



CapMan

Interim Report

1-9 | 2021

*Growth and strong result
development continued*

Turnover +29%

Operating profit MEUR 32

CapMan Plc 27 October 2021

CapMan Plc 1-9 2021 Interim Report

Growth and strong result development continued: Turnover +29% and operating profit MEUR 32

Results and significant events in January-September 2021

- Group turnover was MEUR 38.1 1 Jan-30 Sep 2021 (MEUR 29.6 1 Jan-30 Sep 2020) and increased by 29 per cent.
- Operating profit was MEUR 32.4 (MEUR 2.6).
- Management Company business turnover was MEUR 31.9 (MEUR 22.6). Operating profit was MEUR 10.0 (MEUR 5.6).*) Carried interest received for the first nine months of 2021 was MEUR 2.5 (MEUR 0.6).
- Service business turnover was MEUR 6.2 (MEUR 6.8). Operating profit was MEUR 3.0 (MEUR 3.9).*)
- Investment business operating profit was MEUR 23.1 (MEUR -3.1).
- Diluted earnings per share were 15.8 cents (-1.1 cents).
- Capital under management EUR 4.3 billion on 30.9.2021 and increased by EUR 760 million, or 21 per cent from 30.9.2020.
- MEUR 250 new capital under management was raised after the review period in October.

TURNOVER 1-9 2021

€38.1m

OPERATING PROFIT 1-9 2021

€32.4m

CAPITAL UNDER
MANAGEMENT 30.9.2021

€4.3 bn

RETURN ON EQUITY
1-9 2021

29.9% p.a.

*) The comparison period figures have been restated following changes to the composition of reporting segments starting from 1 January 2021.

CEO comment:

”CapMan’s growth and strong result development continued during the third quarter of the year. Turnover for January–September 2021 was MEUR 38, growth of 29 per cent from the same period last year. Operating profit exceeded MEUR 32 for the first nine months of the year compared to approx. MEUR 3 for the comparison period last year. Fee profitability was at record levels, fair values of investments continued to develop favourably and the significance of carried interest for earnings generation is growing.

” *Operating profit exceeded MEUR 32 for the first nine months of the year compared to approx. MEUR 3 for the comparison period last year.*

Assets under management were EUR 4.3 billion at the end of September 2021. The increase was more than MEUR 760 million, or more than 21 per cent over the last 12 months. Fundraising for our newest funds proceeds well. After the review period, we have raised approx. MEUR 250 for our new Residential and Credit funds as well as CapMan Wealth Services’ new investment programme. We expect to see continued strong growth in asset under management in the upcoming 12 months.

Following successful value creation work and ongoing exit processes, many of our funds hold significant carried interest potential. We received carried interest from CapMan Mezzanine V fund in the third quarter of the year and expect multiple funds to enter into carry during the next six months.

” *We expect multiple funds to enter into carry during the next six months.*

Management Company turnover was MEUR 32 in the first nine months of the year, growing 41 per cent from the comparison period. Turnover grew due to new assets under management and carried interest income. The operating profit of the Management Company business was MEUR 10, growing by approx. 77 per cent from the comparison period. Operating profit grew due to significant income growth in combination with controlled cost development.

Service business turnover was MEUR 6 and operating profit MEUR 3 in the first nine months of 2021. The Service business includes CapMan’s procurement service CaPS and reporting and analytics service JAY Solutions, which both demonstrated strong development. CaPS’s turnover continued growing and the increasingly international business was very profitable. JAY Solutions’ business grew and developed strongly especially due to the acquisition of new customers as well as growth in the B2B business.

The fair value changes of our investments were MEUR +24 in the first nine months of 2021. A significant portion of the fair value change is based on realised transactions. The positive development is broad-based and includes all our active strategies. In the comparison period, fair values decreased significantly due to the market disruption brought on by the Covid-19 pandemic.

We have made additional commitments to sustainability during the year. CapMan hired its first ESG Director in September in order to continue to develop processes and set ESG objectives for CapMan Group. CapMan Buyout XI fund has introduced a sustainability link to its Capital Call Bridge facility, the first of its kind at CapMan.

Our balance sheet and liquidity were strong. At the end of September, our equity ratio was over 50 per cent and liquid assets were nearly MEUR 60. The 2021 Annual General Meeting decided to distribute 14 cents/share to

shareholders as dividend and equity repayment. The distribution was implemented in two instalments in March and September. CapMan's objective is to pay an annually increasing dividend to our shareholders. Recent result development and growth expectations support this objective."

Joakim Frimodig

CEO, CapMan Plc

CapMan Plc 1–9 2021 Interim Report

Group turnover and result in 1–9 2021

CapMan Group's turnover totalled MEUR 38.1 in the period spanning 1 January–30 September 2021 (1 January–30 September 2020: MEUR 29.6). The 29 per cent increase in turnover was mainly due to an increase in management fees and carried interest compared to the same period last year. Recurring fees of the Management Company and Service business grew by 32 per cent in total.

Operating expenses were MEUR 29.5 (MEUR 24.4) in total. Personnel expenses, including incidentals, were MEUR 21.6 (MEUR 16.4). The growth was mainly due to higher earnings-based bonus accruals. The 2020 period included cost savings measures undertaken due to the exceptional pandemic situation. Depreciations and amortisations were MEUR 1.1 (MEUR 1.1). Other operating expenses amounted to MEUR 6.8 (MEUR 6.9).

Fair value changes of investments were MEUR +23.8 for January–September 2021 (MEUR -2.6). The fair value change was positive across all investment strategies. Net cash flow from investments booked at fair value generated by exits was MEUR 11.7 (MEUR 7.7). The positive fair value change reflects the generally favourable development of portfolio company operations. General strong market development has also supported fund development. During the comparison period, fair values decreased sharply mainly following the outbreak of the pandemic.

The Group's operating profit was MEUR 32.4 (MEUR 2.6) following turnover growth, positive fair value changes and cost efficiency.

Financial income and expenses amounted to MEUR -2.9 (MEUR -2.0). Financial expenses increased due to increased debt. Profit before taxes was MEUR 29.5 (MEUR 0.6) and profit after taxes was MEUR 26.0 (MEUR -0.9).

Diluted earnings per share were 15.8 cents (-1.1 cents).

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

Management Company business

Turnover generated by the Management Company business for the first nine months totalled MEUR 31.9 (MEUR 22.6). The 41 per cent increase was mainly due to an increase in management fees and carried interest from the comparison period.

Management fees were MEUR 26,1 (MEUR 19,3), growth was 35 per cent. Several new funds, among them Nest Capital III, CapMan Special Situations, CapMan Nordic Real Estate III and CapMan Residential funds, contributed favourably to management fees for the period. The full effect on management fees of the new funds is visible during the year 2022.

Carried interest income for the review period totalled MEUR 2.5 (MEUR 0.6) mainly from the CapMan Mezzanine V fund.

Other Management Company fees, mainly from wealth advisory services, were MEUR 3.2 (MEUR 2.7). CapMan includes CapMan Wealth Services as part of the Management Company business segment starting from January 2021 and comparison period figures have also been restated accordingly.

Of the turnover, 90 per cent was based on long term contracts (96 per cent during the comparison period). The comparatively lower share of

turnover based on long-term contracts was due to a higher share of carried interest during the review period.

Operating expenses of the Management Company business amounted to MEUR 22.0 (MEUR 17.0). Operating profit of the Management Company business was MEUR 10.0 (MEUR 5.6).

Service business

Turnover generated by Service business totalled MEUR 6.2 (MEUR 6.8). The 10 per cent decrease from the comparison period was due to lower transaction-based fees.

All turnover during the review period was based on long-term contracts and grew by 29 per cent from turnover based on long-term contracts in the comparison period mainly due to strong sales development of CaPS and JAY Solutions. Following the change of segment composition as of 2021, the Service business includes CaPS and JAY Solutions, and the comparison period has been restated accordingly. The comparison period also included a total of MEUR 2.1 in fundraising and advisory service fees from the discontinued Scala Fund Advisory fundraising activities.

Operating expenses of the Service business amounted to MEUR 3.7 (MEUR 3.6). The operating profit of the Service business was MEUR 3.0 (MEUR 3.9).

Investment business

Fair value of fund investments was MEUR 125.8 on 30 September 2021 (30 September 2020: MEUR 116.4). Fair value changes of fund investments were MEUR +23.8 in Jan-Sep 2021 (MEUR -2.5), corresponding to a 19.1 per cent increase in value (Jan-Sep 2020: -1.0 per cent). The fair value change was positive across all investment strategies. Net cash flow from investments booked at fair value generated by exits was MEUR 11.7 (MEUR 7.7). The positive fair value change

reflects the generally favourable development of portfolio company operations. General strong market development has also supported fund development. During the comparison period, fair values decreased sharply mainly following the outbreak of the pandemic.

CapMan invested a total of MEUR 17.2 in its funds in the first nine months of 2021 (MEUR 15.9). CapMan received distributions from funds totalling MEUR 15.9 (MEUR 13.6). The amount of remaining commitments that have not yet been called totalled MEUR 85.1 as at 30 September 2021 (30 September 2020: MEUR 100.8) and include commitments to CapMan's newest funds, among others. During the review period, CapMan sold part of its investments in its Infra fund and external funds for MEUR 14 as well as commitments associated with the sold portions. Commitments have also decreased as capital has been called to the funds. Capital calls, distributions and remaining commitments are detailed in the Tables section of this report.

The fair value of other long-term investments was MEUR 0.2 and remained unchanged during the review period. In the comparison period, the fair value change of other long-term investments was MEUR -1.3.

CapMan realised the remainder of its market portfolio, consisting of listed stocks, which had a minor positive effect on results. The fair value of CapMan's market portfolio was MEUR 1.3 on 30 September 2020.

In total, change in fair value of investments was MEUR +23.8 in Jan-Sep 2021 (Jan-Sep 2020: MEUR -2.6). Operating profit for the Investment business was MEUR 23.1 (MEUR -3.1).

Table 1: CapMan's investments booked at fair value as at 30 September 2021

	Fair value 30 September 2021 (MEUR)
Fund investments	125.8
Other long-term investments	0.2
Total	126.0

The majority of invested capital is in funds managed by CapMan. In addition to own funds, CapMan invests selectively in private market funds managed by external fund managers. This strategy provides diversification benefits as external funds are a complement to CapMan's investments into own funds in terms of strategy and/or geography. CapMan strives to have a business connection between CapMan and external funds that CapMan invests in.

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

Balance sheet and financial position as at 30 September 2021

CapMan's balance sheet totalled MEUR 237.6 as at 30 September 2021 (30 September 2020: MEUR 206.0). Non-current assets amounted to MEUR 159.3 (MEUR 150.8), of which goodwill totalled MEUR 15.3 (MEUR 15.3).

As at 30 September 2021, fund investments booked at fair value totalled MEUR 125.8 (MEUR 116.4 as at 30 September 2020).

Other financial assets booked at fair value were MEUR 0.2 (MEUR 1.5).

Long-term receivables amounted to MEUR 11.1 (MEUR 10.2).

Current assets amounted to MEUR 78.3 (MEUR 55.2). Financial assets booked at fair value, i.e. current investments, were MEUR 0.0 (MEUR 1.3). Cash in hand and at banks amounted to MEUR 58.6 (MEUR 41.0).

CapMan's interest-bearing net debt amounted to MEUR 24.6 as at 30 September 2021 (MEUR 31.3). After the comparison period, CapMan issued a MEUR 50.0 senior bond and repaid MEUR 18.5 million of its senior bond issued in 2018 and MEUR 20 of the long-term credit facility drawn in the beginning of 2020 with the proceeds. During the review period, CapMan reduced the amount of the long-term credit facility from MEUR 40 to MEUR 20. CapMan's total interest-bearing debt as at 30 September 2021 is outlined in Table 2.

Table 2: CapMan's interest bearing debt

	Debt amount 30 September 2021 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2020 (MEUR)
Senior bond (issued in 2018)	31.5	Q2 2023	4.13%	31.5
Senior bond (issued in 2020)	50.0	Q4 2025	4.00%	50.0
Long-term credit facility (drawn/available)	0/20.0	Q2 2022	1.75-2.70%	0/40.0

CapMan Plc's bonds and long-term credit facility include financing covenants, which are conditional on the company's equity ratio and net gearing ratio. CapMan honoured all covenants as at 30 September 2021.

Trade and other payables totalled MEUR 21.2 on 30 September 2021 (30 September 2020: MEUR 15.9).

The Group's cash flow from operations totalled MEUR +9.5 for the first nine months of 2021 (MEUR -7.7). The stronger cash flow from operations compared to the comparison period was due to a stronger result for the period and a larger portion of non-interest-bearing current debt, 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 +12.5 (MEUR +7.2) and includes, *inter alia*, investments and repaid capital received by the Group. The stronger net cash flow from investments for the review period was mainly due to distributions from exits.

Cash flow before financing totalled MEUR +21.9 (MEUR -0.4) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR -21.3 (MEUR -2.2) and included the distribution of dividends and equity repayment. In the comparison period cash flow from financing also included the drawdown of the long-term credit facility.

Capital under management as at 30 September 2021

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 4,341 as at 30 September 2021 (30 September 2020: MEUR 3,577). The increase in capital under management was mainly due to the establishment and commitments to new funds and additional infrastructure capital under management. The debt for the new hotels real estate fund has been included in capital under management in line with the previous hotels real estate fund. Capital under management per fund type is displayed in Table 3.

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

	30.9.21 (MEUR)	30.9.20 (MEUR)
Real Estate	2,884	2,224
Private Equity & Credit	1,070	1,028
Infra	356	296
Other	31	29
Total capital under management (incl. Hotels II fund debt)	4,341	3,577

Key figures 30 September 2021

CapMan's return on equity was 29.9 per cent on 30 September 2021 (30 September 2020: -1.1 per cent) and return on investment 20.9 per cent (1.9 per cent). Equity ratio was 51.0 per cent (52.0 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

	30.9.21	30.9.20	31.12.20
Earnings per share, cents	16.2	-1.1	3.3
Diluted, cents	15.8	-1.1	3.3
Shareholders' equity / share, cents	75.2	67.5	72.7
Share issue adjusted number of shares, avg.	156,567,016	155,579,338	155,796,829
Return on equity, %	29.9	-1.1	5.2
Return on investment, %	20.9	1.9	6.3
Equity ratio, %	51.0	52.0	51.9
Net gearing, %	20.9	29.6	22.5

Decisions of the 2021 Annual General Meeting

Decisions of the AGM regarding distribution of funds

CapMan's 2021 Annual General Meeting (AGM) decided in accordance with the proposal of the Board of Directors, that 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, would be paid to shareholders. In total EUR 0.14 per share would be paid to shareholders, equivalent of a total of MEUR 21.9, from distributable funds for 2020. The dividend and equity repayment will be paid in two equal instalments six months apart. The first instalment was paid on 26 March 2021 and the second instalment was paid on 27 September 2021. 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 17 March 2021 and the record and payment date of the second instalment issued on 16 September 2021.

Decisions of the AGM regarding the composition of the Board

The 2021 AGM decided that the Board of Directors comprises seven members. Mr. Andreas Tallberg, Mr. Johan Bygge, Ms. Catarina Fagerholm, Mr. Johan Hammarén, Mr. Eero Heliövaara, Ms. Mammu Kaario and Mr. Olli Liitola 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 17 March 2021.

Authorisations given to the Board by the AGM

The 2021 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 own shares to be repurchased and/or accepted as pledge on the basis of the authorisation shall not exceed 14,000,000 shares in total, which on the day of the AGM corresponded to approximately 8.94 per cent of all shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation.

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 on the basis of the authorisation shall not exceed 14,000,000 shares in total, which on the day of the AGM corresponded to approximately 8.94 per cent of all shares in the company.

The authorisation shall remain in force until the following AGM and 30 June 2022 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 17 March 2021.

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 30 September 2021. CapMan had 156,617,293 shares outstanding as at 30 September 2021 (156,444,470 shares as at 30 September 2020).

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 30 September 2021, 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 68,903 as at 30 September 2021 (30 September 2020: EUR 53,124). 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 2.62 on 30 September 2021 (30 September 2020: EUR 2.02). The trade-weighted average price for the review period was EUR 2.75 (EUR 2.13). The highest price paid was EUR 3.27 (EUR 2.89) and the lowest EUR 2.24 (EUR 1.49). The number of CapMan Plc shares traded totalled 23.5 million (48.6 million), valued at MEUR 64.7 (MEUR 103.6).

The market capitalisation of CapMan Plc shares as at 30 September 2021 was MEUR 410.3 (30 September 2020: MEUR 315.2).

Shareholders

The number of CapMan Plc shareholders increased by 14 per cent from the corresponding period last year and totalled 27,974 as at 30 September 2021 (30 September 2020: 24,365).

Personnel

CapMan employed 157 people on average in Jan-Sep 2021 (Jan-Sep 2020 average: 145), of whom 123 (112) 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 the Tables section of this report.

Compensation schemes

CapMan's remuneration 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 and on a participant's employment or service upon reward payment. The rewards from the plan will be paid fully in company 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.

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

Other significant events in January–September 2021

The last investment of CapMan Mezzanine V fund, which is in carry, was sold in September, and as a result CapMan receives carried interest income of MEUR 2.0.

CapMan Buyout has introduced a sustainability link to CapMan Buyout XI fund's Capital Call Bridge facility. Starting from July 2021 the facility's margin is linked to the performance of the fund's portfolio companies on the following ESG metrics: 1) greenhouse gas emissions reporting in line with set targets, 2) gender diversity in portfolio company management teams and board of directors, and 3) the establishment of governance policies, specifically anti-corruption. The linkage is the first of its kind at CapMan.

In June, CapMan established a Nordic open-ended residential real estate fund, CapMan Residential. The fund has received MEUR 316 in equity commitments by the end of September and is expected to reach EUR 1 billion in equity by the end of 2023.

In May, CapMan established Nest Capital III, a Nordic private debt fund as part of its Credit strategy. Fundraising continues for the fund, which has raised MEUR 82 in commitments by the end of September.

CapMan changed the composition of its reportable segments to reflect the current structure of the Group business and its income streams. As of January 1, 2021, CapMan will report the CapMan Wealth Service business as part of the Management Company business segment. Prior, the business was reported as part of Service business. CapMan reported according to the updated segment composition starting from the January–March 2021 interim report.

In March, CapMan established a Special Situations fund that invests in the restructuring and turnaround of companies. Fundraising continues for the fund, which has raised MEUR 53 in commitments by the end of September.

CapMan Nordic Real Estate III Fund held a final close at MEUR 564, making it the largest fund in CapMan's operating history. 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.

CapMan Buyout XI Fund held a final close at MEUR 190. In line with recent earlier Buyout funds, the fund invests in Nordic mid-market Buyouts.

Events after the end of the review period

In October, CapMan Wealth Services launched its first international solution for co-investing in co-operation with international fund management company AlInvest Partners B.V. The programme, CWS Investment Partners Fund, invests in mid-sized US buyout funds alongside AlInvest. The fund has raised approx. MUSD 90 (approx. MEUR 78). CapMan's commitment to the fund was MUSD 10 (approx. MEUR 9).

CapMan has raised an additional MEUR 150 for the CapMan Residential fund in October. The fund's equity now stands at MEUR 465.

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.

Other risks related to operations and the development of business areas

Other sources of uncertainty related to CapMan's operations and business areas are related to structural changes in the business environment and other potential events that, when realised, may trigger the materialisation of such risks. Such changes and events may be, for example, technological development, digitalisation, sustainability risks, and cyber security risks that may lead to inability to adequately meet customer expectations, downtime of services, interrupted processes, losses as a consequence of for example criminal activity and/or reputational damages.

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-term.

Future management fees are affected mainly by new fundraisings 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.

Fees from wealth advisory services: Fees from wealth advisory services are mainly based on long-term contracts and the impact of the Covid-19

pandemic is limited for the time being. Transaction-based fees are more susceptible to market risk and are therefore more volatile.

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. CapMan does not provide guidance regarding carried interest.

Service business fees: 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 the Tables section of this report.

Helsinki, 27 October 2021

CAPMAN PLC
Board of Directors

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Additional information:

Niko Haavisto, CFO, tel. +358 50 465 4125

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Group Statement of comprehensive income (IFRS)

€ ('000)	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Management fees	9 588	6 576	26 081	19 309	28 995
Sale of services	3 073	2 196	9 455	9 644	13 122
Carried interest	2 210	139	2 533	618	873
Turnover	14 870	8 911	38 069	29 571	42 989
Other operating income	4	56	20	56	97
Personnel expenses	-7 545	-4 861	-21 576	-16 404	-23 916
Depreciation and amortisation	-375	-347	-1 090	-1 066	-1 503
Other operating expenses	-2 075	-1 909	-6 828	-6 901	-9 728
Fair value changes of investments	6 037	2 603	23 806	-2 648	4 398
Operating profit	10 916	4 454	32 401	2 607	12 339
Financial income and expenses	-751	-704	-2 893	-1 998	-3 120
Result before taxes	10 164	3 750	29 507	609	9 219
Income taxes	-721	-356	-3 500	-1 557	-2 941
Result for the period	9 443	3 394	26 008	-948	6 278
Other comprehensive income:					
Translation differences	-24	-24	-28	-109	100
Total comprehensive income	9 419	3 370	25 979	-1 057	6 378

€ ('000)	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Profit attributable to:					
Equity holders of the company	9 014	3 318	25 292	-1 696	5 142
Non-controlling interest	429	76	715	748	1 136
Total comprehensive income attributable to:					
Equity holders of the company	8 990	3 294	25 264	-1 805	5 242
Non-controlling interest	429	76	715	748	1 136
Earnings per share for profit attributable to the equity holders of the Company:					
Earnings per share, cents	5,8	2,1	16,2	-1,1	3,3
Diluted, cents	5,6	2,1	15,8	-1,1	3,3

Group balance sheet (IFRS)

€ ('000)	30.9.21	30.9.20	31.12.20
ASSETS			
Non-current assets			
Tangible assets	2 015	2 682	2 619
Goodwill	15 314	15 314	15 314
Other intangible assets	548	811	725
Investments at fair value through profit and loss			
Investments in funds	125 766	116 436	116 066
Other financial assets	191	1 464	191
Receivables	11 137	10 219	9 084
Deferred income tax assets	4 352	3 843	2 439
	159 323	150 770	146 438
Current assets			
Trade and other receivables	19 666	12 937	14 017
Financial assets at fair value through profit and loss	0	1 281	312
Cash and bank	58 643	41 031	58 002
	78 309	55 249	72 331
Total assets	237 632	206 019	218 768

€ ('000)	30.9.21	30.9.20	31.12.20
EQUITY AND LIABILITIES			
Capital attributable the Company's equity holders			
Share capital	772	772	772
Share premium account	38 968	38 968	38 968
Other reserves	52 720	71 407	71 416
Translation difference	-276	-456	-247
Retained earnings	24 376	-5 490	1 616
Total capital attributable to the Company's equity holders	116 561	105 200	112 524
Non-controlling interests	1 272	354	742
Total equity	117 833	105 554	113 266
Non-current liabilities			
Deferred income tax liabilities	4 547	2 660	2 703
Interest-bearing loans and borrowings	82 246	51 472	82 612
Other non-current liabilities	7 142	7 071	6 936
	93 935	61 203	92 250
Current liabilities			
Trade and other payables	21 185	15 920	11 075
Interest-bearing loans and borrowings	983	20 849	908
Current income tax liabilities	3 697	2 203	1 269
Current provisions	0	290	
	25 865	39 262	13 252
Total liabilities	119 800	100 465	105 502
Total equity and liabilities	237 632	206 019	218 768

Group Statement of Changes in Equity

Attributable to the equity holders of the Company

€ ('000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests
Equity on 1 January 2020	772	38 968	84 823	-348	3 218	127 433	2 100
Result for the year					-1 696	-1 696	748
Other comprehensive income for the year							
Currency translation differences				-109		-109	
Total comprehensive income for the year				-109	-1 696	-1 805	748
Share subscriptions with options			438			438	
Performance Share Plan					-1 262	-1 262	
Dividends and return of capital			-13 854		-6 282	-20 136	-1 708
Transactions with non-controlling interests					532	532	-786
Equity on 30 September 2020	772	38 968	71 407	-456	-5 490	105 200	354
Equity on 1 January 2021	772	38 968	71 416	-247	1 616	112 524	742
Result for the year					25 292	25 292	715
Other comprehensive income for the year							
Currency translation differences				-28		-28	
Total comprehensive income for the year				-28	25 292	25 264	715
Share subscriptions with options			90			90	
Performance Share Plan					574	574	
Dividends and return of capital			-18 786		-3 131	-21 917	-328
Transactions with non-controlling interests					24	24	143
Equity on 30 September 2021	772	38 968	52 720	-276	24 376	116 561	1 272

Statement of cash flow (IFRS)

€ ('000)	1-9/21	1-9/20	1-12/20
Cash flow from operations			
Result for the financial period	26 008	-948	6 278
Adjustments for:			
Share-based payments	574	1 734	1 919
Depreciation and amortisation	1 090	1 066	1 503
Fair value changes of investments	-23 806	2 648	-4 398
Financial income and expenses	2 893	1 998	3 120
Income taxes	3 500	1 557	2 941
Other non-cash items	12	347	-76
Adjustments, total	-15 737	9 350	5 009
Change in working capital:			
Change in current non-interest-bearing receivables	-5 168	-2 600	-3 169
Change in current trade payables and other non-interest-bearing liabilities	7 066	-7 903	-12 551
Interest paid	-1 079	-1 681	-3 197
Taxes paid	-1 605	-3 905	-4 277
Cash flow from operations	9 485	-7 687	-11 907
Cash flow from investing activities			
Acquisition of subsidiaries	234	-255	-255
Proceeds from sale of subsidiaries	149		7
Investments in tangible and intangible assets	-103	-320	-389
Investments at fair value through profit and loss	11 734	7 692	17 670
Long-term loan receivables granted	-27	-366	-410
Proceeds from long-term receivables	447	439	673
Interest received	22	51	166
Cash flow from investing activities	12 456	7 241	17 461
Cash flow from financing activities			
Share issue	90	438	447
Proceeds from borrowings	140	20 000	69 724
Repayment of long-term loan	0	-110	-38 590
Payment of lease liabilities	-725	-661	-942
Dividends paid and return of capital	-20 804	-21 854	-21 854
Cash flow from financing activities	-21 299	-2 187	8 784
Change in cash and cash equivalents	642	-2 634	14 337
Cash and cash equivalents at start of year	58 002	43 665	43 665
Cash and cash equivalents at end of year	58 643	41 031	58 002

Accounting principles

This unaudited interim report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the previous annual financial statements except for segment information. CapMan has changed the composition of its reportable segments as of January 1, 2021, and restated the comparison year figures respectively. Earlier business unit CapMan Wealth Services was reported in Service Business, but as of 2021 it will be reported in Management Company Business. At the same time, items below operating profit, such as financial income and expenses and income taxes, and non-current assets will no longer be allocated on segment level, as CapMan's chief operating decision maker is not following these items on segment level.

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

Items affecting comparability and alternative performance measures

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

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

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

Segment information

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

In its Management Company business, CapMan manages private equity funds and offers wealth advisory services. Private equity funds are invested by its partnership-based investment teams. Investments are mainly Nordic unlisted companies, real estate and infrastructure assets. CapMan raises capital for the funds from Nordic and international investors. CapMan Wealth Services offer comprehensive wealth advisory services related to the listed and unlisted market to smaller investors, such as family offices, smaller institutions and high net worth individuals. Income from the Management company business is derived from fee income and carried interest received from funds. The fee income include management fees related to CapMan's position as a fund management company, fees from other services closely related to fund management and fees from wealth advisory services.

In the Service business, CapMan offers procurement services to companies in Finland, Sweden and the Baltics, through CapMan Procurement Services (CaPS) and technology-based analytics, reporting and back office services through JAY Solutions to investors. In addition, Service business included discontinued Scala Fund Advisory that offered private equity advisory and fundraising services to private equity fund managers until the first half of 2020. Thereafter, income from the Services business include fees from CapMan Procurement Services (CaPS) and analytics and reporting services (JAY Solutions).

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

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

Segment information 7-9/2021

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	9 588				9 588
Service fees	1 124	1 938	0	10	3 073
Carried interest	2 210				2 210
Turnover	12 922	1 938	0	10	14 870
Turnover, internal	30	192		-221	
Other operating income		4			4
Personnel expenses, of which	-5 238	-681	-122	-1 503	-7 545
Salaries and bonuses	-5 238	-681	-122	-1 304	-7 346
Share-based payment				-199	-199
Depreciation, amortisation and impairment	-230	-90	-4	-52	-375
Other operating expenses	-1 301	-221	-50	-503	-2 075
Internal service fees	-1 125	-72		1 196	0
Fair value changes of investments			6 037		6 037
Operating profit	5 058	1 070	5 861	-1 072	10 916
Financial items					-751
Income taxes					-721
Result for the period					9 443
Earnings per share, cents					5,8
Earnings per share, diluted, cents					5,6
Timing of revenue recognition from customer contracts:					
Services transferred over time	10 402	1 938		10	12 351
Services transferred at a point in time	2 519				2 519
Revenue from customer contracts, external	12 922	1 938	0	10	14 870

Segment information 7-9/2020

1 000 EUR	Hallinnointi- liiketoiminta	Palvelu- liiketoiminta	Sijoitus- toiminta	Muut ja eliminoinnit	Konserni yhteensä
Management fees	6 576				6 576
Service fees	887	1 209		100	2 196
Carried interest	139				139
Turnover	7 602	1 209		100	8 911
Turnover, internal		195		-195	
Other operating income	5	51			56
Personnel expenses, of which	-3 237	-485		-1 139	-4 861
Salaries and bonuses	-3 237	-485		-954	-4 676
Share-based payment				-185	-185
Depreciation, amortisation and impairment	-180	-106		-61	-347
Other operating expenses	-1 161	-218	-26	-504	-1 909
Internal service fees	-917	-40	-4	960	
Fair value changes of investments			2 603		2 603
Operating profit	2 112	606	2 573	-838	4 454
Financial items					-704
Income taxes					-356
Result for the period					3 394
Earnings per share, cents					2,1
Earnings per share, diluted, cents					2,1
Timing of revenue recognition from customer contracts:					
Services transferred over time	7 376	1 457		100	8 933
Services transferred at a point in time	226	-248			-22
Revenue from customer contracts, external	7 602	1 209		100	8 911

Segment information 1-9/2021

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	26 081				26 081
Service fees	3 238	6 185	0	32	9 455
Carried interest	2 533				2 533
Turnover	31 852	6 185	0	32	38 069
Turnover, internal	116	523		-639	
Other operating income		17		3	20
Personnel expenses, of which	-14 301	-2 485	-415	-4 375	-21 576
Salaries and bonuses	-14 301	-2 485	-415	-3 800	-21 002
Share-based payment				-574	-574
Depreciation, amortisation and impairment	-660	-242	-11	-177	-1 090
Other operating expenses	-4 290	-769	-244	-1 526	-6 828
Internal service fees	-2 733	-239		2 972	0
Fair value changes of investments			23 806		23 806
Operating profit	9 983	2 989	23 136	-3 709	32 401
Financial items					-2 893
Income taxes					-3 500
Result for the period					26 008
Earnings per share, cents					16,2
Earnings per share, diluted, cents					15,8
Timing of revenue recognition from customer contracts:					
Services transferred over time	28 571	6 185		32	34 788
Services transferred at a point in time	3 280				3 280
Revenue from customer contracts, external	31 852	6 185	0	32	38 069

Segment information 1-9/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	19 309				19 309
Service fees	2 672	6 844		128	9 644
Carried interest	618				618
Turnover	22 600	6 844	0	128	29 571
Turnover, internal		603		-603	
Personnel expenses, of which	-9 431	-2 251	-338	-4 384	-16 404
Salaries and bonuses	-9 431	-2 251	-338	-2 650	-14 670
Share-based payment				-1 734	-1 734
Depreciation, amortisation and impairment	-565	-315		-186	-1 066
Other operating expenses	-4 199	-865	-83	-1 755	-6 901
Internal service fees	-2 771	-119	-11	2 901	
Fair value changes of investments			-2 648		-2 648
Operating profit	5 638	3 948	-3 080	-3 898	2 607
Financial items					-1 998
Income taxes					-1 557
Profit for the period					-948
Earnings per share, cents					-1,1
Earnings per share, diluted, cents					-1,1
Timing of revenue recognition from customer contracts:					
Services transferred over time	21 630	4 789		128	26 546
Services transferred at a point in time	971	2 055			3 025
Revenue from customer contracts, external	22 600	6 844		128	29 571

Segment information 1-12/2020

1 000 EUR	Hallinnointi- liiketoiminta	Palvelu- liiketoiminta	Sijoitus- toiminta	Muut ja eliminoinnit	Konserni yhteensä
Management fees	28 995				28 995
Service fees	3 862	8 564		696	13 122
Carried interest	873				873
Turnover	33 730	8 564		696	42 989
Turnover, internal		780		-780	
Other operating income	8	90			97
Personnel expenses, of which	-13 922	-3 038	-338	-6 618	-23 916
Salaries and bonuses	-13 922	-3 038	-338	-4 699	-21 997
Share-based payment				-1 919	-1 919
Depreciation, amortisation and impairment	-820	-433		-249	-1 503
Other operating expenses	-5 948	-1 196	-88	-2 496	-9 728
Internal service fees	-3 545	-158	-15	3 718	
Fair value changes of investments			4 398		4 398
Operating profit	9 502	4 608	3 958	-5 729	12 339
Financial items					-3 120
Income taxes					-2 941
Result for the period					6 278
Earnings per share, cents					3,3
Earnings per share, diluted, cents					3,3
Timing of revenue recognition from customer contracts:					
Services transferred over time	32 274	6 754		696	39 724
Services transferred at a point in time	1 456	1 810			3 266
Revenue from customer contracts, external	33 730	8 564		696	42 989

Income taxes

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

Dividends and repayment of capital

The Annual General Meeting, held on 17 March 2021, decided that a dividend of EUR 0.02 per share and an equity repayment of EUR 0.12 per share from the invested unrestricted equity fund, totalling EUR 21.9 million, be paid for the financial year 2020 in two equal instalments. The first instalment of EUR 11.0 million was paid on 26 March 21 and the second instalment of EUR 11.0 million was paid on 27 September 2021.

For the financial year 2019, 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 on 20 March 2020.

Non-current assets

Fair value hierarchy of financial assets measured at fair value at 30 September 2021

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	951		115 115	116 066
Additions			17 171	17 171
Distributions			-15 924	-15 924
Disposals			-16 357	-16 357
Fair value gains/losses			23 978	23 978
Transfers*	1 439		-608	831
at the end of period	2 390		123 376	125 766
Other investments				
at Jan 1	166	0	25	191
at the end of period	166	0	25	191
Current financial assets at FVTPL	0			0

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

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

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 76.4 million at the end of the reporting period.

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

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	738		115 180	115 918
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
Fair value gains/losses			-2 546	-2 546
Transfers	166	-166	0	0
at the end of period	166	0	25	191
Current financial assets at FVTPL	312			312

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

The different levels have been defined as follows:

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

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

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

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.

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

Sensitivity analysis of Level 3 investments at 30 September 2021

Investment area	Fair Value MEUR, 30 September 2021	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	20.0	Peer group	Peer group earnings multiples	EV/EBITDA 2021 12.6x	+/- 10%	+/- 2.0 MEUR
			Discount to peer group multiples	30 %	+/- 10%	-/+ 0.9 MEUR
Buyout	10.1	Peer group	Peer group earnings multiples	EV/EBITDA 2021 9.8x	+/- 10%	+ 2.5 MEUR / - 2.4 MEUR
			Discount to peer group multiples	26 %	+/- 10%	-/+ 1.1 MEUR
Real Estate	41.9	Valuation by an independent valuer				
Infra	9.9	Discounted cash flows	Terminal value	EV/EBITDA 17.2x	+/- 5%	+/- 0.9 MEUR
			Discount rate; market rate and risk premium	11 %	+/- 100 bps	- / + 0.6 MEUR
Russia	3.5	Peer group	Peer group earnings multiples	EV/EBITDA 2021 12.2x	+/- 10%	+/- 0.3 MEUR
			Discount rate; market rate and risk premium	45 %	+/- 10%	-/+ 0.2 MEUR
Credit	2.0	Discounted cash flows	Discount rate; market rate and risk premium	9 %	+/- 100 bps	- 0.0 MEUR / value increase based on a change in the discount rate is not booked
Special Situations	1.4	Peer group	Peer group earnings multiples	EV/EBITDA 2021 24.8x	+/- 10%	+/- 0.3 MEUR
			Discount to peer group multiples	23 %	+/- 10%	-/+ 0.2 MEUR
Investments in external PE funds	34.6	Reports from PE fund management company				

Sensitivity analysis of Level 3 investments at 31 December 2020

Investment area	Fair Value MEUR, 31 Dec 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

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

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

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

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

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

Different methodologies may be considered. The most applied methodologies at CapMan include available market price for actively traded (quoted) investments, earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment, and the Discounted Cash Flows method, whereby estimated future cash flows and the terminal value are discounted to the present by applying the appropriate risk-adjusted rate. CapMan always applies a discount to peer group multiples, due to e.g. limited liquidity of the investments. Due to the qualitative nature of the valuation methodologies, the fair values are to a considerable degree based on CapMan's judgment.

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

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

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

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.

Seasonal nature of business

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

Average personnel

By country	30.9.21	30.9.20	31.12.20
Finland	123	112	112
Sweden	24	22	22
Denmark	5	6	6
Norway	0	0	0
Luxembourg	1	2	2
United Kingdom	4	4	4
In total	157	145	146

Contingent liabilities

€ ('000)	30.9.21	30.9.20	31.12.20
Securities and other contingent liabilities	62 385	62 771	62 771
Remaining commitments to funds	85 031	100 815	109 061
Remaining commitments by investment area			
Buyout	36 174	38 994	38 895
Credit	4 410	1 480	1 476
Russia	1 073	984	1 117
Real Estate	11 169	13 135	12 330
Other	3 554	3 556	3 556
Funds of funds	245	246	246
Growth equity	11 620	14 615	14 021
Infra	5 456	9 480	19 506
Special Situations	3 607		
External private equity funds	7 725	18 326	17 913
In total	85 031	100 815	109 061

Related parties

Loans to related parties

CapMan has a long-term loan receivable of EUR 6 thousand from a management group member's controlling interest. The loan receivable has a fixed interest rate.

Commitments to related parties

€ ('000)	30.9.21	30.9.20	31.12.20
Investment commitments to Maneq funds		643	643
Loan commitment to a management group member's controlling interest	69	0	0

Turnover and profit quarterly

Year 2021

MEUR	1-3/21	4-6/21	7-9/21	1-9/21
Turnover	11,3	11,9	14,9	38,1
Management fees	8,0	8,4	9,6	26,1
Sales of services	3,2	3,2	3,1	9,5
Carried interest	0,0	0,3	2,2	2,5
Other operating income	0,0	0,0	0,0	0,0
Operating expenses	-9,3	-10,2	-10,0	-29,5
Fair value changes of investments	8,2	9,6	6,0	23,8
Operating profit	10,1	11,3	10,9	32,4
Financial income and expenses	-0,9	-1,3	-0,8	-2,9
Result before taxes	9,3	10,1	10,2	29,5
Result for the period	7,8	8,8	9,4	26,0

Year 2020

MEUR	1-3/20	4-6/20	7-9/20	10-12/20	1-12/20
Turnover	11,9	8,7	8,9	13,4	43,0
Management fees	6,9	5,9	6,6	9,7	29,0
Sales of services	5,0	2,5	2,2	3,5	13,1
Carried interest	0,1	0,4	0,1	0,3	0,9
Other operating income	0,0	0,0	0,1	0,0	0,1
Operating expenses	-9,5	-7,8	-7,1	-10,8	-35,1
Fair value changes of investments	-8,4	3,2	2,6	7,0	4,4
Operating profit (loss)	-6,0	4,1	4,5	9,7	12,3
Financial income and expenses	-0,6	-0,7	-0,7	-1,1	-3,1
Result before taxes	-6,5	3,4	3,8	8,6	9,2
Result for the period	-7,4	3,1	3,4	7,2	6,3