). CapMan has no further clawback provisions related to the repayment of its carried interest.

CapMan Infra syndicated the investment of CapMan Nordic Infrastructure I Fund in Norled, resulting in a decrease of the fund's share of the asset. CapMan received approx. MEUR 50 in co-investments in the asset from three international institutional investors and CapMan remains as asset manager. The fund reached a final close of approx. MEUR 190 in October and CapMan Infra's assets under management reached approx. MEUR 360 in total including mandates and club deals.

In August, CapMan established CapMan Nordic Real Estate III fund, which has raised MEUR 535 as of January 2021. In line with its predecessor funds, CapMan Nordic Real Estate III makes value-add investments in office, necessity-driven retail and select residential real estate in the Nordics.

In July, CapMan established CapMan Growth II fund, which reached a final close of MEUR 97. The fund exceeded its target size. In line with its predecessor fund, CapMan Growth II makes minority investments in growing Nordic companies.

CapMan has reorganised its service business and establishes CapMan Wealth Services, a new service area that offers wealth advisory services related to the listed and unlisted market to family offices, smaller institutions and high net worth individuals. CapMan Wealth Services will partially replace the wealth advisory services offered by JAM Advisors as well as investor-focused services provided by Scala. In June, the analytics and reporting arm of JAM Advisors was launched as an independent service provider called JAY Solutions. Going forward,

CapMan's Service business includes wealth advisory business CapMan Wealth Services, reporting service JAY Solutions and procurement service CaPS.

CapMan established CapMan Special Situations, an investment area focused on investing in underperforming or non-core businesses and supports them through financial restructuring and operational turnaround.

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

Events after the end of the financial year

There were no significant events after the end of the financial year.

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 most significant short-term risk is the Covid-19 pandemic and related restrictions, which impact the general market development and therefore also CapMan's business. Risks related to CapMan's business are detailed below.

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.

Changes in the equity markets 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 fundraising is important to management fees and creates opportunities 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 income is difficult to foretell. The transaction-based fees of Wealth Services 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.

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.

An unforeseen decrease in inbound cashflow for CapMan or a faster than expected realisation of commitments could have a negative impact on CapMan's liquidity, which in turn would increase the need for additional financing and result in higher financing costs or force the company to dispose of its investments at suboptimal prices.

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.

The impact of Covid-19 on CapMan's business

The Covid-19 pandemic impacts CapMan's business through, among others, the following earnings streams:

Management fees: Management fees per fund are determined at the establishment of a fund and are paid to the management company, i.e. CapMan, twice per year based on the original fund size, including commitments, over the fund's investment period (generally five years) following which management fees are determined based on the at-cost value of the underlying portfolio. These fees are long-term and highly predictable, and we see little volatility in the near/mid future.

Future management fees are affected mainly by new funds raising and exits from existing funds. If ongoing fundraising projects are postponed or delayed, management fee growth prospects may be affected. Exits following the end of the investment period reduces the aggregate at-cost price of the remaining portfolio, on which management fees are based. If exits are delayed due to increased uncertainty in the market, management fees remain stable.

Carried interest income: The increased uncertainty, the impact on value creation in the portfolio and delays in exit processes may impact the timing and magnitude of funds to generate carried interest, but it is too soon to tell what the impact will be. CapMan does not provide guidance regarding carried interest.

Service fees: The impact of the Covid-19 pandemic on fees from long-term service contracts is limited for the time being. Transaction-based fees are more susceptible to market risk and are therefore more volatile.

Investment business income: Investment business income is defined in the income statement as the change in fair value of investments and consists of both realised and unrealised changes. The impact has been hardest felt in the Private Equity portfolio, although what the full short and mid-term impact will be is difficult to determine. Because unlisted assets are valued less frequently than listed assets, the impact of short-term market shocks and volatility is in general less pronounced in these asset classes compared to the listed market. However, the effects may in turn take longer to process and the return to so-called normal levels may be further along for unlisted assets. Real Estate and Infra funds have defensive characteristics and may therefore perform better compared to other asset classes in this market. The tenant base of real estate assets has an impact on how susceptible their valuation is to the Covid-19 pandemic.

Financial objectives

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.

Outlook estimate for 2021

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 estimates capital under management to continue growing in 2021. Our objective is to improve the aggregate profitability of Management Company and Service businesses. These estimations do not include 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 2021.

Items affecting comparability are described in Note 2 together with Segment information.

Helsinki, 4 February 2021
CAPMAN PLC
Board of Directors

Key figures

Key Performance Indicators for CapMan Group

M€	2016	2017	2018	2019	2020
Turnover ¹⁾	26.7	31.1	33.5	49.0	43.0
Management fees	20.9	19.6	22.1	24.9	29.0
Sale of services	5.7	7.1	10.3	17.2	13.1
Carried interest	0.0	4.4	1.0	6.9	0.9
Other operating income	0.1	0.0	0.0	0.0	0.1
Operating expenses	-30.7	-33	-29.1	-41.8	-35.1
Fair value gains/losses of investments ¹⁾	22.6	21.3	7.6	12.2	4.4
Operating profit	18.7	19.5	12.0	19.4	12.3
Operating profit, comparable	14.5	23.9	12.0	25.0	12.3
Financial income and expenses	-3.1	-3.2	-2.7	-1.8	-3.1
Share of the income of investments accounted for using the equity method	0.0	-0.1	0.0	0.0	0.0
Profit before taxes	15.6	16.2	9.3	17.6	9.2
Profit for the financial year	15.3	15.5	8.5	15.9	6.3
Return on equity (ROE), % ²⁾	14.7	11.5	6.8	12.7	5.2
Return on equity (ROE), comparable, % ²⁾	9.5	14.5	6.8	16.0	5.2
Return on investment (ROI), %	10.9	10.1	6.7	10.5	6.3
Return on investment (ROI), comparable, %	8.4	12.4	6.7	13.5	6.3
Equity ratio, %	56.6	60.0	58.7	59.9	51.9
Net gearing, %	14.5	19.4	4.3	7.2	22.5
Dividends and return of capital paid ³⁾	13.0	16.1	17.7	20.0	21.9
Personnel (at year-end 2016, in average 2017–20)	108	113	117	148	146

¹⁾ 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.

²⁾ CapMan has changed the calculation of Return on equity (ROE) in 2019. Return on equity is calculated as profit for the period divided by average total equity (incl. non-controlling interests). Previously, ROE was calculated as 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.

³⁾ Proposal of the Board of Directors to the Annual General Meeting for year 2020.

Key Ratios Per Share

M€	2016	2017	2018	2019	2020
Earnings per share, cents ¹⁾	16.2	10.4	5.5	9.2	3.3
Diluted earnings per share, cents ¹⁾	16.1	10.2	5.4	9.0	3.3
Comparable diluted earnings per share, cents ^ä ¹⁾	11.2	13.0	5.4	11.6	3.3
Shareholders' equity/share, cents	98.6	87.3	82.6	85.1	72.7
Dividend/share, cents ²⁾	9.0	11.0	12.0	13.0	14.0
Dividend/earnings, % ²⁾	80.4	105.8	218.2	141.3	424.2
Average share issue adjusted number of shares during the financial year ('000)	88,383	145,179	146,522	152,155	155,797
Share issue adjusted number of shares at year-end ('000)	143,313	145,626	147,142	153,755	156,459
Number of shares outstanding ('000)	143,287	145,600	147,116	153,728	156,433
Own shares ('000)	26	26	26	26	26

¹⁾ Under IFRS, the EUR 15 million (2011–2012: EUR 29 million, 2013–2015: EUR 15 million) hybrid bond was included in equity, also when calculating equity per share. The interest on the hybrid bond (net of tax) for the financial year was deducted when calculating earnings per share. The hybrid bond was redeemed in 2017, and therefore it does no longer have an impact on equity or earnings per share as of 2018.

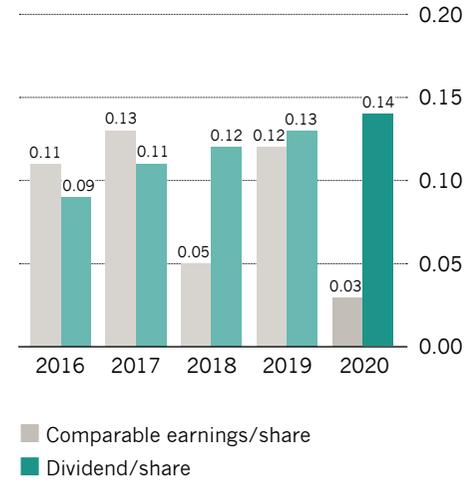
²⁾ Proposal of the Board of Directors to the Annual General Meeting for year 2020.

Key figures - CapMan Group

Turnover and comparable operating profit, M€

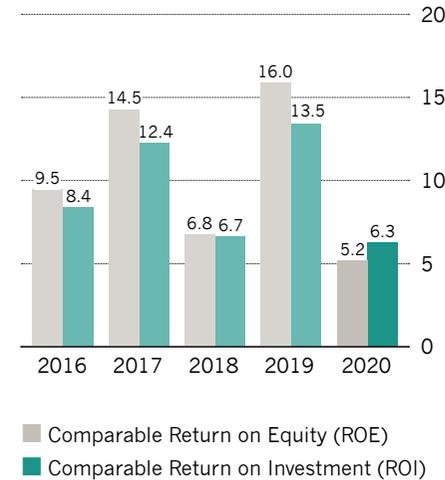


Comparable earnings/share and dividend/share*, €

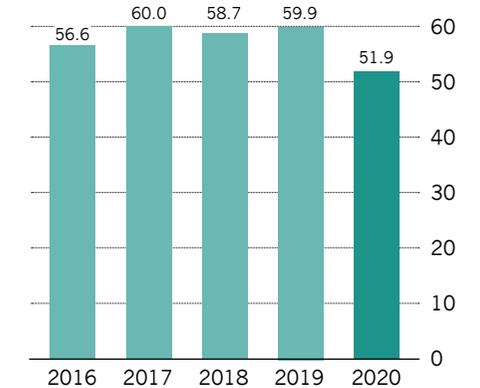


* CapMan's objective is to distribute an annually growing dividend to its shareholders. The Board of Directors propose that a total distribution of EUR 0.14/share to be paid for 2020.

Comparable ROI and ROE, %

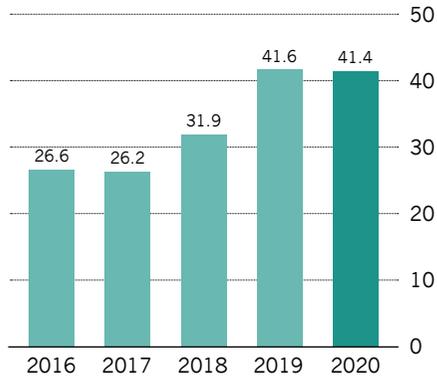


Equity ratio, %



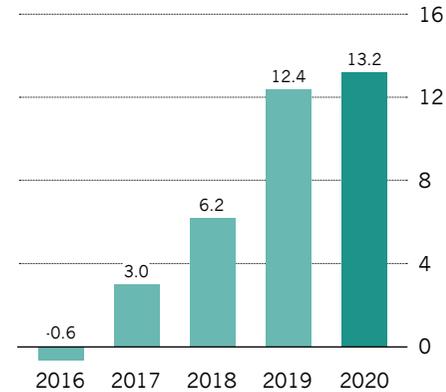
Fees and carry

Fees from Management Company business and Services*, M€



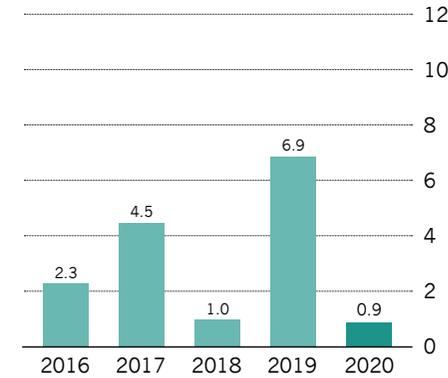
* Includes fee income from Management Company and Service Business for 2017–2020 and fee income on Group level for 2016.

Comparable fee-based profitability*, M€



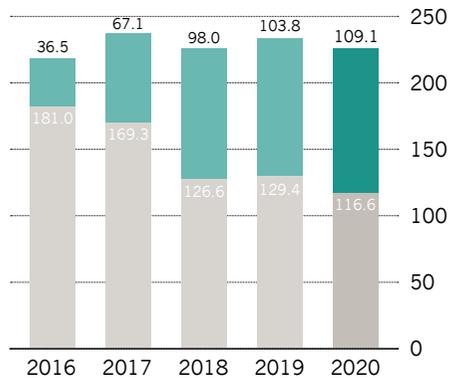
* Comparable operating profit of Management Company and Service Business excl. carried interest. Figure for 2016, preceding the change in reportable segments, is based on comparable operating profit on group level, excluding carried interest income and Investment Business.

Comparable carried interest income, M€



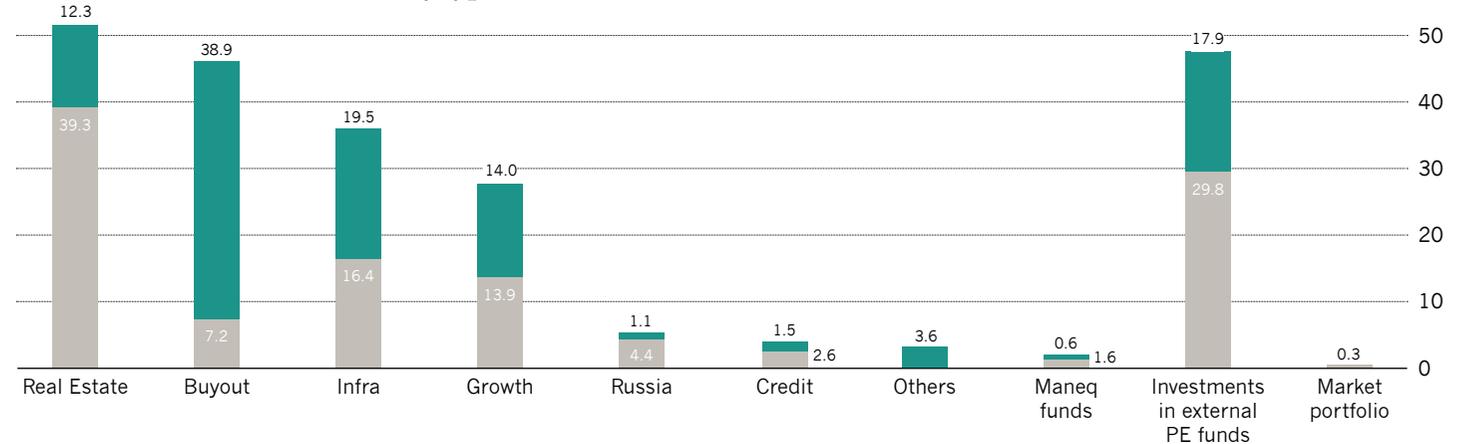
Investment business

Investments and commitments, M€



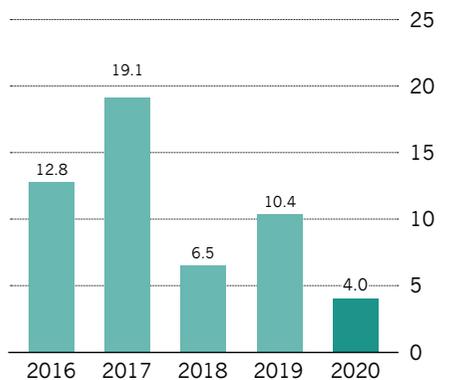
■ Investments at fair value
■ Remaining commitments

Investments and commitments by type, M€

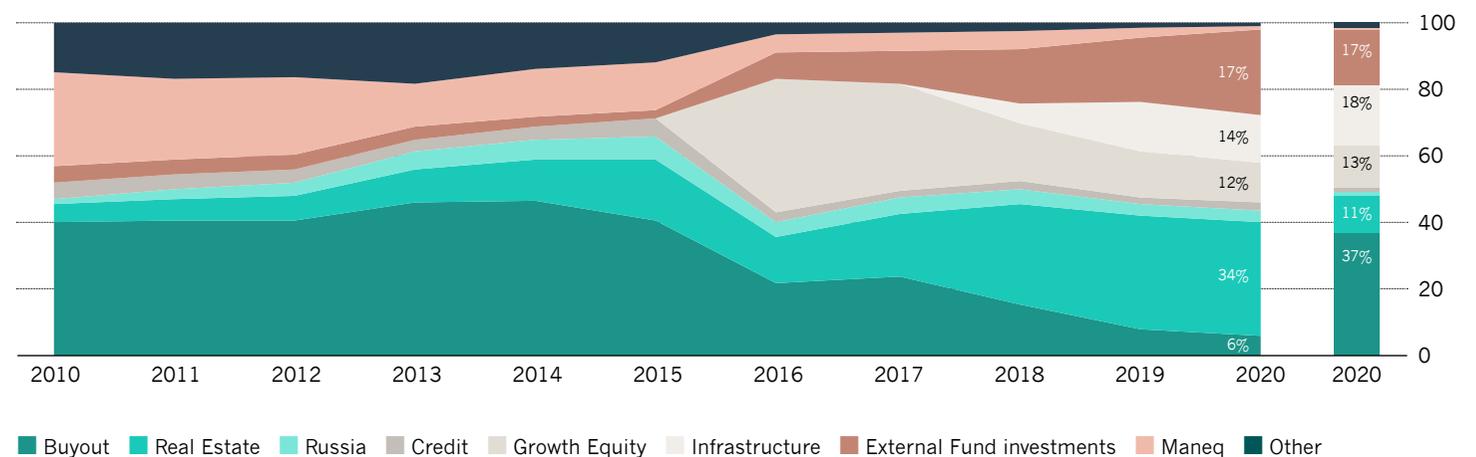


■ Investments by type ■ Remaining commitments

Comparable result impact of own investments, M€



Allocation of long-term investments from balance sheet and undrawn commitments (%)*



■ Buyout ■ Real Estate ■ Russia ■ Credit ■ Growth Equity ■ Infrastructure ■ External Fund investments ■ Maneq ■ Other

* The table shows the allocation of fund investments from balance sheet from 2010 onwards as well as undrawn commitments as of 31 December 2020.

Calculation of key ratios

<p>*Return on equity (ROE), % = $\frac{\text{Profit / loss}}{\text{Shareholders' equity (average)}} \times 100$</p> <p>Return on investment (ROI), % = $\frac{\text{Profit / loss + income taxes + interest expense and other financial expenses}}{\text{Balance sheet total – non-interest bearing debts (average)}} \times 100$</p> <p>Equity ratio, % = $\frac{\text{Total shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$</p> <p>Net gearing, % = $\frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity}} \times 100$</p>	<p>Earnings per share (EPS) = $\frac{\text{Profit/loss for the financial year – hybrid loan interest}}{\text{Share issue adjusted number of shares (average)}}$</p> <p>Shareholders' equity per share = $\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares at the end of the financial year}}$</p> <p>Dividend per share = $\frac{\text{Dividend paid in the financial year}}{\text{Share issue adjusted number of shares at the end of the financial year}}$</p> <p>Dividend per earnings, % = $\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$</p>
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* CapMan has changed the calculation of Return on equity (ROE) in 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.

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Group Statement of Comprehensive Income (IFRS)

1 000 EUR	Note	2020	2019
Management fees		28,995	24,851
Sale of services		13,122	17,211
Carried interest		873	6,910
Turnover	2, 4	42,989	48,972
Other operating income	5	97	6
Employee benefit expenses	6	-23,916	-24,184
Depreciation and impairment	7	-1,503	-5,583
Other operating expenses	8	-9,728	-12,069
Fair value gains/losses of investments	10	4,398	12,250
Operating profit		12,339	19,392
Financial income and expenses	11	-3,120	-1,783
Profit before taxes		9,219	17,609
Income taxes	12	-2,941	-1,731
Profit for the financial year		6,278	15,878
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Translation difference		100	-62
Total comprehensive income		6,378	15,816
Profit attributable to:			
Equity holders of the Company		5,142	13,963
Non-controlling interest		1,136	1,915
Total comprehensive income attributable to:			
Equity holders of the Company		5,242	13,901
Non-controlling interest		1,136	1,915
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share (basic), cents	13	3.3	9.2
Earnings per share (diluted), cents	13	3.3	9.0

The Notes are an integral part of the Financial Statements.

Group Balance Sheet (IFRS)

1 000 EUR	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Tangible assets	14	2,619	3,428
Goodwill	15	15,314	15,314
Other intangible assets	16	725	797
Investments at fair value through profit and loss	17		
Investments in funds		116,066	115,918
Other financial assets		191	2,731
Receivables	18	9,084	9,395
Deferred tax assets	19	2,439	3,726
		146,438	151,309
Current assets			
Trade and other receivables	20	14,017	10,792
Financial assets at fair value through profit and loss	21	312	10,768
Cash and bank	22	58,002	43,665
		72,331	65,225
Total assets		218,768	216,534

1 000 EUR	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders 23			
Share capital		772	772
Share premium account		38,968	38,968
Other reserves		71,416	84,823
Translation difference		-247	-348
Retained earnings		1,616	3,218
Total capital attributable to the Company's equity holders		112,524	127,433
Non-controlling interests		742	2,100
Total equity		113,266	129,533
Non-current liabilities			
Deferred tax liabilities	19	2,703	2,156
Interest-bearing loans and borrowings	24	82,612	52,003
Other non-current liabilities	25	6,936	7,274
		92,250	61,433
Current liabilities			
Trade and other payables	26	11,075	20,159
Interest-bearing loans and borrowings	27	908	939
Current income tax liabilities		1,269	4,469
		13,252	25,567
Total liabilities		105,502	87,000
Total equity and liabilities		218,768	216,534

The Notes are an integral part of the Financial Statements.

Group Statement of Changes in Equity (IFRS)

Attributable to the equity holders of the Company

1 000 EUR	Note	Share capital	Share premium account	Share account	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interests
Equity on 1 January 2019	23	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	23	772		38,968	84,823	-348	3,218	127,433	2,100
Profit for the year							5,142	5,142	1,136
Other comprehensive income for the year									
Currency translation differences						100		100	
Total comprehensive income for the year						100	5,142	5,242	1,136
Share subscriptions with options					447			447	
Performance Share Plan							-994	-994	
Dividends and return of capital					-13,854		-6,282	-20,136	-1,708
Transactions with non-controlling interests							532	532	-786
Equity on 31 December 2020	23	772		38,968	71,416	-247	1,616	112,524	742

The Notes are an integral part of the Financial Statements.

Group Cash Flow Statement (IFRS)

1 000 EUR	Note	2020	2019
Cash flow from operations			
Profit for the financial year		6,278	15,878
Adjustments on cash flow statement	9	5,009	-6,540
Change in working capital:			
Change in current non-interest-bearing receivables ¹⁾		-3,169	-3,812
Change in current trade payables and other non-interest-bearing liabilities		-12,551	1,308
Interest paid		-3,197	-2,643
Taxes paid		-4,277	-4,553
Cash flow from operations		-11,907	-363
Cash flow from investing activities			
Acquisition of subsidiaries		-255	-540
Proceeds from sale of subsidiaries ²⁾		7	5,900
Investments in tangible and intangible assets		-389	-561
Investments at fair value through profit and loss		17,670	12,390
Long-term loan receivables granted		-410	-3,034
Receivables from long-term receivables		673	2,594
Interest received		166	158
Cash flow from investing activities		17,461	16,907

1 000 EUR	Note	2020	2019
Cash flow from financing activities			
Share issue		447	1,542
Proceeds from borrowings		69,724	130
Repayment of long-term loan	27	-38,590	-10,000
Payment of lease liabilities		-942	-924
Dividends paid and return of capital		-21,854	-18,958
Cash flow from other financing items		0	787
Cash flow from financing activities		8,784	-27,423
Change in cash and cash equivalents			
Cash and cash equivalents at start of year		43,665	54,544
Cash and cash equivalents at end of year	22	58,002	43,665

¹⁾ Includes carried interest recognised in the income statement during the period and received after the end of the reporting period.

²⁾ Gain on sale of subsidiaries is included in turnover of the Consolidated Statement of Comprehensive Income, on line item Carried interest

The Notes are an integral part of the Financial Statements.

Notes to the Consolidated Financial Statements

Group information

CapMan's business comprise of private equity fund management and advisory services, as well as investment business. The funds managed by CapMan make investments in Nordic and Russian companies and in real estate and infrastructure assets in the Nordic countries. The service business includes private equity advisory and fundraising services to fund managers, wealth management and analysis and reporting services, and procurement services to companies. Through its investment business, CapMan invests in the private equity asset class, mainly in its own funds, and listed markets in a diversified manner.

The parent company of the Group is CapMan Plc and is domiciled in Helsinki, with a registered office address at Ludviginkatu 6, 00130 Helsinki, Finland.

The Consolidated Financial Statements may be viewed online at www.capman.com, or a hard copy is available from the office of the parent company.

The Consolidated Financial Statements for 2020 have been approved for publication by CapMan Plc's Board of Directors on February 3, 2021. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the financial statements and make decisions on amendments to them at the Annual General Meeting.

1. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in force at December 31, 2020 as adopted by the European Union. International Financial Reporting Standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements have been prepared in accordance with the Finnish accounting standards as and where they supplement IFRS requirements.

The preparation of financial statements in conformity with IFRS requires the Group's management to make estimates and assumptions when applying CapMan's accounting principles, and these are presented in more detail under 'Use of estimates'.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for financial assets and liabilities valued at fair value through profit or loss. The information in the Consolidated Financial Statements is presented in thousands of euros. Figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

New and amended standards applied in financial year ended

As from January 1, 2020, the Group has applied the following amended standards that have come into effect:

- Amendments to IFRS 3 Business Combinations. The objective of the amendments is to clarify the definition of a business with a view to facilitating its practical implementation.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform. The amendments provide temporary and narrow exemptions to the hedge accounting requirements.
- Amendments to IAS 1 and IAS 8: Definition of Material. The aim of the amendments is at improving the way financial information is communicated to users of the financial statements. Amendments clarify the definition of 'material' to make it easier for companies to make materiality judgments and to enhance the relevance of the disclosures in the notes to the financial statements.
- Amendments to References to the Conceptual Framework in IFRS Standards. The objective of the amendments is to update existing references in several standards and interpretations to previous frameworks with references to the revised conceptual framework.

Amended standards had no impact on the consolidated financial statements.

Adoption of new and amended standards and interpretations applicable in future financial years

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

These amendments have been endorsed for use by the European Union:

- Amendment to IFRS 16 Leases, Covid 19-Related Rent Concessions (effective for financial years beginning on or after June 1, 2020). The amendment provides optional, temporary Covid-19 related operational relief for lessees benefitting from lease payments holidays without undermining the relevance and usefulness of financial information reported by companies.

These amended standards are not expected to have an impact on the Group's financial statements

Consolidation principles

As CapMan has determined it meets the definition of an investment entity, its subsidiaries are classified either as operating subsidiaries, that are considered to be an extension of the Parent's operations, and as such, they are consolidated or investment entity subsidiaries, that are fair valued through profit or loss. The types of subsidiaries and their treatment in CapMan's consolidated accounts are as follows:

- Subsidiaries that provide fund management services (fund managers) or manage direct investments are considered to be an extension of the Parent's business and as such, they are consolidated;
- Subsidiaries that provide fund management services (fund managers) and which also hold direct investments in the funds are consolidated and the investments in the funds are fair valued through profit or loss;

- Subsidiaries that provide fund investment advisory services (advisors) are considered to be an extension of the Parent's business and as such, they are consolidated;
- Investment entity subsidiaries (CapMan Fund Investments SICAV-SIF), through which CapMan makes its own fund investments, are valued at fair value through profit or loss.

Significant judgment applied by management in the preparation of the consolidated financial statements – investment entity basis

CapMan qualifies as an investment entity as defined by IFRS 10, because the corner stone of its business purpose is to obtain capital from investors to its closed-end private equity funds and to provide investment management services to those funds to gain both capital appreciation and investment income. Direct investments represent a relatively small part compared to total assets under management. CapMan obtains funds from many external investors for investment purposes. Documented exit strategies exist for each fund's portfolio investments. Each fund's portfolio investments and the real estate investments are fair valued and such fair value information is provided both to the fund investors on reporting date and also for CapMan's internal management reporting purposes. In addition, management has assessed that the following characteristics further support investment entity categorization: CapMan holds several investments itself in the funds, investments in the funds are held by several investors, the investors are not related parties and the investments are held mostly in form of equity.

Significant judgment applied by management in the preparation of the consolidated financial statements – control over funds

One of the most significant judgments management made in preparing the Company's consolidated financial statements is the determination that Company does not have control over the funds under its management. Control is presumed to exist when a parent has power over the investee, has exposure to variable returns from the fund and is able to use its power to affect the level of returns.

CapMan manages the funds against management fee received from the investors on the basis of the investment

management mandate negotiated with the investors and it also makes direct investments in the funds under its management. Accordingly, CapMan was required to determine, whether it is acting primarily as a principal or as an agent in exercising its power over the funds.

In the investment management mandate the investors have set detailed instructions in all circumstances relating to the management of the fund limiting the actual influence of the general partner at very low. In general, having a qualified majority, investors have a right to replace the general partner and/or fund manager. The remuneration CapMan is entitled to is commensurate with the services it provides and corresponds to remuneration customarily present in arrangements for similar services on an arm's length basis. CapMan's direct investment (typically between of 1% to 5%) in the funds and thus the share of the variability of the returns compared with the other investors is relatively small. As an investor in the fund CapMan has no representation nor voting rights as it has been specifically excluded in the investment management mandate.

Therefore, management has concluded that despite it from formal perspective exercises power over the funds by controlling the general partner of the fund, its actual operational ability is limited in the investment management mandate in a manner that the general partner is considers to act as an agent. Furthermore, CapMan's exposure to variable returns from the fund and its power to affect the level of returns is very low for the reasons described above. Therefore, CapMan has determined that it does not have control over the funds under its management.

Subsidiaries

Subsidiaries are consolidated using the acquisition method. All intercompany transactions are eliminated in the Consolidated Financial Statements. Profit or loss, together with all other comprehensive income-related items, are booked to the owners of the parent company or owners not holding a controlling interest in the companies concerned. Non-controlling interests are presented in the Consolidated Balance Sheet under equity separately from equity attributable to the owners of the parent company.

Subsidiaries and businesses acquired during the year are consolidated from the date on which the Group acquires a controlling interest, and in the case of companies and businesses divested by the Group during the financial year up to the date on which CapMan's controlling interest expires.

Associates

An associated company is an entity in which the Group has significant influence but does not hold a controlling interest. This is generally defined as existing when the Group holds, either directly or indirectly, more than 20% of a company's voting rights.

Associated companies have been consolidated in accordance with the equity method. Under this, the investment in an associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the company's net assets, less any impairment value. If the Group's share of the loss incurred by an associated company exceeds the book value of its investment, the investment is booked at zero in the balance sheet, and losses exceeding book value are not combined unless the Group is committed to meeting the obligations of the company concerned. The Group's share of the profit recorded by an associated company during the financial year in accordance with its holding in the company is presented as a separate item in the income statement after operating profit.

Segment reporting

Operating segments are reported in accordance with internal reporting presented to the chief operating decision maker. The latter is responsible for allocating resources to operating segments and evaluating their performance and is defined as the Group's Management Group, which is responsible for taking strategic decisions affecting CapMan.

Translation differences

The result and financial position of each of the Group's business units are measured in the currency of the primary economic environment for that unit ('functional currency'). The Consolidated Financial Statements are presented in

euros, which is the functional and presentation currency of the Group's parent company.

Transactions in foreign currencies have been recorded in the parent company's functional currency at the rates of exchange prevailing on the date of the transactions; in practice a reasonable approximation of the actual rate of exchange on the date of the transaction is often used. Foreign exchange differences for operating business items are recorded in the appropriate income statement account before operating profit and, for financial items, are recorded in financial income and expenses. The Group's foreign currency items have not been hedged.

In the consolidated financial statements, the income statements of subsidiaries that use a functional currency other than the euro are translated into euros using the average rates for the accounting period. Their balance sheets are translated using the closing rate on the balance sheet date. All resulting exchange differences are recognised in other comprehensive income. Translation differences caused by changes in exchange rates for the cumulative shareholders' equity of foreign subsidiaries have been recognised in other comprehensive income.

Tangible assets

Tangible assets have been reported in the balance sheet at their acquisition value less depreciation according to plan. Assets are depreciated on a straight-line basis over their estimated useful lives.

The estimated useful lives are as follows:

Machinery and equipment	4–5 years
Other long-term expenditure	4–5 years

The residual values and useful lives of assets are reviewed on every balance sheet date and adjusted to reflect changes in the expected economic benefits where necessary.

Tangible assets include right-of-use assets measured in accordance with IFRS 16, which are disclosed in the notes. More information on these items is included in chapter Leases of Accounting Policies.

Intangible assets

Goodwill

Goodwill acquired in a business merger is booked as the sum paid for a holding, the holding held by owners with a non-controlling interest, and the holding previously owned that, when combined, exceeds the fair value of the net assets of the acquisition. Write-offs are not made against goodwill, and possible impairment of goodwill is tested annually. Goodwill is measured as the original acquisition cost less accumulated impairment. The goodwill acquired during a merger is booked against the units or groups of units responsible for generating the cash flow used for testing impairment. Every unit or group of units for which goodwill is booked represents the lowest level of the organisation at which goodwill is monitored internally for management purposes. Goodwill is monitored at operating segment level.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are recognised in the balance sheet only if the cost of the asset can be measured reliably and if it is probable that the future economic benefits attributable to the asset will flow to the Group.

Agreements and trademarks acquired in business mergers are booked at fair value at the time of acquisition. As they have a limited life, they are booked in the balance sheet at acquisition cost minus accumulated write-offs. IT systems are expensed on the basis of the costs associated with acquiring and installing the software concerned. Depreciation is spread across the financial life of the relevant software licences. Impairment is tested whenever there is an indication that the book value of intangible assets may exceed the recoverable amount of these assets.

The estimated useful lives are:

Agreements and trademarks	10 years
Other intangible assets	3–5 years

Impairment of assets

The Group reviews all assets for indications that their value may be impaired on each balance sheet date. If such indication is found to exist, the recoverable amount of the asset in question is estimated. The recoverable amount for goodwill is measured annually independent of indications of impairment.

The need for impairment is assessed on the level of cash-generating units, in other words at the smallest identifiable group of assets that is largely independent of other units and cash inflows from other assets. The recoverable amount is the fair value of an asset, less costs to sell or value in use. Value in use refers to the expected future net cash flow projections, which are discounted to the present value, received from the asset in question or the cash-generating unit. The discount rate used in measuring value in use is the rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment is recorded in the income statement as an expense. The recoverable amount for financial assets is either the fair value or the present value of expected future cash flows discounted by the initial effective interest rate.

An impairment loss is recognised whenever the recoverable amount of an asset is below the carrying amount, and it is recognised in the income statement immediately. An impairment loss of a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets of the unit pro rata. An impairment loss is reversed if there is an indication that an impairment loss may have decreased and the carrying amount of the asset has changed from the recognition date of the impairment loss.

The increased carrying amount due to reversal cannot exceed what the depreciated historical cost would have been if the impairment had not been recognised. Reversal of an impairment loss for goodwill is prohibited. The carrying amount of goodwill is reviewed for impairment annually or more frequently if there is an indication that goodwill may be impaired, due to events and circumstances that may increase the probability of impairment.

Financial assets

The Group's financial assets have been classified into the following categories:

- 1) financial assets at fair value through profit or loss
- 2) financial assets at amortised cost

Investments in equity instruments are always measured at fair value through profit or loss. Classification of debt instruments, such as trade and loan receivables, is based on the business model for managing and for the contractual cash flow characteristics of these financial assets. Debt instruments of the Management Company Business and Service Business are classified as financial assets at amortised cost, because they are held solely in order to collect contractual cash flows, which are solely payments of principal and interest. Current debt instruments, included in the market portfolio of the Investment Business, are classified as at fair value through profit or loss, because they are held for trading. Non-current debt instruments included in the Investment Business are held for both selling purposes and collecting contractual cash flows (principal and interest), and the Group designates these assets as measured at fair value through profit or loss, in order to reduce inconsistency with regards to recognizing gains and losses of financial assets within the Investment Business, because the Group as an investment entity manages and monitors the performance of these investments based on fair values according to group's investment strategy.

Transaction costs are reported in the initial cost of financial assets, excluding items valued at fair value through profit or loss. All purchases and sales of financial instruments are recognised on the trade date. An asset is eligible for derecognition and removed from the balance sheet when the Group has transferred the contractual rights to receive the cash flows or when it has substantially transferred all of the risks and rewards of ownership of the asset outside the Group. Financial assets are classified as current if they have been acquired for trading purposes or fall due within 12 months.

Financial assets at fair value through profit or loss

Fair value through profit or loss class comprises of financial assets that are equity instruments or acquired as held for trading, in which case they can be either equity or debt instruments. Debt instruments are also classified to this class, if they are held for both selling purposes and collecting contractual cash flows and which CapMan as an investment entity designates as financial assets at fair value through profit or loss at initial recognition in order to reduce inconsistency with regards to recognizing gains and losses of financial assets within the Investment Business.

Fund investments, investments in joint ventures and other investments in non-current assets are classified as financial assets at fair value through profit or loss and their fair value change is presented on the line item "Fair value changes of investments" in the statement of comprehensive income. Fair value information of the non-current fund investments is provided quarterly to Company's management and to other investors in the investment funds management by CapMan. The valuation of CapMan's funds' investment is based on International Private Equity and Venture Capital Valuation Guidelines (IPEVG) and IFRS 13.

Investments in listed shares, funds and interest-bearing securities as well as those derivative instruments that do not meet the hedge accounting criteria or for which hedge accounting is not applied in current assets are held for trading and therefore classified as at fair value through profit or loss. Listed shares and derivative contracts in current assets are measured at fair value by the last trade price on active markets on the balance sheet date. The fair value of current investments in funds is determined as the funds' net asset value at the balance sheet date. The fair value of current investments in interest-bearing securities is based on the last trade price on the balance sheet date or, in an illiquid market, on values determined by the counterparty. The change in fair value of current financial assets measured at fair value through profit or loss as well as dividend and interest income from short-term investments in listed shares and interest-bearing securities are presented on the line item "Fair value changes of investments" in the statement of comprehensive income.

Financial assets at amortised cost

Financial assets at amortised cost mainly include non-interest-bearing trade receivables and interest-bearing loan receivables of the Management Company Business and Service Business. These financial assets are held solely in order to collect contractual cash flows, and whose payments are fixed or determinable and which are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Expected credit loss of the trade receivables is evaluated by using the simplified approach allowed by IFRS 9, under which a provision matrix is maintained, based on the historical credit losses and forward-looking information regarding general economic indicators. In addition, materially overdue receivables are evaluated on a client basis.

Expected credit losses of loan receivables is evaluated based on the general approach under IFRS 9. The group evaluates the credit risk of the borrowers by estimating the delay of the repayments and borrower's future economic development. Depending on the estimated credit risk the group measures the loss allowance at an amount equal to 12-month expected credit losses or lifetime expected credit losses. Inputs used for the measurement of expected credit losses include, among others, available statistics on default risk based on credit risk rating grades and the historical credit losses the group has incurred.

Credit risk of a loan receivable is assumed low on initial recognition in case the contractual payments of principal and interest are dependent on the cash proceeds the borrower receives from the underlying investments. In these cases, the borrower is considered to have a strong capacity to meet its contractual cash flow obligations in the near term. It is considered that there has been a significant increase in the credit risk, if the contractual payments have become more than 30 days past due, and a default event has occurred, if the payment is more than 90 days past due, unless resulting from an administrative oversight.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash in banks and in hand, together with liquid short-term deposits. Cash assets have a maximum maturity of three months.

Dividend payment and repayment of capital

Payment of dividends and repayment of capital is decided in the Annual General Meeting. The dividend payment and repayment of capital proposed to the Annual General Meeting by the Board of Directors is not subtracted from distributable funds until approved by the Annual General Meeting.

Financial liabilities

Financial liabilities largely consist of loans from financial institutions and leasing liabilities. Financial liabilities are initially recognised at fair value. Transaction costs are reported in the initial book value of the financial liability. Financial liabilities are subsequently carried at amortized cost using the effective interest method. Financial liabilities are reported in non-current and current liabilities.

Leases

Group's lease agreements are mainly related to facilities, company cars and IT equipment. Group applies the exemptions allowed by the standard on lease contracts for which the lease term ends within 12 months as of the initial application, and lease contracts for which the underlying asset is of low value. Exemptions are applicable to some of the leased premises, such as office hotels, and to all laptops, printers and copying machines, among others. These lease payments are recognised as an expense in the income statement on a straight-line basis.

Other lease agreements are recognised as right-of-use assets and lease liabilities in the balance sheet. These agreements include long-term lease agreements of facilities and company cars. Right-of-use assets are included in tangible assets and the

related lease liabilities are included in non-current and current interest-bearing financial liabilities.

CapMan Group does not act as a lessor.

Provisions

Provisions are recognised in the balance sheet when the Group has a current obligation (legal or constructive) as a result of a past event, and it is probable that an outflow will be required to settle the obligation and a reliable estimate of the outflow can be made.

The Group's provisions are evaluated on the closing date and are adjusted to match the best estimate of their size on the day in question. Changes are booked in the same entry in the income statement as the original provision.

Employee benefits

Pension obligations

The defined contribution pension plan is a pension plan in accordance with the local regulations and practices of its business domiciles. Payments made to these plans are charged to the income statement in the financial period to which they relate. Pension cover has been arranged through insurance policies provided by external pension institutions.

Share-based payments

The fair value of stock options is assessed on the date they are granted and are expensed in equal instalments in the income statement over the vesting period of the rights concerned. An evaluation of how many options will generate an entitlement to shares is made at the end of every reporting period. Fair value is determined using the Black-Scholes pricing model. The terms of the stock option programs are presented in Section 30. Share-based payments.

Revenue recognition

Revenue from contracts with customers is recognised by first allocating the transaction price to performance obligations, and when the performance obligation is satisfied by transferring the control of the underlying service to the customer, the revenue related to this performance obligation is recognised. Performance obligation can be satisfied either at a point in time or over time.

Management fees

As a fund manager, CapMan receives management fees during a fund's entire period of operations. Management fee is a variable consideration and is typically based on the fund's original size during its investment period, which is usually five years. Thereafter the fee is typically based on the acquisition cost of the fund's remaining portfolio. Annual management fees are usually 0.5-2.0% of a fund's total commitments, depending whether the fund is a real estate fund, a mezzanine fund, or an equity fund. In the case of real estate funds, management fees are also paid on committed debt capital. The average management fee percentage paid by CapMan-managed funds is approx. 1%.

Management fees paid by the funds are recognised as income over time, because the fund management service is the only performance obligation in the contract and it is satisfied over time.

Sale of services

CapMan's service business includes wealth management and analysis, reporting and back office services to institutional clients, foundations, family offices and wealthy private clients. It also includes fund advisory and fund management services to external funds. Service business also includes fees from CapMan Procurement services (CaPS). Fee from a service is recognised over time, when the service is provided and the control is transferred to the customer, except for success and transaction fees, which are recognised as income at a point in time, because the underlying performance obligation is satisfied and the control of the related service is transferred to the customer at a point in time.

Some of the contracts with customers related to the service business includes a significant financing component. When determining the transaction price in these cases, the promised

amount of consideration is adjusted for the effects of the time value of money and customer's credit characteristics.

Carried interest income

Carried interest refers to the distribution of the profits of a successful private equity fund among fund investors and the fund manager responsible for the fund's investment activities. In practice, carried interest means a share of a fund's cash flow received by the fund manager after the fund has transferred to carry.

The recipients of carried interest in the private equity industry are typically the investment professionals responsible for a fund's investment activities. In CapMan's case, carried interest is split between CapMan Plc and funds' investment teams. The table of funds published in CapMan's Annual Reports details CapMan Plc's share of a fund's cash flow if it is in carry.

CapMan applies a principle where funds transfer to carry and carried interest income are based on realised cash flows, not on a calculated and as yet unrealised return. As the level of carried interest income varies, depending on the timing of exits and the stage at which funds are in their life cycle, predicting future levels of carried interest is difficult.

To transfer to carry, a fund must return its paid-in capital to investors and pay a preferential annual return on this. The preferential annual return is known as a hurdle rate, which is typically set between 7–10% IRR p.a. When a fund has transferred to carry, the remainder of its cash flows is distributed between investors and the fund manager. Investors typically receive 80% of the cash flows and the fund manager 20%. When a fund is generating carried interest, the fund manager receives carried interest income from all of the fund's cash flows, even if an exit is made at below the original acquisition cost.

Revenue from carried interest is recognised when a fund has transferred to carry and to the extent carried interest is based on realised cash flows and management has estimated it being highly probable that there is no risk of repayment of carried interest back to the fund. Carried interest is recognised when CapMan is entitled to it by the reporting date, a confirmation on the amount has been received and CapMan is relatively close to receiving it in cash.

Potential repayment risk of carried interest to the funds (clawback)

Potential repayment risk to the funds (clawback) is considered when assessing whether revenue recognition criteria have been fulfilled. Clawback risk relates to a situation when, in conjunction with the liquidation of a fund, it is recognised that the General Partner has received more carried interest than agreed in the fund agreement. These situations can occur, for example, if there are recallable distributions or if representations and warranties have been given by the vendor in the sale and purchase agreement when the fund is towards the end of its lifecycle.

Potential repayment risk to the funds (clawback) is estimated by the management at each reporting date. The management judgment includes significant estimates relating to investment exit timing, exit probability and realisable fair value. The clawback risk is measured by using the expected value method, i.e. by calculating a probability weighted average of estimated alternative investment exit outcomes. The clawback is an adjustment to the related revenue recognised and is included in the current accrued liabilities in the consolidated balance sheet.

Income taxes

Tax expenses in the consolidated income statement comprise taxes on taxable income and changes in deferred taxes for the financial period. Taxes are booked in the income statement unless they relate to other areas of comprehensive income or directly to items booked as equity. In these cases, taxes are booked to either other comprehensive income or directly to equity. Taxes on taxable income for the financial period are calculated on the basis of the tax rate in force for the country in question. Taxes are adjusted on the basis of deferred income tax assets and liabilities from previous financial periods, if applicable. The Group's taxes have been recognised during the financial year using the average expected tax rate.

Deferred taxes are calculated on temporary differences between the carrying amount and the tax base. Deferred taxes have only been recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The largest temporary

differences arise from the valuation of investments at fair value. Deferred taxes are not recognised for non-tax deductible amortisation of goodwill. Deferred taxes have been measured at the statutory tax rates enacted by the balance sheet date and that are expected to apply when the related deferred tax is realised.

Items affecting comparability and alternative performance measures

CapMan uses alternative performance measures, such as Adjusted operating profit, 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.

Use of estimates

The preparation of the financial statements in conformity with IFRS standards requires Group management to make estimates and assumptions in applying CapMan's accounting principles. These estimates and assumptions have an

impact on the reported amounts of assets and liabilities and disclosure of contingent liabilities in the balance sheet of the financial statements and on the reported amounts of income and expenses during the reporting period. Estimates have a substantial impact on the Group's operating result. Estimates and assumptions have been used in assessing the impairment of goodwill, the fair value of fund investments, the impairment testing of intangible and tangible assets, in determining useful economic lives and expected credit losses, and in reporting deferred taxes, among others.

Valuation of fund investments

The determination of the fair value of fund investments using the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) takes into account a range of factors, including the price at which an investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment. Because there is significant uncertainty in the valuation of, or in the stability of, the value of illiquid investments, the fair values of such investments as reflected in a fund's net asset value do not necessarily reflect the prices that would actually be obtained when such investments are realised.

Valuation of fund investments is described in more detail in the Note 32.

Valuation of other investments

The fair value of growth equity investments is determined quarterly by using valuation methods according to IPEVG and IFRS 13. The valuations are based on forecasted cash flows or peer group multiples. In estimating fair value of an investment,

a method that is the most appropriate in light of the facts, nature and circumstances of the investment is applied. External valuations are made at least once a year to verify the fair values of growth equity investments.

Goodwill impairment test

Goodwill impairment test is performed annually. The most significant assumptions related to the recoverable amount are turnover growth, operating margin, discount rate and terminal growth rate. Turnover growth and operating margin estimates are based on the current cost structure and turnover generated by the current customer base. Turnover is expected to grow to the extent that can be reasonably supported by the current personnel and other resources. This means such additional turnover and costs included in the business plan that are related to future expansion – and expected to be mainly visible as new customers and increased headcount – have been removed from the cash flow forecasts when preparing the goodwill impairment test.

Goodwill impairment test is described in more detail in the Note 15.

2. 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, Sweden and the Baltics, through CapMan Procurement Services (CaPS) and wealth advisory services related to the listed and unlisted market to family offices, smaller institutions and high net worth individuals through CapMan Wealth Services, and technology-based analytics, reporting and back office services through JAY Solutions. Service business was reorganised in 2020, when former investor-focused services provided by Scala Fund Advisory and wealth advisory services provided by JAM Advisors were partially replaced by CapMan Wealth Services. Scala Fund Advisory offered private equity advisory and fundraising services to private equity fund managers. In conjunction with the reorganisation, businesses and brands of Scala Fund Advisory and JAM Advisors were discontinued as such, and thereafter income from the Services business include fees from CapMan Procurement Services (CaPS), wealth advisory services (CapMan Wealth Services), as well as analytics and reporting services (JAY Solutions).

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.

2020

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Management fees	28,857	137			28,995
Service fees	1,204	11,222		696	13,122
Carried interest	873				873
Turnover, external	30,934	11,359		696	42,989
Other operating income	8	90			97
Personnel expenses, of which	-12,864	-4,096	-338	-6,618	-23,916
Salaries and bonuses	-12,864	-4,096	-338	-4,699	-21,997
Share-based payment				-1,919	-1,919
Depreciation and amortisation	-616	-637		-249	-1,503
Other operating expenses	-5,610	-1,533	-88	-2,496	-9,728
Internal service fees	-2,765	-158	-15	2,939	
Fair value changes of investments			4,398		4,398
Operating profit	9,086	5,024	3,958	-5,729	12,339
Financial items			-3,120		-3,120
Income taxes	-2,014	-996		68	-2,941
Profit for the period	7,072	4,028	838	-5,661	6,278
Earnings per share, cents					3.3
Earnings per share, diluted, cents					3.3
Non-current assets	5,522	28,530	116,261	-3,999	146,314
Geographical distribution of turnover:					
Finland					20,159
Other countries					22,830
Total					42,989

2019

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Management fees	24,684	167			24,851
Sale of services	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		-264	-1,353
Impairment	-4,230				-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

EUR 1,000	Management company business	Service business	Investment business	Other	Total
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
Geographical distribution of turnover:					
Finland					29,430
Other countries					19,542
Total					48,972

3. Acquisitions

2020

In 2020, there were no acquisitions.

2019

Acquisition of JAM Advisors

On February 27, 2019, CapMan acquired 60 per cent of JAM Advisors Oy (“JAM Advisors”), a reporting, analysis and wealth management company. The purchase price was paid by executing a directed issue of 5,110,000 new CapMan shares to the owners of JAM Advisors, having a fair value of EUR 9.0 million. The goodwill arising from the acquisition was EUR 14,8 million. CapMan has a call option and the sellers have a put option for the remaining 40 per cent non-controlling interest. Due to the equivalent option arrangement, no profit or loss is attributed to non-controlling interests and no non-controlling interest is presented separately within consolidated equity.

The acquisition provided CapMan with a new technologically advanced service and wealth management business and opportunities to expand into new customer segments. JAM Advisors serves mainly domestic institutional investors, foundations, family offices and high-net-worth individuals and serves as their advisor.

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.

4. Turnover

Revenue from contracts with customers include management fees, service fees and carried interest.

In addition to the segment information (see Note 2), information presented here depict how the nature, amount, timing and uncertainty of revenue are affected by economic factors and how this disaggregation reconciles with the revenue of each reportable segment. Management and service fee as well as carried interest in the Management company business is primarily related to long-term contracts. Management and service fee is typically recorded over time, whereas carried interest is recognised at a point in time. Revenue from the Service business is mainly based on short-term contracts and includes both success fees recognised at a point in time and service fees recognised over time.

The below table disaggregates timing of revenue recognition by reportable segment into services transferred over time and at a point in time. The below table also reconciles revenue from customer contracts to external turnover by reportable segment.

2020

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Timing of revenue recognition:					
Services transferred over time	30,061	8,966		696	39,724
Services transferred at a point in time	873	2,393			3,266
Revenue from customer contracts, external	30,934	11,359		696	42,989

2019

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Timing of revenue recognition:					
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

5. Other operating income

EUR 1,000	2020	2019
Other items	97	6
Total	97	6

6. Employee benefit expenses

EUR 1,000	2020	2019
Salaries and wages	18,815	20,515
Pension expenses - defined contribution plans	2,669	2,892
Share-based payments	1,919	731
Other personnel expenses	513	46
Total	23,916	24,184

Remuneration of the management is presented in Note 31. Related party disclosures.

Cost for the stock options granted and investment-based incentive plan is based on the fair value of the instrument. The counter-entry to the expenses recognised in the income statement is in retained earnings, and thus has no effect on total equity. More information on the share-based payments is disclosed in Note 30.

Average number of people employed

	2020	2019
By country		
Finland	112	110
Sweden	22	20
Denmark	6	5
Russia	0	8
Luxembourg	2	1
United Kingdom	4	3
In total	146	147

	2020	2019
By segment		
Management company business	75	75
Service business	36	35
Investment business and other	35	37
In total	146	147

7. Depreciation

EUR 1,000	2020	2019
Depreciation by asset type		
Intangible assets		
Other intangible assets	481	349
Total	481	349
Tangible assets		
Machinery and equipment	64	37
Right-of-use assets, buildings (IFRS 16)	894	913
Right-of-use assets, machinery and equipment (IFRS 16)	64	54
Total	1,022	1,004
Total depreciation	1,504	1,353
Impairment by asset type		
Goodwill	0	4,230
Total impairments	0	4,230

8. Other operating expenses

EUR 1,000	2020	2019
Included in other operating expenses:		
Other personnel expenses	775	1 323
Office expenses	529	761
Travelling and entertainment	391	1,578
External services	5,813	5,485
Other operating expenses	2,220	2,921
Total	9,728	12,068
Short-term lease expense (IFRS 16)	295	354
Expense for leases of low-value assets (IFRS 16)	98	144

Audit fees

Ernst & Young chain of companies:

EUR 1,000	2020	2019
Audit fees	283	249
Tax advices	8	19
Other fees and services	20	88
Total	312	356

Non-audit services performed by Ernst & Young in 2020 was 28 (2019: 107) thousand euros in total. The services consisted of tax advisory services amounting to 8 (19) thousand euros, and other services amounting to 20 (88) thousand euros.

9. Adjustments to cash flow statement and total cash outflow for leases

EUR 1,000	2020	2019
Personnel expenses	1,919	731
Depreciation, amortisation and write-downs	1,503	5,583
Unrealized fair value gains/losses of investments	-4,398	-12,250
Gain on sale of subsidiaries	0	-4,762
Finance income and costs	3,120	1,783
Costs related to acquisitions	0	459
Taxes	2,941	1,731
Other adjustments	-75	184
Total	5,009	-6,540
Total cash outflow for leases (IFRS 16)	-1,008	-999

10. Fair value gains/losses of investments

EUR 1,000	2020	2019
Investments at fair value through profit and loss		
Investments in funds	7,036	9,707
Growth equity investments	0	2
Market portfolio	-124	2,408
Investments in joint ventures	15	-32
Other investments*	-2,529	165
Total	4,398	12,250

* Includes a net loss of EUR 2.5 million (net gain of EUR 0.2 million in 2019) from financial assets designated at fair value through profit or loss.

11. Finance income and costs

EUR 1,000	2020	2019
Finance income		
Interest income from loan receivables	271	372
Other interest income	4	4
Exchange gains	0	217
Change in fair value of financial liabilities	338	520
Total	613	1,113
Finance costs		
Interest expenses for loans	-2,684	-2,175
Change of expected credit losses	-101	-3
Other interest and finance expenses	-607	-367
Interest expense of lease liabilities (IFRS 16)	-66	-74
Exchange losses	-274	-277
Total	-3,732	-2,896

12. Income taxes

EUR 1,000	2020	2019
Current income tax	1,743	4,801
Taxes for previous years	-631	-135
Deferred taxes		
Temporary differences	1,829	-2,935
Total	2,941	1,731
Income tax reconciliation		
Profit before taxes	9,219	17,609
Tax calculated at the domestic corporation tax rate of 20%	1,844	3,522
Effect of different tax rates outside Finland	7	29
Tax exempt income	-189	-1,285
Non-deductible expenses*	49	145
Performance share plan*	-131	146
Unrecognized tax assets on tax losses and use of previously unrecognised tax losses	2,537	146
Taxes for previous years	-631	-150
Impairment of goodwill	0	846
Other direct taxes	0	1
Reassessment of deferred tax liabilities	-573	0
Other differences	28	-1,669
Income taxes in the Group Income Statement	2,941	1,731

* Previous year balances adjusted.

13. Earnings per share

Basic earnings per share is calculated by dividing the distributable retained profit for the financial year by the average share issue adjusted number of shares, excluding shares that have been purchased by the Company and are presented as the Company's own shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2020	2019
Profit attributable to the equity holders of the Company, € ('000)	5,142	13,963
Profit applied to calculate diluted earnings per share	5,142	13,963
Weighted average number of shares ('000)	155,797	152,155
Treasury shares ('000)	-26	-26
Weighted average number of shares ('000)	155,771	152,128
Effect of share-based incentive plans ('000)	1,344	3,004
Weighted average number of shares adjusted for the effect of dilution ('000)	157,114	155,132
Earnings per share (basic), cents	3.3	9.2
Earnings per share (diluted), cents	3.3	9.0

14. Tangible assets

EUR 1,000	2020	2019
Machinery and equipment		
Acquisition cost at 1 January	2,389	2,225
Additions	13	141
Acquisitions	0	36
Translation difference	1	0
Disposals	-14	-13
Acquisition cost at 31 December	2,389	2,389
Accumulated depreciation at 1 January	-2,036	-2,028
Depreciation for the financial year	-82	-8
Accumulated depreciation at 31 December	-2,118	-2,036
Book value on 31 December	271	353
Right-of-use assets		
Machinery and equipment (IFRS 16)		
Additions	42	747
Depreciations	-64	-54
Book value on 31 December	44	66
Leased premises (IFRS 16)		
Additions	190	98
Depreciations	-894	-913
Book value on 31 December	2,281	2,985
Other tangible assets		
Acquisition cost at 1 January	24	120
Additions	0	1
Disposals	-1	-97
Book value on 31 December	23	24
Tangible assets total	2,619	3,428

15. Goodwill

EUR 1,000	2020	2019
Acquisition cost at 1 January	28,009	13,169
Additions	0	14,840
Acquisition cost at 31 December	28,009	28,009
Accumulated impairment at 1 January	-12,695	-8,465
Impairment	0	-4,230
Accumulated impairment at 31 December	-12,695	-12,695
Book value on 31 December	15,314	15,314

Impairment test

Goodwill is tested for impairment at least annually and has been allocated to the cash-generating units as follows:

EUR 1,000	2020	2019
CapMan Wealth Services and JAY Solutions (formerly JAM Advisors)	14,840	14,840
Other	474	474
Total	15,314	15,314

In 2019, a reporting, analysis and wealth management company, JAM Advisors Oy, was acquired and constituted a new cash generating unit. Goodwill arising from the acquisition totalled EUR 14.8 million. During 2020, JAM Advisors was divided into two business units, CapMan Wealth Services and JAY Solutions, which constitute a group of cash generating units, on which goodwill is allocated for impairment test purposes.

Recoverable amount of the group of cash generating units of CapMan Wealth Services and JAY Solutions is based on value-in-use using five-year discounted cash flow projections based on a business plan approved by the management. Future cash flows arising from additional turnover generated by increased personnel, and thus extending the operations and enhancing the performance, have been excluded from the cash flow projections applied in the impairment test. Cash flows for the period extending over the planning period are calculated using the terminal value method. Key assumptions applied in the impairment test are (value for the comparison period in parenthesis): pre-tax discount rate 11.0% (10.3%), average turnover growth 12.5% (12.0%), average EBIT margin 34% (35%) and terminal growth rate 0.8% (1.0%).

Based on the impairment test, goodwill allocated to the group of cash-generating units

comprising CapMan Wealth Services and JAY Solutions was not impaired. Of key assumptions, recoverable amount is most sensitive to changes in turnover growth and average EBIT margin during the explicit forecasting period (5 years), and to account for the increased risk incorporated in the cash flow forecasts, a slightly higher discount rate and a slightly lower terminal growth rate has been applied compared to the impairment test performed in the previous year. Based on the sensitivity analysis, if turnover growth during the explicit forecasting period would be 3.0 percentage points lower or EBIT margin 11 percentage points lower, recoverable amount of the group of cash-generating units would equal its carrying amount. At the moment, recoverable amount exceeds carrying amount by EUR 5.7 million, and no reasonably possible change in any of the other key assumptions would lead to impairment.

In the year ended December 31, 2019, goodwill allocated to the Management of Russian funds was impaired and written off, which resulted in an impairment loss of EUR 4.2 million recognised on the line item Depreciation and impairment in the consolidated income statement. Impairment test was based on fair value less costs of disposal, due to signed term sheet related to the sale of business. No other goodwill impairment losses were recorded in the year ended December 31, 2019.

16. Other intangible assets

EUR 1,000	2020	2019
Acquisition cost at 1 January	6,371	5,330
Additions	391	377
Acquisitions	0	664
Acquisition cost at 31 December	6,762	6,371
Accumulated depreciation at 1 January	-5,574	-5,245
Depreciation for the financial year	-463	-329
Accumulated depreciation at 31 December	-6,037	-5,574
Book value on 31 December	725	797

17. Investments at fair value through profit or loss

Investments in funds

EUR 1,000	2020	2019
Investments in funds at 1 January	115,918	80,583
Additions	17,869	38,037
Distributions	-24,746	-17,542
Fair value gains/losses of investments	7,131	9,692
Transfers	-106	5,148
Investments in funds at 31 December	116,066	115,918
Investments in funds by investment area at the end of period		
Buyout	7,244	9,580
Credit	2,672	2,590
Russia	4,363	4,257
Real Estate	39,408	40,043
Other investment areas	16,172	18,869
Funds of funds	137	192
External private equity funds	29,658	22,787
Infra	16,412	17,600
Total	116,066	115,918

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 72.8 million.

Other financial assets

EUR 1,000	2020	2019
Other investments at 1 January	2,731	2,548
Additions	6	0
Fair value gains/losses of investments	-2,546	183
Other investments at 31 December	191	2,731

Investments in joint ventures

EUR 1,000	2020	2019
Investments in joint ventures at 1 January		4,470
Additions		144
Fair value gains/losses of investments		-32
Transfers		-4,582
Investments in joint ventures at 31 December		0

Nature of investments in joint ventures

During the financial year 2019, joint ventures Maneq Investment Luxembourg S.à.r.l., Maneq 2004 AB and Yewtree Holding AB have been liquidated.

18. Receivables - Non-current

EUR 1,000	2020	2019
Trade receivables	6,148	6,119
Loan receivables	2,827	3,203
Interest receivables	109	73
Total	9,084	9,395

Non-current trade receivables are related to Scala's fundraising and advisory services. Because of the significant financing component related to these receivables, the promised amount of consideration has been adjusted for the effects of the time value of money and the credit characteristics of the customer. However, no contract assets are related to these customer contracts, as the Group's right to the amount of consideration is unconditional and subject only to the passage of time.

Loan receivables include EUR 1.6 million from Norum Russia Co-Investment Ltd, EUR 0.4 million from NEP Priedvidza S.a.r.l., EUR 0.4 million from NRE Cream Oy, EUR 0.4 million from Buyout X Guernsey Ltd, EUR 0.2 million from CapMan Russia Team Guernsey Ltd and EUR 0.3 million related to other co-investments.

Loan receivables do not include credit-impaired financial assets. Allowance for expected credit losses of loan receivables is presented below separately for portion measured at an amount equal to 12-month and lifetime expected credit losses. Loss allowance measured at an amount equal to lifetime expected credit losses are wholly related to such loan receivables for which credit risk has increased significantly since initial recognition.

EUR 1,000	2020	2019
Loan receivables, gross	2,947	3,221
Loss allowance, 12-month ECL*	-3	-18
Loss allowance, lifetime ECL*	-117	
Loan receivables, net	2,827	3,203

* ECL = expected credit losses

19. Deferred tax assets and liabilities

Changes in deferred taxes during 2020:

EUR 1,000	31.12.2019	Charged to Income Statement	Translation difference	Charged in equity	31.12.2020
Deferred tax assets					
Accrued differences	3,726	-1,288	0	0	2,438
Total	3,726	-1,288	0	0	2,438
Deferred tax liabilities					
Accrued differences	974	-335	4	0	643
Unrealised fair value changes	1,182	877			2,059
Total	2,156	542	4	0	2,702

Changes in deferred taxes during 2019:

EUR 1,000	31.12.2018	Charged to Income Statement	Translation difference	Charged in equity	31.12.2019
Deferred tax assets					
Accrued differences	2,026	1,697	3	0	3,726
Total	2,026	1,697	3	0	3,726
Deferred tax liabilities					
Accrued differences	1,452	-648	-3	173	974
Unrealised fair value changes	1,833	-651			1,182
Total	3,285	-1,299	-3	173	2,156

20. Trade and other receivables

EUR 1 ,000	2020	2019
Trade receivables	6,267	3,437
Loan receivables	251	125
Accrued income	1,480	2,196
Other receivables	6,019	5,034
Total	14,017	10,792

Loss allowance for the expected credit losses of trade receivables, based on a provision matrix, is presented below.

EUR 1 ,000	2020	2019
Trade receivables, gross	6,323	3,456
Loss allowance	-56	-18
Trade receivables, net	6,267	3,437

Expected credit losses of other receivables measured at amortised cost is insignificant, and other receivables at amortised cost do not contain credit-impaired items.

With regards to contracts with customers, the Group's right to the amount of consideration is unconditional. Therefore, they are presented as receivables and no separate contract asset is presented.

Loan receivables include mainly current loan receivables from related parties and other employees.

Accrued income includes mainly prepayments.

Other receivables mainly include invoiced sale of services, costs to be re-invoiced, income tax receivables and receivables related to sold financial assets.

Trade and other receivables by currency at end of year

Trade and other receivables	Amount in foreign currency	Amount in euros	Proportion
EUR		14,460	63%
USD	8,751	7,132	31%
SEK	13,084	1,304	6%
GBP	157	175	1%
DKK	225	30	0%

21. Financial assets at fair value through profit or loss

EUR 1 ,000	2020	2019
Financial assets held for trading	312	10,768
Total	312	10,768

Financial assets held for trading include investments to listed shares. Listed shares are measured at fair value by the last trade price on active markets on the balance sheet date. Their fair value amounted to EUR 0.3 million as at December 31, 2020.

22. Cash and cash equivalents

EUR 1,000	2020	2019
Bank accounts	58,002	43,665
Total	58,002	43,665

Cash and cash equivalents only includes bank accounts. EUR 2.0 million of bank account balances is related to the launch of a new hotel real estate fund and is not available for use by the group.

23. Share capital and shares

1,000 Shares	Number of A shares	Number of B shares	Total
At 1 January 2019		147,116	147,116
Share subscriptions with options		1,502	1,502
Share subscription		5,110	5,110
At 31 December 2019		153,728	153,728
Share subscriptions with options		702	702
Share subscription, direct share issue without payment		2,002	2,002
At 31 December 2020		156,433	156,433

EUR 1,000	Share capital	Share premium account	Other reserves	Total
At 1 January 2019	772	38,968	83,812	123,552
Share subscriptions with options			1,130	1,130
Share subscription, direct share issue			9,027	9,027
Repayment of capital			-9,146	-9,146
At 31 December 2019	772	38,968	84,823	124,563
Share subscriptions with options			447	447
Repayment of capital			-13,854	-13,854
At 31 December 2020	772	38,968	71,416	111,156

Other reserves

During the financial year, shares subscribed with option rights were recorded to and repaid capital was deducted from unrestricted equity fund. In conjunction with the termination of the performance share plan 2018, 2,002,208 shares were granted in a directed share issue without payment. During the comparison year, shares subscribed with option rights as well as shares subscribed in a direct share issue related to an acquisition were recorded to unrestricted equity fund, and repaid capital was deducted from unrestricted equity fund.

The stock option programs and share-based incentive plans are presented in Table 30. Share-based payments.

Translation difference

The foreign currency translation reserve includes translation differences arising from currency conversion in the closing of the books for foreign units.

Dividends paid and proposal for profit distribution and repayment of capital

A dividend of EUR 0.04 per share and a repayment of invested unrestricted equity fund of EUR 0.09 per share, totalling EUR 20.0 million, was paid to the shareholders for the financial year 2019. Dividend and repayment of equity were paid on March 20, 2020.

The Board of Directors will propose to the Annual General Meeting to be held on 17 March 2021 that a dividend of EUR 0.02 per share would be paid to shareholders, equivalent to a total of approx. EUR 3.1 million, and a repayment of invested unrestricted equity fund of EUR 0.12 per share, equivalent to a total of approx. EUR 18.8 million, would be paid to the shareholders. The aggregate amount of proposed dividends and repayment of invested unrestricted equity fund would be approx. EUR 21.9 million, and it is proposed to be paid in two equal instalments six months apart.

Redemption obligation clause

A shareholder whose share of the entire share capital or the voting rights of the Company reaches or exceeds 33.3% or 50% has, at the request of other shareholders, the obligation to redeem his or her shares and related securities in accordance with the Articles of Association of CapMan Plc.

Ownership and voting rights agreements

As at 31 December 2020 CapMan Plc had no knowledge of agreements or arrangements, related to the Company's ownership and voting rights, that were apt to have substantial impact on the share value of CapMan Plc.

Distribution of shareholdings by number of shares and sector as at 31 December 2020

Shareholding	Number of Owners	%	Number of shares	%
1–1,000	15,535	61.86	5,877,515	3.76
1,001–10,000	8,261	32.90	26,581,707	16.99
10,001–100,000	1,164	4.64	28,987,345	18.53
100,001–500,000	87	0.35	16,701,584	10.67
500,001–1,000,000	12	0.05	9,184,135	5.87
1,000,001–	16	0.06	63,227,751	40.41
Anonymous ownership	37	0.15	5,898,933	3.77
Total	25,112	99.95	156,458,970	100.00
of which Nominee registered		0.05	9,039,704	5.78
On the book-entry register joint account		0.00	18,709	0.01

Sector	Number of shares and votes	%
Finnish Private Individuals	78,571,060	50.22
Other	47,330,833	30.25
Pension & Insurance	18,547,485	11.85
Fund company	4,853,208	3.10
Foundation	1,231,152	0.79
Treasury Shares	26,299	0.02
Anonymous ownership	5,898,933	3.77
Total	156,458,970	100.00
of which Nominee registered	9,039,704	5.78
On the book-entry register joint account	18,709	0.01

Source: EuroClear Finland Ltd, as at 31 December 2020. Figures are based on the total number of shares 156,458,970 and total number of shareholders 25,112. CapMan Plc had 26,299 shares as at 31 December 2020.

CapMan's largest shareholders as at 31 December 2020

	Number of shares and votes	Proportion of shares, %
Silvertärnan Ab	16,226,519	10.40
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	10,318,326	6.60
Mikko Laakkonen	6,378,320	4.10
OY Inventiainvest AB	4,723,703	3.00
Keskinäinen työeläkevakuutusyhtiö Varma	3,675,215	2.30
Kyösti Kakkonen	3,289,502	2.10
Vesasco Oy	3,088,469	2.00
Valtion Eläkerahasto	2,500,000	1.60
Nordea Rahastot	2,197,417	1.40
Momea Invest Oy	2,150,000	1.40
Total	54,547,471	34.90
Nominee registered	9,039,704	5.78
Shareholdings of management	6,607,482	4.22

CapMan has not received any flagging notifications during year 2020. An up-date information of all flagging notifications can be found at www.capman.com

24. Interest-bearing loans and borrowings – Non-current

EUR 1,000	2020	2019
Senior bonds	81,116	49,718
Lease liabilities (IFRS 16)	1,496	2,285
Total	82,612	52,003

In December 2020, CapMan issued unsecured notes in the aggregate principal amount of EUR 50 million and redeemed EUR 18.5 million of its EUR 50 million bond issued in April 2018, after which the remaining balance of the latter amounts to EUR 31.5 million. The new bond issued in 2020 will mature on December 9, 2025 and carry a fixed annual interest of 4.000% paid annually. The bond issued in 2018 will mature on April 16, 2023 and carry a fixed annual interest of 4.125% paid semi-annually. Both loan agreements include covenants related to equity ratio.

25. Other non-current liabilities

EUR 1,000	2020	2019
Acquisition related liabilities	6,769	7,107
Other liabilities	167	167
Total	6,936	7,274

Acquisition related liabilities consists of call and put options, which are measured at fair value through profit or loss. The change of fair value is recorded as finance income.

26. Trade and other payables – Current

EUR 1,000	2020	2019
Trade payables	1,027	1,123
Advance payments received	343	292
Accrued expenses	6,204	15,542
Other liabilities	3,501	3,202
Total	11,075	20,159

The maturity of trade payables is normal terms of trade and don't include overdue payments.

Advance payments received are liabilities based on customer contracts.

Accrued expenses included a clawback liability (2019: EUR 7.7 million) relating to potential repayment of carried interest to CapMan Real Estate I Fund. Liability was related to the exit in 2007. This was paid during 2020. The other significant items in accrued expenses relate to accrued salaries and social benefit expenses.

Trade and other liabilities by currency at end of year

Trade and other liabilities	Amount in foreign currency	Amount in euros	Proportion
EUR		9,186	83%
SEK	11,485	1,145	10%
GBP	139	154	1%
DKK	4,386	590	5%

27. Interest-bearing loans and borrowings – Current

EUR 1,000	2020	2019
Short-term bank facility		130
Lease liabilities (IFRS 16)	888	809
Liabilities to non-controlling interests	20	
Total	908	939

28. Financial assets and liabilities

Financial assets 2020

EUR 1,000	Note	Balance sheet value	Fair value
Investments at fair value through profit or loss			
Investments in funds	17	116,066	116,066
Other financial assets*	17	191	191
Loan receivables	18	2,827	2,827
Trade and other receivables	20	20,165	20,165
Financial assets at fair value	21	312	312
Cash and bank	22	58,002	58,002
Total		197,563	197,563

* Other financial assets consists of financial assets that are specifically classified as investments at fair value through profit and loss

Financial assets 2019

EUR 1,000	Note	Balance sheet value	Fair value
Investments at fair value through profit or loss			
Investments in funds	17	115,918	115,918
Other financial assets*	17	2,731	2,731
Loan receivables	18	3,203	3,203
Trade and other receivables	20	16,911	16,911
Financial assets at fair value	21	10,768	10,768
Cash and bank	22	43,665	43,665
Total		193,196	193,196

* Other financial assets consists of financial assets that are specifically classified as investments at fair value through profit and loss

Financial liabilities 2020

EUR 1,000	Note	Balance sheet value	Fair value
Non-current liabilities	24	82,612	82,612
Non-current operative liabilities	25	6,936	6,936
Trade and other liabilities	26	11,075	11,075
Current liabilities		908	908
Total		101,531	101,531

Financial liabilities 2019

EUR 1,000	Note	Balance sheet value	Fair value
Non-current liabilities	24	52,003	52,003
Non-current operative liabilities	25	7,107	7,107
Trade and other liabilities	26	20,159	20,159
Current liabilities		939	939
Total		80,208	80,208

Net debt

EUR 1,000	2020	2019
Cash and cash equivalents	58,002	43,665
Borrowings · repayable within one year	-908	-939
Borrowings · repayable after one year	-82,612	-52,003
Net debt	-25,518	-9,277
<hr/>		
Cash and cash equivalents	58,002	43,665
Gross debt · variable interest rates	-2,384	-3,224
Gross debt · fixed interest rates	-81,136	-49,718
Net debt	-25,518	-9,277

Changes in liabilities arising from financing activities

EUR 1,000	1.1.2020	Cash flows	Other changes	31.12.2020
Non-current loans and borrowings	49,718	31,398		81,116
Non-current lease liabilities	2,285	-789		1,496
Current loans and borrowings	130	-110		20
Current lease liabilities	809	-153	232	888
Total	52,942	30,346	232	83,520

EUR 1,000	1.1.2019	Lease liability transfer (adoption of IFRS 16)	Cash flows	Other changes	31.12.2019
Non-current loans and borrowings	49,705		13		49,718
Non-current lease liabilities		3,058	-926	153	2,285
Current loans and borrowings	9,989		-9,870	11	130
Current lease liabilities		807	2		809
Total	59,694	3,865	-10,781	164	52,942

29. Commitments and contingent liabilities

Reconciliation of lease commitments

EUR 1,000	2020	2019
Operating lease commitments as at 31 December 2019		3,437
Less:		
Commitments relating to short-term leases		-63
Commitments relating to leases of low-value assets		-33
Weighted average incremental borrowing rate		1.95%
Discounted operating lease commitments at 1 January 2020		3,172
Lease liabilities as at 1 January 2020		3,172

Securities and other contingent liabilities

EUR 1,000	2020	2019
Contingencies for own commitment		
Collateral	500	500
Business mortgage	60,000	60,000
Other contingent liabilities	2,271	2,280
<hr/>		
Remaining commitments to funds by investment area		
Buyout	38,895	39,451
Credit	1,476	1,485
Russia	1,117	1,114
Real Estate	12,330	4,249
Other investment areas	3,556	4,199
Funds of funds	246	551
Growth Equity	14,021	12,221
Infra	19,506	18,019
External private equity funds	17,913	22,496
Total	109,061	103,785

CapMan estimates that EUR 75-85 million of the remaining commitments will be called in the next 4 years, particularly due to unused investment capacity of the older funds.

30. Share-based payments

As at the balance sheet date, CapMan has an investment based long-term share-based incentive plan and one stock option program, the stock option program 2016. These programs are used to commit key individuals and executives to the company and reinforce the alignment of interests of key individuals and executives and CapMan shareholders. 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.

In February 2020, CapMan Board decided to shorten the performance period of the investment-based long-term incentive plan 2018–21, launched in 2018, by one year and correspondingly reduced the reward amount by one-third. In conjunction with this, the remaining and not yet expensed portion of the plan's fair value - earlier allocated to the vesting period and adjusted by forfeiture rate - was recognised as an expense in the consolidated income statement. At the same time, forfeiture rate was adjusted to equal the realised participation rate, which resulted in an EUR 0.3 million expense, and the total cost impact of the termination of the plan 2018-21 amounted to EUR 1.4 million for the financial year ended December 31, 2020. The share rewards granted totalled 3,807,000 shares, of which 2,002,208 shares were paid in company's newly issued shares and the remainder was paid in cash to cover the arising withholding tax liabilities. The fair value of the shares withheld and paid in cash to cover withholding tax liabilities amounted to EUR 3.0 million and was debited directly to retained earnings in equity.

In conjunction with terminating the earlier incentive plan, CapMan Board resolved to establish a new performance share plan 2020–2023 for CapMan Group management, as well as selected Group key employees. The new investment-based long-term incentive plan includes one performance period. The performance period commenced on 1 April 2020 and will end on 31 March 2023. The participants may earn 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 2023 and the plan is thus equity-settled. 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.

The fair value of the investment-based incentive plan 2020–2023 has been measured at the grant date and is expensed on a straight-line basis over the vesting period. The fair value has been calculated by applying a Monte-Carlo simulation, where the model inputs have included share price at the grant date, expected annualised volatility over the tenure of the program, risk-free interest rate, expected dividends and expected share rewards to be granted on different target share price levels. The model simulates share price development during the performance period and the resulting share rewards to be granted after reaching the share price levels defined in the conditions of the plan. In addition, forfeiture rate has been incorporated into the measurement of

the fair value as a decreasing factor.

The fair value of the stock option programs has been measured at the grant date and is expensed on a straight-line basis over the vesting period. Fair value of options at the grant date is determined in accordance with the Black&Scholes option pricing model.

The total expense recognised for the period arising from share-based payment transactions amounted to EUR 1.9 million. There were no liabilities arising from share-based payment transactions. As at the balance sheet date, based on the closing price of CapMan's share, it is estimated that for the Share plan 2020–2023, the shares to be withheld and paid in cash to cover withholding tax liabilities will amount to EUR 2.4 million.

Key information on the incentive-based incentive plan and stock option programs is presented in the following tables.

Investment-based incentive plans

	Share plan	
	2018–2021	2020–2023
Grant date	27.4.2018	16.4.2020
Vesting period starts	27.4.2018	16.4.2020
Vesting period ends	11.3.2020	31.8.2023
Maximum number of share rewards granted during the period	-	4,095,000
Maximum number of share rewards at the end of the financial year	5,498,000	4,095,000
Share rewards granted at the end of the plan	3,807,000	-
Grant date share price, EUR	1.5872	1.764
Share price at the end of the period, EUR	-	2.315
Assumption for the Total Shareholder Return, per annum	8%	-
Expected annualised volatility	-	27%
Assumed risk-free interest rate	-	0%
Present value of the expected dividends, EUR	0.33	0.45
Forfeiture rate assumption	-	10%
Increase in fair value of share premiums granted during the period	0.3	2.5
Fair value of the plan, EUR million	2.6	2.5
Expense recorded during the financial year, EUR million	1.4	0.5
Cumulative expense recorded for the plan, EUR million	2.6	0.5
Future cash payment related to withholding taxes, EUR million*	-3.0	-2.4
Number of participants in the plan	17	18

* Estimated for Share plan 2020–2023

Stock option programs effective during the financial year

	Stock option program 2013		Stock option program 2016	
	Stock option 2013C	Stock option 2016A	Stock option 2016B	Stock option 2016C
Stock options, number	1,410,000	1,410,000	1,410,000	1,410,000
Entitlement to subscribe for B shares	1,410,000	1,410,000	1,410,000	1,410,000
Share subscription period begins	1.5.2018	1.5.2019	1.5.2020	1.5.2021
Share subscription period ends	30.4.2020	30.4.2021	30.4.2022	30.4.2023
Share subscription price	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2015 with an addition of ten (10) per cent less dividends i.e. €0.60	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2016 with an addition of ten (10) per cent less dividends i.e. €0.59	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2017 with an addition of ten (10) per cent less dividends	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2018 with an addition of ten (10) per cent less dividends
Assumptions used in the Black&Scholes model				
Expected volatility	20.5%	21.56%	-	-
Risk-free interest	0.0%	0.0%	-	-

Changes in option rights during the financial year

	Stock option 2013C	Stock option 2016A
Initial amount of option rights, pcs	1,410,000	1,410,000
Amount of granted option rights, pcs	1,277,291	673,958
Outstanding at the beginning of the reporting period, pcs	562,541	281,673
Changes during the period:		
Granted	0	0
Exercised	562,541	135,800
Weighted average subscription price, €	0.69	0.59
Weighted-average share price during the subscription period in the financial year	2.21	2.13
Outstanding at the end of the reporting period, pcs	0	145,873
Exercised by the end of the reporting period, pcs	1,277,291	528,085
Option rights, % of shares and votes, if all outstanding granted stock options would be exercised	0.0%	0.1%

31. Related party disclosures

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
CapMan Plc, parent company	Finland		
CapMan Capital Management Oy	Finland	100%	100%
CapMan Sweden AB	Sweden	100%	100%
CapMan AB	Sweden	100%	100%
CapMan (Guernsey) Limited	Guernsey	100%	100%
CapMan Mezzanine (Guernsey) Limited	Guernsey	100%	100%
CapMan (Guernsey) Buyout VIII GP Limited	Guernsey	100%	100%
CapMan (Sweden) Buyout VIII GP AB	Sweden	100%	100%
CapMan Classic GP Oy	Finland	100%	100%
CapMan Real Estate Oy	Finland	100%	100%
Dividum Oy	Finland	100%	100%
CapMan RE I GP Oy	Finland	100%	100%
CapMan RE II GP Oy	Finland	100%	100%
CapMan (Guernsey) Life Science IV GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Technology 2007 GP Limited	Guernsey	100%	100%
CapMan (Sweden) Technology Fund 2007 GP AB	Sweden	100%	100%
CapMan Private Equity Advisors Limited	Cyprus	100%	100%
CapMan (Guernsey) Russia GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Investment Limited	Guernsey	100%	100%
CapMan (Guernsey) Buyout IX GP Limited	Guernsey	100%	100%
CapMan Fund Investments SICAV-SIF	Luxembourg	100%	100%
CapMan Mezzanine V Manager S.A.	Luxembourg	100%	100%
CapMan (Guernsey) Buyout X GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Russia II GP Limited	Guernsey	100%	100%
Maneq 2012 AB	Sweden	100%	100%
CapMan Nordic Real Estate Manager S.A.	Luxembourg	100%	100%
CapMan Buyout X GP Oy	Finland	100%	100%
CapMan Endowment GP Oy	Finland	100%	100%
CapMan Collection Oy	Finland	100%	100%
CapMan Real Estate UK Limited	United Kingdom	100%	

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
Nest Capital 2015 GP Oy	Finland	100%	100%
Dividum AB	Sweden	100%	
Valo Advisors Oy	Finland	100%	100%
Valo Fund Management Oy	Finland	100%	
Kokoelmakeskus GP Oy	Finland	100%	100%
Norventures Oy	Finland	100%	100%
CapMan Growth Equity Oy	Finland	100%	100%
CapMan Real Estate Manager S.A.	Luxembourg	100%	100%
CapMan Infra Management Oy	Finland	65%	65%
CapMan Infra Lux Management S.á.r.l.	Luxembourg	65%	
CapMan Growth Equity 2017 GP Oy	Finland	100%	100%
Scala Fund Advisory Oy	Finland	100%	100%
CapMan Nordic Infrastructure Manager S.á.r.l.	Luxembourg	100%	100%
CapMan Infra Lynx GP Oy	Finland	65%	
CapMan Buyout XI GP S.á.r.l.	Luxembourg	100%	100%
CapMan AIFM Oy	Finland	100%	100%
Nest Capital III GP Oy	Finland	100%	100%
CapMan Procurement Services (CaPS) Oy	Finland	95%	95%
CapMan Buyout Management Oy	Finland	60%	60%
CapMan Hotels II Holding GP Oy	Finland	100%	100%
JAY Solutions Oy	Finland	60%	60%
CapMan Wealth Services Oy	Finland	60%	60%
CapMan Growth Equity II GP Oy	Finland	100%	100%
CapMan Special Situations GP Oy	Finland	100%	100%
CapMan Special Situations Oy	Finland	100%	100%
Nest Capital Management AB	Sweden	100%	100%
CM III Feeder GP S.á.r.l.	Luxembourg	100%	100%
CaPS Baltic OÜ	Estonia	60%	

Transactions with related parties

In 2020, CapMan has recorded fees, totalling EUR 2,800 (2019: EUR 12,000), for financial and legal services to Momea Invest Oy, a controlled entity of Olli Liitola, member of the Board of Directors of CapMan Plc. Also, CapMan has recorded fees of EUR 12,000 (2019: EUR 12,000) for consultancy services to Heliocabala Oy, a controller entity of Eero Heliövaara, member of the Board of Directors of CapMan Plc.

Commitments to related parties

EUR 1,000	2020	2019
Commitments to Maneq funds	643	643

Management remuneration

EUR 1,000	2020	2019
CEO Joakim Frimodig		
Salaries and other short-term employee benefits	362	358
Pension costs	62	66
Additional pension costs	36	38
Share-based payments	668	251
Total	1,128	713
Management group excl. CEO		
Salaries and other short-term employee benefits	1,976	1,683
Share-based payments	942	331
Total	2,919	2,014

Remuneration and fees

EUR 1,000		2020	2019
Andreas Tallberg		70	67
Ari Tolppanen	until March 12, 2019		11
Peter Ramsay	as of March 13, 2019	44	33
Mammu Kaario		55	54
Catarina Fagerholm		46	44
Eero Heliövaara		44	43
Olli Liitola	as of March 13, 2019	42	33
Johan Hammarén	as of March 11, 2020	33	
Total		334	285

Management remuneration includes members of the board, CEO and management group.

The CEO has a mutual notice period of six months and he will be entitled to a severance fee of 12 months' salary, if his employment is terminated by the company.

The CEO and some of the Management Group members are covered by additional defined contribution based pension insurance. The retirement age of the CEO is 63 years.

The Management Group members have allocated a total of 745,000 shares (690,000 shares in 2019) to the investment based long term incentive plan. The Management Group members were not granted any stock options. The stock options granted to the management earlier are subject to the same terms as for stock options granted to employees.

32. Financial risk management

The purpose of financial risk management is to ensure that the Group has adequate and effectively utilised financing as regards the nature and scope of the Group's business. The objective is to minimise the impact of negative market development on the Group with consideration for cost-efficiency. The financial risk management has been centralised and the Group's CFO is responsible for financial risk management and control.

The policy of the management is to constantly monitor cash flow forecasts and the Group's liquidity position on behalf of all Group companies. In addition, the Group's principles for liquidity management include rolling 12-month loan covenant assessments. The loan covenants are related to equity ratio and net gearing. During the financial year all the loan covenants have been fulfilled.

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 and 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 approved by the Valuation Committee, which comprises the Chairman of the Investee Committee, the Group CFO and Heads of investment teams.

a) Liquidity risk

Cash inflow from operating activities consists of predictable management fees, fees from the Service Business, partially based on long-term contracts and partially transaction-based, and volatile carried interest income. Cash outflow from operating activities consists of payment of fixed costs, interests and taxes, which are relatively well predictable in the short term. Liquidity management is also significantly impacted by the timing of the capital calls to the funds and proceeds from fund investments, which is difficult to predict. Therefore, the Group maintains a sufficient liquidity in order to fulfill its commitments, which are more difficult to predict. Cash from financing activities consist of proceeds from and repayment of borrowings, and payment of dividends and return of capital.

Management fees received from the funds and majority of fees from the Service Business are based on long-term agreements and are targeted to cover the operational expenses of the Group. Management fees and majority of fees from the Service Business are quite reliably predictable for the coming 12 months. However, part of of the fees from the Service Business are transaction-based and thus more difficult to forecast.

The timing and receipt of carried interest generated by the funds is uncertain and will contribute to the volatility of the results. Changes in investment and exit activity levels may have a significant impact on cash flows of the Group. A single investment or exit may change the cash flow situation completely and the exact timing of the cash flow is difficult to predict. 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.

The CapMan Real Estate I fund was transferred into carry in 2007, and from the EUR 27.4 million of carried interest paid, EUR 6.4 million was not recognised in the revenue but recorded as a liability to cover potential clawback risk. The clawback risk was reassessed regularly and the related liability was increased to EUR 7.7 million by December 31, 2019. During the financial year 2020, the fund disposed of its last investment, after which part of the carried interest was returned to the fund. The recognised liability was sufficient to cover the returned carried interest, and CapMan has no clawback liabilities recorded at the balance sheet date.

CapMan has made commitments to the funds it manages. As at December 31, 2020, the undrawn commitments to the funds amounted to EUR 109.1 million (103.8) and the financing capacity available (cash and third party financing facilities) amounted to EUR 98.0 million (83.7).

In December 2020, CapMan issued unsecured notes in the aggregate principal amount of EUR 50 million and redeemed EUR 18.5 million of its EUR 50 million bond issued in April 2018, after which the remaining balance of the latter amounts to EUR 31.5 million. The new bond issued in 2020 will mature on December 9, 2025 and carry a fixed annual interest of 4.000% paid annually. The bond issued in 2018 will mature on April 16, 2023 and carry a fixed annual interest of 4.125% paid semi-annually. Both loan agreements include covenants related to equity ratio.

During the previous financial year CapMan repaid a EUR 10 million multi-issuer bond guaranteed by Garantia Insurance Company Ltd.

At the end of the financial year, CapMan has an unused long-term credit facility which was raised from EUR 20 million to EUR 40 million during the previous financial year. CapMan has used the credit facility during the financial year, but at the end of the financial year, the credit facility is not in use. The long-term credit facility agreement include covenants related to both equity ratio and net gearing.

Maturity analysis

31.12.2020

EUR 1,000	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due later
Bonds			31,520	50,000	
Accounts payable	1,027				
Interests, bonds		3,300	5,950	4,000	
Company acquisitions liabilities				6,769	
Commitments to funds		4,417	10,819	8,971	84,211
Commitments to Maneq funds			643		
Lease liabilities (IFRS 16)	237	672	1,434	40	

31.12.2019

EUR 1,000	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due later
Bonds				49,718	
Accounts payable	1,123				
Interests, bonds		2,062	5,155		
Company acquisitions liabilities				7,107	
Commitments to funds		3,836	12,506	902	86,541
Commitments to Maneq funds			643		
Clawback		7,692			
Lease liabilities (IFRS 16)	226	675	2,109	38	

b) Interest rate risk

At the end of the financial year, interest-bearing liabilities have a fixed interest rate. Exposure to interest rate risk arises principally from the long-term credit facility of EUR 40 million with a floating interest rate. This facility was used during the financial year. However, during the time when the reference rate of the credit facility is negative, as it was in 2020, its effective interest rate will in practice equal the agreed margin.

The senior bond issued in December 2020 has an annual coupon rate of 4.000% paid annually, and the senior bond issued in April 2018 has an annual coupon rate of 4.125% paid semi-annually.

Loans according to interest rate

EUR 1,000	2020	2019
Floating rate	0	130
Fixed rate	81,136	49,718
Total	81,136	49,848

c) Credit risk

Group's credit risks relate to trade, loan and other receivables recognised at amortised cost. The maximum credit loss of these receivables is the carrying amount of the receivable in question. There are no collaterals relating to the receivables and there have been no credit losses in the past. More information on the expected credit losses of receivables is presented in notes 18 and 20.

Group has guaranteed a credit facility for a bank, used by a group company, whose related credit risk is deemed low. Group's loan commitments are related to co-investment loans granted to team entities, which they use in order to make co-investments to funds managed by the Group. Their credit risk is deemed low, as the repayment is usually subject to distributions received from the funds.

d) Currency risk

Changes in exchange rates, particularly between the US dollar and the euro, impact the company's performance, since a part of group's fund investments and non-current accounts receivables are in US dollar. Any strengthening/weakening of the dollar against the euro would improve/weaken the fair values gains or US dollar fund investments and revenue related to US dollar non-current accounts receivables. The group also has assets in Swedish kronor therefore the changes in exchange rates between the US dollar and the euro has also an impact to Group result.

CapMan has subsidiaries outside of the Eurozone, and their equity is exposed to movements in foreign currency exchange rates. However, the Group does not hedge currency as the impact of exposure to currency movements on equity is relatively small. The group is not exposed to significant currency risks, because Group companies operate in their primary domestic markets.

As at December 31, 2020, 86% of the Group's financial assets were in euros, 10% in US dollars, 3% in Swedish krona and 1% in other currencies. The following table presents the fair values of the foreign currency denominated financial assets.

Financial assets denominated in foreign currencies, in euros

EUR 1,000	SEK	USD	Other currencies	Total
2020	5,101	19,796	2,396	27,293
2019	8,893	17,194	1,371	27,458

e) Capital management

Group’s aim is to have an efficient capital structure that allows the company to manage its ongoing obligations and that the business has the prerequisites for operating normally. The Return on equity (ROE) and the Equity ratio are the means for monitoring capital structure.

The long-term targets and dividend policy of the Group have been confirmed by the Board of Directors of CapMan Plc. The targets are based on profitability (ROE) and balance sheet. The return on equity target is more than 20 per cent p.a. on average, and target for Equity ratio at least 60%. The company’s objective is to pay an annually increasing dividend to its shareholders.

At the balance sheet date, CapMan has two fixed-rate unsecured senior bonds outstanding, of which EUR 50 million will mature on December 9, 2025 and EUR 31.5 million will mature on April 16, 2023. In addition, CapMan has a long-term credit facility of EUR 40 million available until June 6, 2022, which was not in use at the balance sheet date.

The long-term credit facility agreement and senior bond agreements include financial covenants related to both equity ratio and net gearing.

EUR 1,000	2020	2019
Interest-bearing loans	83,520	52,942
Cash and cash equivalents	-58,002	-43,665
Net debt	25,518	9,277
Equity	113,266	129,533
Net gearing	22.5%	7.2%
Return on equity	5.2%	12.7%
Equity ratio	51.9%	59.9%

f) Price risk of the investments in funds

Investments in funds

The investments in funds are valued using the International Private Equity and Venture Capital Valuation Guidelines. According to these guidelines, the fair values are generally derived by multiplying key performance metrics of the investee company (e.g., EBITDA) by the relevant valuation multiple (e.g., price/equity ratio) observed for comparable publicly traded companies or transactions. Changes in valuation multiples can lead to significant changes in fair values depending on the leverage ratio of the investee company.

Financial assets held for trading

In its operations the Group is exposed to market risks arising from price fluctuations of its financial assets held for trading. Performance is affected by economic developments and share price movements both in Finland and abroad. CapMan has liquidated its financial assets held for trading. At period end CapMan had EUR 0.3 million in financial assets held for trading which were public listed shares. Due to this the market risk relating to financial assets held for trading has decreased and CapMan is not currently hedging its investments.

g) Determining fair values

Fair value hierarchy of financial assets measured at fair value at 31 December 2020

EUR 1,000	Fair value	Level 1	Level 2	Level 3
Investments in funds	116,066	951	0	115,117
Other non-current investments	191	166	0	25
Current financial assets at FVTPL*	312	312	0	0

* 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.

Non-current investments at fair value through profit or loss

EUR 1,000	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	738		115,180	115,180
Additions			17,869	17,869
Distributions			-24,746	-24,746
Fair value gains/losses			7,131	7,131
Transfers	213		-319	-106
at the end of period	951		115,115	116,066
Other investments				
at Jan 1		166	2,565	2,731
Additions			6	6
Disposals	166	-166	0	0
Fair value gains/losses			-2,546	-2,546
at the end of period	166	0	25	191

During reporting period the investments in CapMan Technology 2007, CapMan Life Science IV and CapMan Equity VII have been reclassified from Level 3 to Level 1.

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

EUR 1,000	Fair value	Level 1	Level 2	Level 3
Investments in funds	115,918	738	0	115,180
Other non-current investments	2,731	0	166	2,565
Current financial assets at FVTPL*	10,768	2,681	8,087	0

* 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.

Non-current investments at fair value through profit or loss

EUR 1,000	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1			80,582	80,582
Additions			38,038	38,038
Distributions			-17,542	-17,542
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	2,382	2,548
Additions				0
Disposals			0	0
Transfers			0	0
Fair value gains/losses			183	183
at the end of period		166	2,565	2,731
Investments in joint ventures				
at Jan 1			4,471	4,471
Additions			144	144
Disposals			-4,581	-4,581
Distributions			0	0
Fair value gains/losses			-34	-34
at the end of period			0	0

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

Sensitivity analysis of Level 3 investments at 31 December 2020

Investment area	Fair Value MEUR, 31.12.2020	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	13.9	Peer group	Peer group earnings multiples	EV/EBITDA 2020 13.9x	+/- 10%	+/- 1.6 MEUR
			Discount to peer group multiples	24%	+/- 10%	-/+ 0.6 MEUR
Buyout	7.2	Peer group	Peer group earnings multiples	EV/EBITDA 2020 11.5x	+/- 10%	+ 2.1 / -2.3 MEUR
			Discount to peer group multiples	21%	+/- 10%	-/+ 0.5 MEUR
Real Estate	39.3	Valuation by an independent valuer				
Infra	16.4	Discounted cash flows	Terminal value	EV/EBITDA 15.9x	+/- 5%	+/- 1.8 MEUR
			Discount rate; market rate and risk premium	12%	+/- 100 bps	- 1.0 / + 1.1 MEUR
Russia	4.4	Peer group	Peer group earnings multiples	EV/EBITDA 2020 10.7x	+/- 10%	+/- 0.4 MEUR
			Discount rate; market rate and risk premium	41%	+/- 10%	-/+ 0.3 MEUR
Credit	2.6	Discounted cash flows	Discount rate; market rate and risk premium	9%	+/- 100 bps	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Investments in external PE funds	29.8	Reports from PE fund management company				
Investments in Maneqs	1.6	Peer group	Peer group earnings multiples	EV/EBITDA 2020 8.1x	+/- 10%	+ 0.2 /- 0.1 MEUR
			Discount to peer group multiples	22%	+/- 10%	- 0.0 / + 0.1 MEUR

Sensitivity analysis of Level 3 investments at 31 December 2019

Investment area	Fair Value MEUR, 31.12.2019	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	16.1	Peer group	Peer group earnings multiples	EV/EBITDA 2019 12.2x	+/- 10%	+/- 1.6 MEUR
			Discount to peer group multiples	20%	+/- 10%	-/+ 0.4 MEUR
Buyout	9.6	Peer group	Peer group earnings multiples	EV/EBITDA 2019 8.9x	+/- 10%	+ 2.3 MEUR / - 2.1 MEUR
			Discount to peer group multiples	22%	+/- 10%	- 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%	+/- 10%	- 0.8 MEUR / + 0.9 MEUR
Russia	4.3	Peer group	Peer group earnings multiples	EV/EBITDA 2019 11.4x	+/- 10%	+/- 0.4 MEUR
			Discount to peer group multiples	36%	+/- 10%	-/+ 0.2 MEUR
Credit	2.6	Discounted cash flows	Discount rate; market rate and risk premium	10%	+/- 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%	+/- 10%	- 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	+/- 10%	+/- 0.4 MEUR
			Discount to peer group multiples	22%	+/- 10%	-/+ 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 the price of recent investments, which is typically applied in the case of new investments, and the earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment. CapMan always applies a discount to peer group multiples, due to e.g. limited liquidity of the investments. Due to 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.

In the exceptional market situation caused by the COVID-19 pandemic, the increased volatility in the publicly traded peer group market prices, exceptionally uncertain financial situation and future outlook of portfolio companies and properties as well as the fluctuating market capitalisation rates increase the uncertainty inherent in the valuations substantially compared with a normal situation. Due to the current pandemic situation, management's judgement is reflected in investment recorded at fair value, so that, for example, the discounts rate applied to valuations based on peer group multiples have increased. In addition, the earnings and cash flow forecasts of investee companies have generally been revised downwards, if this has been justified due to pandemic situation. For real estate properties, in addition to revised cash flow projections the independent external appraisers have increased the discount rates especially concerning hotel and retail properties.

Parent Company Income Statement (FAS)

EUR	Note	1.1.–31.12.2020	1.1.–31.12.2019
Turnover	1	13,146,627.47	37,952,487.50
Other operating income	2	0.00	5 427 368.52
Raw materials and services	3	-10,309,664.21	-27,531,107.71
Employee benefit expenses	4	-6,209,226.78	-5,344,773.84
Depreciation	5	-82,396.99	-57,628.65
Other operating expenses	6	-3,296,505.56	-3,811,613.54
Operating loss		-6,751,166.07	6,634,732.28
Finance income and costs	7	4,277,339.27	-561,211.57
Profit before appropriations and taxes		-2,473,826.80	6,073,520.71
Appropriations	8	5,405,000.00	2,893,704.00
Income taxes		-31,434.15	-2,288,730.17
Loss for the financial year		2,899,739.05	6,678,494.54

Parent Company Balance Sheet (FAS)

EUR	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Intangible assets	9	92,537.36	130,428.53
Tangible assets	10	184,055.95	215,449.35
Investments	11		
Shares in subsidiaries		117,885,122.13	120,247,203.02
Investments in associated companies		34,211.38	118,820.05
Other investments		12,446,125.49	12,615,700.44
Investments total		130,365,459.00	132,981,723.51
Non-current assets, total		130,642,052.31	133,327,601.39
Current assets			
Inventories	12	312,181.99	10,570,009.20
Long-term receivables	13	3,619,196.64	4,015,779.69
Short-term receivables	14	30,352,127.62	22,734,785.28
Cash and bank		37,076,738.94	26,921,979.93
Current assets, total		71,360,245.19	64,242,554.10
Total assets		202,002,297.50	197,570,155.49

EUR	Note	31.12.2020	31.12.2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15	771,586.98	771,586.98
Share premium account		38,968,186.24	38,968,186.24
Invested unrestricted shareholders' equity		68,369,002.56	81,776,241.45
Retained earnings		921,542.99	400,446.53
Profit for the financial year		2,899,739.05	6,678,494.54
Shareholders' equity, total		111,930,057.82	128,594,955.74
Liabilities			
Non-current liabilities	16	82,654,621.87	51,214,709.10
Current liabilities	17	7,417,617.81	17,760,490.65
Liabilities, total		90,072,239.68	68,975,199.75
Total shareholders' equity and liabilities		202,002,297.50	197,570,155.49

Parent Company Cash Flow Statement (FAS)

EUR	1.1.–31.12.2020	1.1.–31.12.2019
Cash flow from operations		
Profit before extraordinary items	-2,473,827	6,073,521
Finance income and costs	-4,277,339	561,212
Adjustments to cash flow statement		
Depreciation, amortisation and impairment	82,397	154,567
Depreciation of merger loss	592,576	4,201,107
Gain on sale of subsidiary shares	0	-5,427,369
Other non-monetary items	0	96,938
Change in net working capital		
Change in current assets, non-interest-bearing	-931,272	16,009,464
Change in inventories	9,665,251	23,084,340
Change in current liabilities, non-interest-bearing	-526,697	-115,090
Interest paid	-4,463,232	-2,367,519
Interest received	386,988	126,487
Dividends received	9,396,712	10,800,536
Direct taxes paid	-2,227,740	-3,871,864
Cash flow from operations	5,223,817	49,326,328
Cash flow from investments		
Acquisition of subsidiaries	0	-1,500,000
Cash of a dissolved or merged subsidiary	0	1,677,096
Investments in subsidiaries	-11,141,978	-33,664,149
Sale of subsidiary shares	6,847	5,941,857
Capital reduction of subsidiaries	10,537,212	5 838,000
Investments in tangible and intangible assets	-13,112	-143,051
Investments in other placements, net	185,032	161,084
Loan receivables granted	-7,209,893	-9,339,248
Repayment of loan receivables	4,269,415	1,346,539
Cash flow from investments	-3,366,477	-29,681,872

EUR	1.1.–31.12.2020	1.1.–31.12.2019
Cash flow from financing activities		
Share issue	446,907	1,129,571
Repayment of capital	-13,854,146	-9,154,232
Proceeds from long-term borrowings	49,723,500	
Repayment of long-term borrowings	-18,480,000	-10,000,000
Proceeds from short-term borrowings	20,000,000	6,073,724
Repayment of short-term borrowings	-24,148,946	-13,845,724
Dividends paid	-6,154,943	-9,135,636
Change in group liabilities	-1,528,656	697,712
Group contributions received	2,293,704	0
Cash flow from financing activities	8,297,420	-34,234,586
Change in cash and cash equivalents	10,154,760	-14,590,129
Cash and cash equivalents at beginning of year	26,921,980	41,512,109
Cash and cash equivalents at end of year	37,076,740	26,921,980

Notes to the Parent Company Financial Statements (FAS)

Basis of preparation for parent company financial statements

CapMan Plc's financial statements for 2020 have been prepared in accordance with the Finnish Accounting Act.

Foreign currency translation

Transactions in foreign currencies have been recorded at the rates of exchange prevailing at the date of the transaction. Foreign currency denominated receivables and payables are recorded at the rates of exchange prevailing at the closing date of the review period.

Investments

Investments are valued at acquisition cost. If the probable future income from the investment is permanently lower than the value at acquisition cost excluding depreciation, the difference is recognised as an expense.

Intangible and tangible assets

Intangible and tangible assets are valued at cost less accumulated depreciation and amortisation according to the plan, except for assets having an indefinite useful life.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a first-in first-out (FIFO) basis. Listed shares, other securities, funds and bonds are measured at the lower of cost and fair value. Unlisted shares and holdings are recognized at lower of cost and probable realizable value.

Receivables

Receivables comprise receivables from Group companies and associated companies, trade receivables, accrued income and other receivables. Receivables are recorded at nominal value, however no higher than at probable value. Receivables are classified as non-current assets if the maturity exceeds 12 months.

Non-current liabilities

The financial risk management of CapMan Group is centralised with the parent company. The financial risk management principles are provided in the Notes to the Group financial statements under 32. Financial risk management. Senior bonds maturing later than one year after the balance sheet date are recorded as non-current liabilities at nominal value.

Leases

Lease payments are recognised as other expenses. The remaining commitments under each lease are provided in the Notes section under "Commitments".

Provisions

Provisions are recognised as expenses in case the parent company has an obligation that will not result in comparable income or losses that are deemed apparent.

Pensions

Statutory pension expenditures are recognised as expenses at the year of accrual. Pensions have been arranged through insurance policies of external pension institutions.

Revenue

Revenue includes the sale of services to subsidiaries and revenue from the sale of securities, dividends and other similar income from securities classified as inventories. Revenue from services is recognised, when the service is delivered.

Income taxes

Income taxes are recognised based on Finnish tax law. Deferred taxes are calculated on temporary differences between the carrying amount and the tax base. Deferred taxes have been measured at the statutory tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred tax is realised.

Appropriations

Appropriations in the income statement consist of possible given and received group contributions and possible depreciation in excess of plan, and in the balance sheet, possible accumulated depreciation in excess of plan.

1. Turnover by area

EUR	2020	2019
Sale of services		
Finland	1,451,407	3,580,299
Foreign	1,311,576	3,780,779
Sale of securities in inventories	10,383,645	30,591,409
Total	13,146,627	37,952,488

2. Other operating income

EUR	2020	2019
Gain on sale of subsidiary shares	0	5,427,369
Total	0	5,427,369

3. Raw materials and services

EUR	2020	2019
Purchases during the period	0	-245,661
Change in inventories	-9,717,088	-23,084,340
Depreciation of the merger loss*	-592,576	-4,201,107
Total	-10,309,664	-27,531,108

* Norvestia Plc, subsidiary of CapMan Plc, merged to CapMan Plc on March 1, 2018. Item includes the depreciation of the merger loss allocated to the carrying amount of the received securities in inventories.

4. Personnel

EUR	2020	2019
Salaries and wages	5,394,823	4,511,685
Pension expenses	589,399	734,670
Other personnel expenses	225,004	98,419
Total	6,209,227	5,344,774
Management remuneration		
Salaries and other remuneration of the CEO		
Joakim Frimodig	1,415,321	376,060
Board members	334,266	292,781
Average number of employees	36	39

Management remuneration is presented in the Group Financial Statements Table 31. Related party disclosures.

5. Depreciation

EUR	2020	2019
Depreciation according to plan		
Other long-term expenditure	37,891	37,891
Machinery and equipment	44,506	19,737
Total	82,397	57,629

6. Other operating expenses

EUR	2020	2019
Other personnel expenses	185,820	481,631
Office expenses	459,593	602,900
Travelling and entertainment	105,779	205,543
External services	1,833,840	2,082,451
Internal services	559,379	0
Other operating expenses	152,094	439,088
Total	3,296,505	3,811,614
Audit fees		
Audit	98,061	92,656
Tax advices	0	53,047
Other fees and services	7,300	41,465
Total	105,361	187,169

7. Finance income and costs

EUR	2020	2019
Dividend income		
Group companies	8,782,604	9,800,536
Associated companies	614,108	0
Total	9,396,712	9 800,536
Other interest and finance income		
Group companies	891,641	394,827
Others	230,692	539,256
Total	1,122,333	934,082
Interest and other finance costs		
Impairment of shares and interests	-2,029,152	-8,112,627
Depreciation of the merger loss*	0	-294,304
Group companies	-93,816	-203,858
Others	-4,118,737	-2,685,041
Total	-6,241,705	-11,295,829
Finance income and costs total	4,277,339	-561,212

* Norvestia Plc, subsidiary of CapMan Plc, merged to CapMan Plc on March 1, 2018. Item includes the depreciation of the merger loss allocated to the carrying amount of the received shares in subsidiaries.

8. Appropriations

EUR	2020	2019
Group contributions received	5,405,000	2,893,704

9. Intangible assets

EUR	2020	2019
Intangible rights		
Acquisition cost at 1 January	828,188	828,188
Acquisition cost at 31 December	828,188	828,188
Accumulated depreciation at 1 January	-828,188	-828,188
Accumulated depreciation at 31 December	-828,188	-828,188
Book value on 31 December	0	0
Other long-term expenditure		
Acquisition cost at 1 January	2,622,692	2,622,692
Acquisition cost at 31 December	2,622,692	2,622,692
Accumulated depreciation at 1 January	-2,492,264	-2,454,373
Depreciation for the financial period	-37,891	-37,891
Accumulated depreciation at 31 December	-2,530,155	-2,492,264
Book value on 31 December	92,537	130,428
Intangible rights total	92,537	130,428

10. Tangible assets

EUR	2020	2019
Machinery and equipment		
Acquisition cost at 1 January	1,198,587	1,055,535
Additions	13,112	143,051
Acquisition cost at 31 December	1,211,699	1,198,587
Accumulated depreciation at 1 January	-1,005,877	-986,139
Depreciation for the financial period	-44,506	-19,737
Accumulated depreciation at 31 December	-1,050,383	-1,005,877
Book value on 31 December	161,316	192,710
Other tangible assets		
Acquisition cost at 1 January	22,739	119,677
Disposals	0	-96,938
Book value on 31 December	22,739	22,739
Tangible assets total	184,055	215,449

11. Investments

EUR	2020	2019
Shares in subsidiaries		
Acquisition cost at 1 January	119,207,203	89,793,613
Additions	11,141,978	45,596,708
Depreciation of the merger loss*	0	-294,304
Disposals	-11,544,059	-8,842,369
Impairments	-1,960,000	-7,046,445
Acquisition cost at 31 December	116,845,122	119,207,203
Shares in associated companies		
Acquisition cost at 1 January	118,820	1,108,701
Disposals	-84,609	-989,881
Acquisition cost at 31 December	34,211	118,820
Shares, other		
Acquisition cost at 1 January	12,615,700	10,681,614
Additions	30,224	7,352,244
Disposals	-7,573	-5,418,158
Impairment	-192,226	0
Acquisition cost at 31 December	12,446,125	12,615,700
Investments total	129,325,458	131,941,723

* Norvestia Plc, subsidiary of CapMan Plc, merged to CapMan Plc on March 1, 2018. Merger loss is partially allocated to the carrying amount of the received shares in subsidiaries.

The subsidiaries and the associated companies are presented in the Notes to the Consolidated Financial Statements, Table 31. Related party disclosures.

12. Inventories

EUR	2020	2019
Shares in listed companies	312,182	3,869
Bonds	0	7,747,500
Funds	0	2,226,064
Merger loss*	0	592,576
Inventories, total	312,182	10,570,009
Market value of financial assets in inventories	312,182	10,767,926
Difference	0	197,917

* Norvestia Plc, subsidiary of CapMan Plc, merged to CapMan Plc on March 1, 2018. Merger loss is partially allocated to the carrying amount of the received securities in inventories.

13. Long-term receivables

EUR	2020	2019
Receivables from Group companies		
Capital loan receivables	1,040,000	1,040,000
Loan receivables	587,535	561,362
Other loan receivables	2,818,662	3,135,418
Accounts receivable	213,000	319,000
Long-term receivables total	4,659,197	5,055,780

14. Short-term receivables

EUR	2020	2019
Receivables from Group companies		
Accounts receivable	0	50,741
Dividend receivables	322,270	0
Accrued income	0	6,725
Loan receivables	20,129,297	17,341,045
Other receivables	7,474,444	3,913,108
Total	27,926,011	21,311,618
Accounts receivable	673,977	121,759
Loan receivables	37,571	7,451
Other receivables	1,149,042	169,432
Accrued income	565,527	1,124,524
Short-term receivables total	30,352,128	22,734,785

15. Shareholders' equity

EUR	2020	2019
Share capital at 1 January	771,587	771,587
Share capital at 31 December	771,587	771,587
Share premium account at 1 January	38,968,186	38,968,186
Share premium account at 31 December	38,968,186	38,968,186
Invested unrestricted shareholders' equity at 1 January	81,776,241	80,766,423
Invested unrestricted shareholders' equity, additions	0	9,034,480
Invested unrestricted shareholders' equity, disposals	-13,854,146	-9,154,232
Share subscriptions with options	446,907	1,129,570
Invested unrestricted shareholders' equity at 31 December	68,369,002	81,776,241
Retained earnings at 1 January	7,078,941	9,546,107
Dividend payment	-6,157,398	-9,145,660
Retained earnings at 31 December	921,543	400,447
Profit for the financial year	2,899,739	6,678,495
Shareholders' equity, total	111,930,058	128,594,956

Calculation of distributable funds

EUR	2020	2019
Retained earnings	921,543	400,447
Profit for the financial year	2,899,739	6,678,495
Invested unrestricted shareholders' equity	68,369,002	81,776,241
Total	72,190,285	88,855,182

CapMan Plc's share capital is divided as follows:

Number of shares	2020	2019
Series B share (1 vote/share)	156,458,970	153,754,648

16. Non-current liabilities

EUR	2020	2019
Senior bond	81,132,735	49,748,000
Other non-current liabilities	1,521,887	1,466,709
Non-current liabilities total	82,654,622	51,214,709

17. Current liabilities

EUR	2020	2019
Accounts payable	428,345	134,771
Liabilities to Group companies		
Pohjola Bank plc; Group account	3,553,922	5,082,578
Accounts receivable	298,443	0
Accounts payable	71,085	8,270
Other liabilities	861,054	5,810,000
Accrued interests	40,074	1,384,903
Accrued expenses	89,537	85,229
Total	4,914,115	12,370,979
Other liabilities	920,061	965,710
Accrued expenses	1,155,097	4,289,031
Current liabilities total	7,417,618	17,760,491

18. Contingent liabilities

Leasing agreements

EUR	2020	2019
Operating lease commitments		
Within one year	83,179	31,875
After one but not more than five years	60,738	5,819
Total	143,917	37,694
Other hire purchase commitments		
Within one year	525,151	520,388
After one but not more than five years	1,619,215	2,081,551
After five years		
Total	2,144,366	2,601,939

Securities and other contingent liabilities

EUR	2020	2019
Contingencies for own commitment		
Enterprise mortgages	60,000,000	60,000,000
Investment commitments to Maneq funds	643,372	643,372
Investment commitments to other funds	246,478	78,691
Other contingent liabilities	2,240,880	2,250,000
Total	63,130,730	62,972,063
Contingencies for subsidiaries' commitments		
Guarantees as security for subsidiaries' commitments	500,000	500,000
Total	500,000	500,000

Signatures to the Report of the Board of Directors and Financial Statements

Helsinki 2021

The Auditor's Note

Andreas Tallberg
Chairman

Mammu Kaario

Our report has been issued today.

Catarina Fagerholm

Eero Heliövaara

Helsinki 2021

Ernst & Young Oy
Audit firm

Olli Liitola

Peter Ramsay

Ulla Nykky,
Authorised Public Accountant

Joakim Frimodig
CEO

Johan Hammarén

Auditor's Report (Translation of the Finnish original)

To the Annual General Meeting of CapMan Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CapMan Plc (business identity code 0922445-7) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

Basis for Opinion

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8 to the consolidated financial statements.

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter	Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p><i>We refer to the accounting policies in the financial statements and the Note 4.</i></p> <p>CapMan’s turnover in consolidated group accounts amounted to 43,0 million euros. It consists of management fees, sale of services and carried interest income.</p> <p>The timing of revenue recognition can be judgmental as revenue may be recognized either over time or at the point in time depending on the circumstances and provided services. The assessment of recognized revenue includes management assumptions and estimates.</p> <p>Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2) in respect of its timely recognition and at a proper amount.</p>	<p>Our audit procedures to address the risk of material misstatement included, among other things, assessing that the revenue recognition principles comply to applicable accounting standards. We also identified and tested key controls relating to revenue recognition.</p> <p>We tested the sales cutoff with analytical procedures. We supplemented our procedures with test of details on a transaction level in a random basis in order to ensure that the revenue has been recognized in a correct accounting period and it’s based on the corresponding agreements.</p> <p>In addition, we also assessed the adequacy of disclosures relating to the fee and commission income of the group.</p>	<p>Valuation of non-liquid investments</p> <p><i>We refer to the accounting policies in the financial statements and the Notes 17 and 32.</i></p> <p>The Group’s investment portfolio 31.12.2020 amounts to 116,2 million euros. The investment portfolio includes mainly investments to the funds managed by CapMan group companies. Determining the fair value of funds and direct investments to portfolio companies is carried out using International Private Equity and Venture Capital valuation guidelines (IPEV) and IFRS and the fair values are based on estimated cash-flows or peer-group multiples. Fair value measurement includes subjective estimations by management, specifically in areas where fair value is based on a model based valuation. Valuation techniques for private equity funds involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could lead to different estimates of fair value.</p> <p>Valuation of non-liquid investments was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2).</p>	<p>Our audit procedures to address the risk of material misstatement relating to valuation of non-liquid investments included, among others, identifying and testing the controls in place over recording fair values of non-liquid investment.</p> <p>We performed additional procedures for areas of higher risk and estimation, involving our valuation specialists.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Developing an understanding of the private equity and real estate portfolios. • Reviewing the price of recent transactions and investments. • Assessing assumptions used in the valuations and corroborating that the valuation appropriately reflects the risks of the portfolios. • Comparing the assumptions against established policies and determining if they have been applied appropriately. • Reviewing and assessing the valuations determined by CapMan or other party. • Verifying that the International Private Equity and Venture Capital Valuation Guidelines and valuation methodology of IFRS have been applied correctly. <p>In addition, we also assessed the adequacy of disclosures relating to the non-liquid investments.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter	
<p>Valuation of goodwill</p> <p><i>We refer to the accounting policies in the financial statements and the Note 15.</i></p> <p>As of balance sheet date 31 December 2020, the value of goodwill amounted to 15,3 million euros representing 7,0 % of the total assets and 13,6 % of the total equity.</p> <p>The valuation of goodwill is based on management's estimate about the value-in-use calculations of the cash generating units. There are number of underlying assumptions used to determine the value-in-use, including the revenue growth, EBITDA and discount rate applied on net cash-flows.</p> <p>Estimated value-in-use may vary significantly when the underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill.</p> <p>Valuation of goodwill was determined to be a key audit matter because the assessment process is judgmental, it is based on assumptions relating to market or economic conditions extending to the future, and because of the significance of the goodwill to the financial statements.</p>	<p>Our audit procedures regarding the valuation of goodwill included involving EY valuation specialists to assist us in evaluating methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing.</p> <p>In evaluation of methodologies, we compared the principles applied by the management in the impairment tests to the requirements set in IAS 36 Impairment of assets standard and ensured the mathematical accuracy of the impairment calculations.</p> <p>We assessed the historical accuracy of managements' estimations and compared the key assumptions applied by the management in impairment tests to</p> <ul style="list-style-type: none"> • approved budgets and long-term forecasts, • information available in external sources, as well as • our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows. <p>We also assessed the sufficiency of the disclosures as well as whether the disclosures about the sensitivity of the impairment assessment are appropriate.</p>	<p>parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.</p> <p>Auditor's Responsibilities for the Audit of the Financial Statements</p> <p>Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.</p> <p>As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:</p> <ul style="list-style-type: none"> • Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

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

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the

preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Requirements

Information on our audit engagement

We were appointed as auditors by the Annual General Meeting on March 14th, 2018 and our appointment represents a total period of uninterrupted engagement of three years.

Other information

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

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

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

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

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

Helsinki February 3rd, 2021

Ernst & Young Oy
Authorized Public Accountant Firm

Ulla Nykky
Authorized Public Accountant

Shares and shareholders

CapMan is a Nordic listed private assets management and investment company. The parent company CapMan Plc's share has been listed on the Helsinki Stock Exchange (Nasdaq Helsinki) since 2001. CapMan had 25,075 shareholders as of the end of 2020.

CapMan shares

CapMan's shares are quoted on the main list of Nasdaq Helsinki. All shares generate equal voting rights and rights to a dividend and other distribution to shareholders. CapMan had a total of 156,458,970 shares as of 31 December 2020. CapMan's shares are included in the book-entry securities register and have no nominal value. CapMan's share capital as of 31 December 2020 was 771,586.98.

Nominee-registered shareholders

CapMan Plc's foreign shareholders can register their holdings in nominee-registered book-entry accounts, for which a custodian is registered in the company's list of shareholders rather than the ultimate owner. Foreign and nominee-registered shareholders held a total of 5% of CapMan's shares as of the end of 2020. A breakdown by sector and size of holding can be found on the Notes to the Financial Statements.

Dividend policy and dividend payable for 2020

CapMan's objective is to pay an annually increasing dividend to its shareholders. The Board of Directors will propose to the Annual General Meeting that a distribution of €0.14 per share be paid to shareholders.

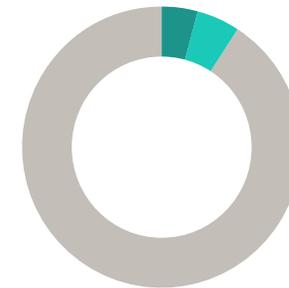
IR contacts

CapMan's IR contacts are the joint responsibility of the CEO, the CFO and the Communications and IR Director. The company observes a two-week silent period prior to publication of its interim reports and financial statements, during which it does not comment on the company's financial performance or future prospects.

Read more

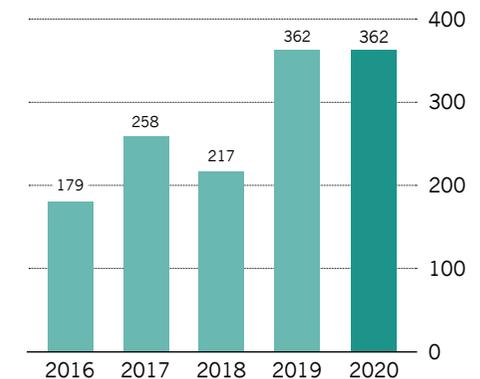
www.capman.com/shareholders/

Holding and voting rights by shareholder class

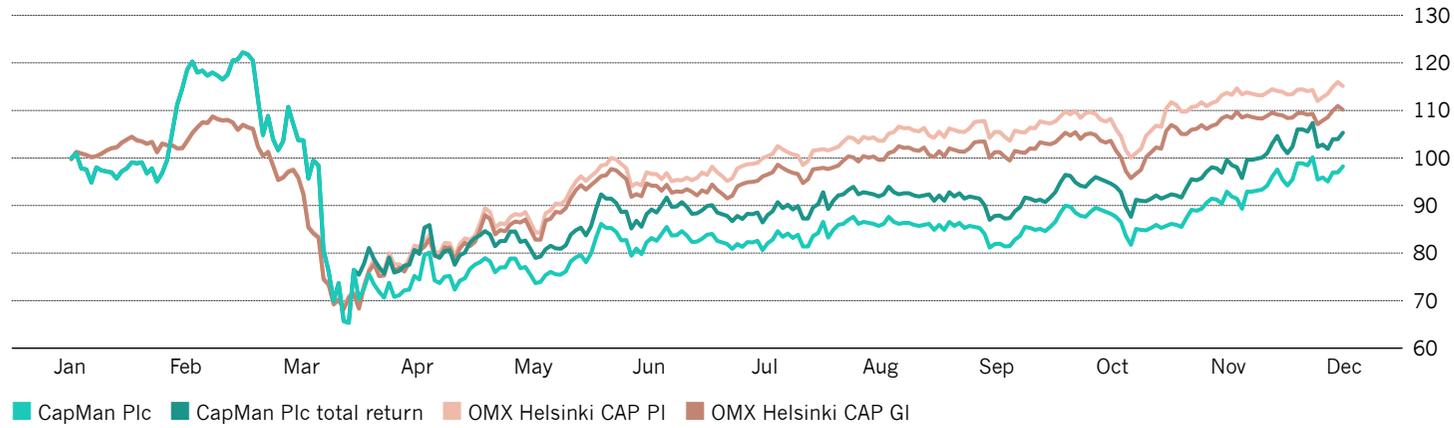


- Management and employees of CapMan 4.3%
- Nominee registered shareholders and other foreign ownership (non-Finnish owners) 5.1%
- Finnish institutions and households 90.6%

Market capitalisation, M€



Share price and index development in 2020



Information for shareholders

Annual General Meeting 2021

CapMan Plc's Annual General Meeting 2020 will be held on Wednesday 17 March 2021 at 10.00 a.m. EET at the CapMan Group Head Office at the address Ludviginkatu 6 00130 Helsinki. All shareholders registered with the company's list of shareholders maintained by Euroclear Finland Oy on Friday 5 March 2021 are entitled to attend.

In order to curb the spread of the Covid-19 pandemic, the General Meeting will be organized without shareholders' and their proxy representatives' presence at the General Meeting venue. Shareholders can participate in the General Meeting and use their shareholder rights only by voting in advance (either personally or through a proxy representative), by submitting counterproposals in advance and by asking questions in advance in the manner described below. Proxy representatives must also vote in advance in the manner described below. For further instructions, please see our website www.capman.com/shareholders/general-meetings/

Dividend and equity repayment

The Board of Directors proposes to the AGM that a total of EUR 0.14 per share would be paid to shareholders from distributable funds for 2020 equivalent of a total of MEUR 21.9, from distributable funds for 2020. The distribution of funds would be divided in a dividend of EUR 0.02 per share, equivalent to a total of approx. MEUR 3.1 as well as an equity repayment of EUR 0.12 per share to be returned from the invested unrestricted equity fund, equivalent to a total of approx. MEUR 18.8. CapMan's distributable funds amounted to MEUR 72.2 on 31 December 2020. The dividend and equity repayment would be paid in two equal instalments six months apart.

CapMan Plc's financial reporting in 2021

CapMan Plc will publish one half-year report and two interim reports during 2021:

- Interim Report for the period 1 January–31 March 2021
29 April 2021
- Half-Year Financial Report for the period 1 January–30 June 2021
5 August 2021
- Interim Report for the period 1 January–30 September 2021
27 October 2021

Financial reports are published in Finnish and English. The company's Annual Reports, Interim Reports, and stock exchange releases and press releases can be obtained electronically at the company's website www.capman.com. The company's website also includes other IR material.

Please subscribe to CapMan's publications by joining the mailing list.

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