



CapMan

Financial Statements Bulletin

1-12 | 2021

Record year

Turnover MEUR 53, +23%

Operating profit MEUR 45, +262%

CapMan Plc 3 February 2022

CapMan Plc 2021 Financial Statements Bulletin

Record year: Turnover MEUR 53, +23% and operating profit MEUR 45, +262%

Results and significant events in January–December 2021

- Group turnover was MEUR 52.8 1 Jan–31 Dec 2021 (MEUR 43.0 1 Jan–31 Dec 2020) and increased by 23 per cent.
- Operating profit was MEUR 44.6 (MEUR 12.3).
- Management Company business turnover was MEUR 43.6 (MEUR 33.7). Operating profit was MEUR 13.2 (MEUR 9.5).*)
- Service business turnover was MEUR 8.6 (MEUR 8.6). Operating profit was MEUR 4.2 (MEUR 4.6).*)
- Investment business operating profit was MEUR 32.7 (MEUR 4.0).
- Diluted earnings per share were 21.4 cents (3.3 cents).
- Capital under management was EUR 4.5 billion on 31.12.2021 and increased by EUR 690 million from 31.12.2020.
- Board of Directors proposes a total of 15 cents/share to be distributed for 2021, consisting of a dividend of 4 cents/share and equity repayment of 11 cents/share.

TURNOVER 1–12 2021

€52.8m

OPERATING PROFIT 1–12 2021

€44.6m

CAPITAL UNDER
MANAGEMENT 31.12.2021

€4.5 bn

RETURN ON EQUITY
1–12 2021

29.4%

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

CEO comment:

"2021 was CapMan's strongest year as a listed company, measured by turnover and operating profit. Turnover for the year was MEUR 53, growth of 23 per cent from 2020 and operating profit was MEUR 45, growth of 262 per cent from 2020. Key drivers behind the record result are strong international fundraising, successful value creation work and well executed exits.

Our vision is to be a Nordic private assets powerhouse. Our strategy based on this vision has progressed on many fronts during 2021. We have expanded our fund investor base, diversified our product offering in the unlisted market and focused on active and sustainable value creation.

“ *2021 was CapMan's strongest year as a listed company, measured by turnover and operating profit.* ”

Assets under management were EUR 4.5 billion at the end of 2021 and increased by almost MEUR 700 during the year. We raised capital for our new Residential and Credit funds as well as for CapMan Wealth Services' new investment programme, among others. Several fundraising projects, including raising the next Infra fund as well as many new Real Estate funds, are ongoing. These projects proceed as planned and we expect to see continued growth in assets under management in 2022.

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 2021 and expect CapMan Nordic Real Estate Fund to start generating carry in the next few months. Several other funds have also developed strongly and now approach carry.

Management Company turnover was MEUR 44 in 2021, growing 29 per cent from 2020. Turnover grew due to new assets under management and carried interest income. The operating profit of the Management Company business was MEUR 13, growing by 39 per cent from the comparison period. Operating profit grew due to significant growth in proceeds in combination with controlled cost development.

Service business turnover was MEUR 9 and operating profit MEUR 4 in 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 business was very profitable. JAY Solutions' business grew strongly especially due to new customer acquisition and growth in the B2B business.

Management Company and Service business fee profitability has continued growing and was at a record level in 2021. This fee-based profitability is stable and predictable and has grown approx. 50 per cent p.a. in the past four years. We expect fee-based profitability to continue its strong growth also during 2022 especially due to the expected growth in assets under management.

The year 2021 has been characterised by successful value creation. The fair value changes of investments from our balance sheet were MEUR +34 in 2021. The positive development was broad-based and included all our active strategies. Successful value creation work was also reflected in exits. Net cash flows from investments to CapMan was MEUR 18.

Our balance sheet and liquidity are strong. At the end of 2021, our equity ratio was 53 per cent and liquid assets were MEUR 65. The Board of Directors proposes for the 2022 Annual General Meeting that a total of 15 cents per share would be distributed to shareholders. Earnings per share for 2021 was 21 cents. The payment would increase distribution to shareholders for the ninth consecutive year in line with our dividend policy.

” *We commit to actions that limit global warming in line with the boundaries established by the Paris Agreement.*

CapMan’s societal impact is significant. We have the opportunity and a strong drive to develop our portfolio companies in a more environmentally friendly, and socially sustainable direction while adhering to good governance principles. This is how we build a more sustainable society in the Nordics. We have implemented our new ESG strategy, which integrates sustainability factors more systematically into all our activities. As part of this work, we have established clear sustainability commitments to CapMan as well as the funds that we manage. We commit to actions that limit global warming in line with the boundaries established by the Paris Agreement. We also commit to promoting employee wellbeing and the establishment of diverse and inclusive work communities as part of active value creation.

We have raised the bar for our business and results during 2021. In the coming years, we will maintain our focus on growth and especially on the internationalisation of our business. Active and sustainable value creation is at the core of our activities. This combination of growth and value creation improves our financial performance and helps us execute our vision to be a Nordic private assets powerhouse.”

Joakim Frimodig

CEO, CapMan Plc

CapMan Plc

Financial Statements Bulletin 2021

Group turnover and result in 2021

CapMan Group's turnover totalled MEUR 52,8 in the period spanning 1 January–31 December 2021 (1 January–31 December 2020: MEUR 43.0). The 23 per cent increase in turnover was mainly due to an increase in management fees and carried interest compared to 2020.

Operating expenses were MEUR 42.1 (MEUR 35.1) in total. Personnel expenses, including employer contributions, were MEUR 30.6 (MEUR 23.9). The growth was mainly due to higher earnings-based bonus accruals. The previous year included cost savings measures undertaken due to the exceptional pandemic situation in total of MEUR 1.5. Depreciations and amortisations were MEUR 1.5 (MEUR 1.5). Other operating expenses amounted to MEUR 10.0 (MEUR 9.7).

Fair value changes of investments were MEUR +33.9 in 2021 (MEUR +4.4). The fair value change was positive across all investment strategies. Net cash flow from investments booked at fair value generated by exits was MEUR 17.5 (MEUR 17.7). Fund investments have developed favourably and funds have completed several exits, which is reflected as a positive fair value change. Funds also have several investments from which they are ready to exit or where an exit has already been agreed, which has increased fair values. During 2020, fair values increased significantly more moderately mainly following the outbreak of the Covid-19 pandemic.

The Group's operating profit was MEUR 44.6 (MEUR 12.3) following strongly positive fair value changes, turnover growth and controlled cost base development.

Financial income and expenses amounted to MEUR -4.0 (MEUR -3.1). Financial expenses increased due to the issuance of a senior bond in December 2020. Profit before taxes was MEUR 40.6 (MEUR 9.2) and profit after taxes was MEUR 35.4 (MEUR 6.3).

Diluted earnings per share were 21.4 cents (3.3 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 2021 totalled MEUR 43.6 (MEUR 33.7). The 29 per cent increase was mainly due to an increase in management fees and carried interest from 2020.

Management fees were MEUR 36.6 (MEUR 29.0), growth was 26 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 new funds will have a positive effect on management fees also in 2022.

Carried interest income for the financial year totalled MEUR 2.9 (MEUR 0.9) mainly from the CapMan Mezzanine V fund. The fund was terminated in 2021.

Other Management Company fees, mainly from wealth advisory services, were MEUR 4.2 (MEUR 3.9). CapMan includes CapMan Wealth Services as part of the Management Company business segment starting from January 2021 and 2020 figures have been restated accordingly.

Of the turnover, 91 per cent was based on long term contracts (96 per cent in 2020). The comparatively lower share of turnover based on long-term contracts was due to a higher share of carried interest in 2021.

Operating expenses of the Management Company business amounted to MEUR 30.7 (MEUR 24.2). Operating profit of the Management Company business was MEUR 13.2 (MEUR 9.5).

Service business

Turnover generated by Service business totalled MEUR 8.6 (MEUR 8.6). The steady development was due to growth in service businesses and higher fees based on long-term contracts combined with lower transaction-based fees compared to 2020.

All turnover during 2021 was based on long-term contracts and grew by 28 per cent from turnover based on long-term contracts in 2020 mainly due to strong growth of CaPS and JAY Solutions. Starting from 2021, the Service business includes CaPS and JAY Solutions, and the corresponding reporting segments for 2020 have been restated accordingly. The year 2020 also included a total of MEUR 1.8 of transaction-based fees from the discontinued Scala Fund Advisory services.

Operating expenses of the Service business amounted to MEUR 5.1 (MEUR 4.8). The operating profit of the Service business was MEUR 4.2 (MEUR 4.6).

Investment business

Fair value of fund investments was MEUR 130.0 on 31 December 2021 (31 December 2020: MEUR 116.1). Fair value changes of fund investments were MEUR +33.9 in 2021 (MEUR +7.1), corresponding to a 26.9 per cent increase in value (2020: 5.6 per cent). The fair value change was positive across all investment strategies. Net cash flow from fund

investments booked at fair value generated by exits was MEUR 17.0 (MEUR 6.9). Fund investments have developed favourably and funds have completed several exits, which is reflected as a positive fair value change. Funds also have several investments ready for exit or where an exit has already been agreed, which has increased fair values. During 2020, fair values increased significantly more moderately mainly following the outbreak of the Covid-19 pandemic.

CapMan invested a total of MEUR 20.9 in its funds in 2021 (MEUR 17.9). CapMan received distributions from funds totalling MEUR 23.5 (MEUR 24.7). In addition, CapMan sold part of its investments in its Infra fund and external funds for MEUR 14. The amount of remaining commitments that have not yet been called totalled MEUR 90.3 as at 31 December 2021 (31 December 2020: MEUR 109.1) and include commitments to CapMan's newest funds, among others. Commitments have decreased as capital has been called to the funds. Total commitments also decreased due to commitments associated with the sold Infra fund portions. 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 0.4 (MEUR 0.2). In 2020, the fair value change of other long-term investments was MEUR -2.5.

CapMan realised the remainder of its market portfolio, consisting of listed stocks, which had a minor positive effect on results for 2021. The fair value of CapMan's market portfolio was MEUR 0.3 on 31 December 2020. Cash flow from the divestment of the market portfolio was MEUR 0.6 in 2021 compared to MEUR 10.8 in 2020.

In total, change in fair value of investments was MEUR +33.9 in 2021 (2020: MEUR +4.4). Operating profit for the Investment business was MEUR 32.7 (MEUR 4.0).

Table 1: CapMan's investments booked at fair value as at 31 December 2021

	Fair value 31 December 2021 (MEUR)
Fund investments	130.0
Other long-term investments	0.4
Total	130.4

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 31 December 2021

CapMan's balance sheet totalled MEUR 240.3 as at 31 December 2021 (31 December 2020: MEUR 218.8). Non-current assets amounted to

MEUR 159.8 (MEUR 146.4), of which goodwill totalled MEUR 15.3 (MEUR 15.3).

As at 31 December 2021, fund investments booked at fair value totalled MEUR 130.0 (MEUR 116.1 as at 31 December 2020).

Other financial assets booked at fair value were MEUR 0.4 (MEUR 0.2).

Long-term receivables amounted to MEUR 11.9 (MEUR 11.5).

Current assets amounted to MEUR 80.4 (MEUR 72.3). Financial assets booked at fair value, i.e. current investments, were MEUR 0.0 (MEUR 0.3).

Cash in hand and at banks amounted to MEUR 65.2 (MEUR 58.0).

CapMan's interest-bearing net debt amounted to MEUR 17.8 as at 31 December 2021 (MEUR 25.5). In 2021, CapMan reduced the amount of its long-term credit facility from MEUR 40 to MEUR 20. CapMan's total interest-bearing debt as at 31 December 2021 is outlined in Table 2.

Table 2: CapMan's interest bearing debt

	Debt amount 31 Dec 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	Q3 2024	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 31 December 2021.

Trade and other payables totalled MEUR 16.7 on 31 December 2021 (31 December 2020: MEUR 11.1).

The Group's cash flow from operations totalled MEUR +11.0 for the financial year 2021 (MEUR -11.9). The stronger cash flow from operations compared to 2020 was due to a stronger result for the year and the change in working capital, 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 +19.2 (MEUR +17.5) and includes, *inter alia*, investments and repaid capital received by the Group.

Cash flow before financing totalled MEUR +30.2 (MEUR +5.6) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR -23.0 (MEUR +8.8) and included the distribution of dividends and equity repayment. In 2020, cash flow from financing also included the drawdown of the long-term credit facility and the senior bond as well as the repayment of the senior bond.

Sustainability

Sustainability factors have a central position in CapMan's fund management and investment activities. During 2021, CapMan has substantially increased its focus on sustainability. We have hired our first ESG Director responsible for the systematic implementation of sustainability work in the Group. During the year, we have established a

new sustainability strategy for the Group and set targets for both CapMan Plc and for our funds under management.

CapMan has made an environmental commitment to set Science Based Targets in line with a 1.5°C scenario. CapMan's social target relates to employee satisfaction. CapMan's governance target relates to the diversity of CapMan Plc's management group, managerial positions and throughout the organisation, as well as the diversity of persons appointed by CapMan to management teams and boards of portfolio companies.

In addition, we have engaged a data management platform that enables us to follow up on developments on an asset and fund level and support portfolio companies in establishing their own sustainability strategy and targets. We will continue our efforts in this area in 2022.

Capital under management as at 31 December 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 4,517 as at 31 December 2021 (31 December 2020: MEUR 3,825). The increase in capital under management was mainly due to the establishment and commitments to new funds. Capital under management per fund type is displayed in Table 3.

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

	31.12.21 (MEUR)	31.12.20 (MEUR)
Real Estate	3,060	2,440
Private Equity & Credit	991	998
Infra	355	357
Other	110	32
Total capital under management	4,517	3,827

Key figures 31 December 2021

CapMan's return on equity was 29.4 per cent on 31 December 2021 (31 December 2020: 5.2 per cent) and return on investment 21.2 per cent (6.3 per cent). Equity ratio was 53.3 per cent (51.9 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

	31.12.21	31.12.20
Earnings per share, cents	21.9	3.3
Diluted, cents	21.4	3.3
Shareholders' equity / share, cents	81.4	72.7
Share issue adjusted number of shares, avg.	156,579,585	155,796,829
Return on equity, %	29.4	5.2
Return on investment, %	21.2	6.3
Equity ratio, %	53.3	51.9
Net gearing, %	14.0	22.5

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 16 March 2022 that a total of EUR 0.15 per share would be paid to shareholders, equivalent of a total of MEUR 23.5, from distributable funds for 2021. The distribution of funds would be divided into a dividend of EUR 0.04 per share, equivalent to a total of approx. MEUR 6.3 as well as an equity repayment of EUR 0.11 per share to be returned from the invested unrestricted equity fund, equivalent to a total of approx. MEUR 17.2. CapMan's distributable funds amounted

to MEUR 56.9 on 31 December 2021. The dividend would be paid in two instalments.

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2022

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 2021 in February 2022 during week 8. CapMan Plc's 2022 AGM will be held on Wednesday 16 March 2022 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 22 February 2022 the latest.

Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 22 February 2022 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 2021 during week 8 and will be available on the company's website by 22 February 2022 the latest.

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 2021.

Share capital totalled EUR 771,586.98 as at 31 December 2021. CapMan had 156,617,293 shares outstanding as at 31 December 2021 (156,458,970 shares as at 31 December 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 31 December 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 79,949 as at 31 December 2021 (31 December 2020: EUR 61,013). No changes occurred in the number of own shares held by CapMan Plc during the financial year.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 3.04 on 31 December 2021 (31 December 2020: EUR 2.32). The trade-weighted average price for 2021 was EUR 2.78 (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 31.3 million (56.6 million), valued at MEUR 87.0 (MEUR 120.5).

The market capitalisation of CapMan Plc shares as at 31 December 2021 was MEUR 475.3 (31 December 2020: MEUR 362.2).

Shareholders

The number of CapMan Plc shareholders increased by 12 per cent from the corresponding period last year and totalled 28,137 as at 31 December 2021 (31 December 2020: 25,075).

There were no flagging notices issued during 2021.

Personnel

CapMan employed 161 people on average in 2021 (2020 average: 146), of whom 125 (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 2021

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).

Atte Rissanen was appointed CFO of CapMan Plc and member of the Management Group starting from January 2022. Heidi Sulin was appointed COO of CapMan Plc and member of the Management Group starting from November 2021.

The last investment of CapMan Mezzanine V fund, which is in carry, was sold in September, and as a result CapMan received carried interest income of MEUR 2.1. The fund was terminated at the end of 2021.

In June, CapMan established a Nordic open-ended residential real estate fund, CapMan Residential. The fund has received MEUR 524 in equity commitments by the end of 2021 and targets 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 100 in commitments by the end of 2021.

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 2021.

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 financial year

The 2013 vintage CapMan Nordic Real Estate fund has agreed on an exit, which at completion would transfer the fund to carry. The transaction is expected to close in the next few months.

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. Sector-specific variations are considerable. 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 2022

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 2022. 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 2022.

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

Helsinki, 3 February 2022

CAPMAN PLC
Board of Directors

CapMan Group's Interim Report for the period 1 January–31 March 2022 is published on Thursday 28 April 2022.

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Group Statement of comprehensive income (IFRS)

€ ('000)	10-12/21	10-12/20	1-12/21	1-12/20
Management fees	10 504	9 686	36 585	28 995
Sale of services	3 886	3 478	13 341	13 122
Carried interest	325	254	2 858	873
Turnover	14 715	13 418	52 784	42 989
Other operating income	3	41	22	97
Personnel expenses	-9 056	-7 512	-30 632	-23 916
Depreciation and amortisation	-386	-436	-1 476	-1 503
Other operating expenses	-3 141	-2 827	-9 969	-9 728
Fair value changes of investments	10 106	7 047	33 912	4 398
Operating profit	12 241	9 732	44 642	12 339
Financial income and expenses	-1 148	-1 122	-4 042	-3 120
Result before taxes	11 093	8 610	40 600	9 219
Income taxes	-1 739	-1 384	-5 239	-2 941
Result for the period	9 354	7 226	35 362	6 278
Other comprehensive income:				
Translation differences	-11	209	-39	100
Total comprehensive income	9 343	7 435	35 322	6 378

€ ('000)	10-12/21	10-12/20	1-12/21	1-12/20
Profit attributable to:				
Equity holders of the company	9 028	6 838	34 320	5 142
Non-controlling interest	326	388	1 042	1 136
Total comprehensive income attributable to:				
Equity holders of the company	9 017	7 047	34 281	5 242
Non-controlling interest	326	388	1 042	1 136
Earnings per share for profit attributable to the equity holders of the Company:				
Earnings per share, cents	5,7	4,4	21,9	3,3
Diluted, cents	5,6	4,4	21,4	3,3

Group balance sheet (IFRS)

€ ('000)	31.12.21	31.12.20
ASSETS		
Non-current assets		
Tangible assets	1 754	2 619
Goodwill	15 314	15 314
Other intangible assets	459	725
Investments at fair value through profit and loss		
Investments in funds	130 011	116 066
Other financial assets	393	191
Receivables	10 066	9 084
Deferred income tax assets	1 836	2 439
	159 834	146 438
Current assets		
Trade and other receivables	15 223	14 017
Financial assets at fair value through profit and loss	0	312
Cash and bank	65 207	58 002
	80 429	72 331
Total assets	240 263	218 768

€ ('000)	31.12.21	31.12.20
EQUITY AND LIABILITIES		
Capital attributable the Company's equity holders		
Share capital	772	772
Share premium account	38 968	38 968
Other reserves	52 718	71 416
Translation difference	-286	-247
Retained earnings	33 607	1 616
Total capital attributable to the Company's equity holders	125 778	112 524
Non-controlling interests	1 616	742
Total equity	127 394	113 266
Non-current liabilities		
Deferred income tax liabilities	4 627	2 703
Interest-bearing loans and borrowings	82 038	82 612
Other non-current liabilities	7 552	6 936
	94 217	92 250
Current liabilities		
Trade and other payables	16 722	11 075
Interest-bearing loans and borrowings	970	908
Current income tax liabilities	959	1 269
	18 652	13 252
Total liabilities	112 869	105 502
Total equity and liabilities	240 263	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					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	772	38 968	71 416	-247	1 616	112 524	742
Equity on 1 January 2021	772	38 968	71 416	-247	1 616	112 524	742
Result for the year					34 320	34 320	1 042
Other comprehensive income for the year							
Currency translation differences				-39		-39	
Total comprehensive income for the year				-39	34 320	34 281	1 042
Share subscriptions with options			90			90	
Performance Share Plan					787	787	
Dividends and return of capital			-18 788		-3 131	-21 920	-328
Transactions with non-controlling interests					15	15	161
Equity on 31 December 2021	772	38 968	52 718	-286	33 607	125 778	1 616

Statement of cash flow (IFRS)

€ ('000)	1-12/21	1-12/20
Cash flow from operations		
Result for the financial period	35 362	6 278
Adjustments for:		
Share-based payments	787	1 919
Depreciation and amortisation	1 476	1 503
Fair value changes of investments	-33 912	-4 398
Financial income and expenses	4 042	3 120
Income taxes	5 239	2 941
Other non-cash items	32	-76
Adjustments, total	-22 337	5 009
Change in working capital:		
Change in current non-interest-bearing receivables	-1 545	-3 169
Change in current trade payables and other non-interest-bearing liabilities	6 087	-12 551
Interest paid	-3 971	-3 197
Taxes paid	-2 571	-4 277
Cash flow from operations	11 025	-11 907
Cash flow from investing activities		
Acquisition of subsidiaries	231	-255
Proceeds from sale of subsidiaries	221	7
Investments in tangible and intangible assets	-140	-389
Investments at fair value through profit and loss	17 522	17 670
Long-term loan receivables granted	-144	-410
Proceeds from long-term receivables	1 389	673
Interest received	91	166
Cash flow from investing activities	19 170	17 461
Cash flow from financing activities		
Share issue	90	447
Proceeds from borrowings	140	69 724
Repayment of long-term loan	0	-38 590
Payment of lease liabilities	-976	-942
Dividends paid and return of capital	-22 244	-21 854
Cash flow from other financing items	0	
Cash flow from financing activities	-22 990	8 784
Change in cash and cash equivalents	7 205	14 337
Cash and cash equivalents at start of year	58 002	43 665
Cash and cash equivalents at end of year	65 207	58 002

Accounting principles

This financial statements release is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the previous annual financial statements except for 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 10-12/2021

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	10 504				10 504
Service fees	948	2 435	0	504	3 886
Carried interest	325				325
Turnover	11 777	2 435	0	504	14 715
Turnover, internal	127	140		-267	
Other operating income		3		0	3
Personnel expenses, of which	-5 687	-886	-451	-2 031	-9 056
Salaries and bonuses	-5 687	-886	-451	-1 818	-8 843
Share-based payment				-213	-213
Depreciation, amortisation and impairment	-235	-98	-4	-50	-386
Other operating expenses	-1 797	-236	-89	-1 019	-3 141
Internal service fees	-975	-174		1 148	0
Fair value changes of investments			10 106		10 106
Operating profit (loss)	3 210	1 184	9 561	-1 714	12 241
Financial items					-1 148
Income taxes					-1 739
Result for the period					9 354
Earnings per share, cents					5,7
Earnings per share, diluted, cents					5,6
Timing of revenue recognition from customer contracts:					
Services transferred over time	11 274	2 435		504	14 213
Services transferred at a point in time	503				503
Revenue from customer contracts, external	11 777	2 435	0	504	14 715

Segment information 10-12/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	9 686				9 686
Service fees	1 190	1 720		568	3 478
Carried interest	254				254
Turnover	11 130	1 720		568	13 418
Turnover, internal		177		-177	
Other operating income	3	39			41
Personnel expenses, of which	-4 491	-787		-2 234	-7 512
Salaries and bonuses	-4 491	-787		-2 050	-7 327
Share-based payment				-185	-185
Depreciation, amortisation and impairment	-255	-118		-64	-436
Other operating expenses	-1 749	-331	-5	-742	-2 827
Internal service fees	-774	-40	-4	818	
Fair value changes of investments			7 047		7 047
Operating profit	3 864	660	7 038	-1 831	9 732
Financial items					-1 122
Income taxes					-1 384
Result for the period					7 226
Earnings per share, cents					4,4
Earnings per share, diluted, cents					4,4
Timing of revenue recognition from customer contracts:					
Services transferred over time	10 645	1 965		568	13 178
Services transferred at a point in time	486	-245			241
Revenue from customer contracts, external	11 130	1 720		568	13 418

Segment information 1-12/2021

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	36 585				36 585
Service fees	4 185	8 619		536	13 341
Carried interest	2 858				2 858
Turnover	43 629	8 619		536	52 784
Turnover, internal	242	664		-906	
Other operating income		19		3	22
Personnel expenses, of which	-19 989	-3 371	-866	-6 405	-30 632
Salaries and bonuses	-19 989	-3 371	-866	-5 618	-29 845
Share-based payment				-787	-787
Depreciation, amortisation and impairment	-895	-340	-15	-226	-1 476
Other operating expenses	-6 086	-1 004	-333	-2 545	-9 969
Internal service fees	-3 708	-413		4 121	0
Fair value changes of investments			33 912		33 912
Operating profit	13 193	4 173	32 698	-5 422	44 642
Financial items					-4 042
Income taxes					-5 239
Result for the period					35 362
Earnings per share, cents					21,9
Earnings per share, diluted, cents					21,4
Timing of revenue recognition from customer contracts:					
Services transferred over time	39 845	8 619		536	49 001
Services transferred at a point in time	3 783				3 783
Revenue from customer contracts, external	43 629	8 619		536	52 784

Segment information 1-12/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
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

A dividend of EUR 0.02 per share and a repayment of invested unrestricted equity fund of EUR 0.12 per share, totalling EUR 21.9 million, was paid to the shareholders for the financial year 2020. Dividend and repayment of equity were paid in two equal instalments. The first instalment of EUR 11.0 million was paid on March 26, 2021, and the second instalment of EUR 11.0 million was paid on September 27, 2021.

The Board of Directors will propose to the Annual General Meeting to be held on 16 March 2022 that a dividend of EUR 0.04 per share, equivalent to a total of approx. EUR 6.3 million, and a repayment of invested unrestricted equity fund of EUR 0.11 per share, equivalent to a total of approx. EUR 17.2 million, would be paid to the shareholders. The aggregate amount of proposed dividends and repayment of invested unrestricted equity fund would be approx. EUR 23.5 million, and it is proposed to be paid in two instalments six months apart.

Non-current assets

Fair value hierarchy of financial assets measured at fair value at 31 December 2021

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	951		115 115	116 066
Additions			20 912	20 912
Distributions			-23 542	-23 542
Disposals			-16 505	-16 505
Fair value gains/losses			34 135	34 135
Transfers*	-715		-339	-1 054
at the end of period	236		129 776	130 011
Other investments				
at Jan 1	166	0	25	191
Additions	202			202
at the end of period	368	0	25	393
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 (unadjusted) in active markets for identical assets

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

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

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

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 76.9 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 (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

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 31 December 2021

Investment area	Fair Value MEUR, 31 December 2021	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	19.0	Peer group	Peer group earnings multiples	EV/EBITDA 2021 12.6x	+/- 10%	+/- 1.6 MEUR
			Discount to peer group multiples	31 %	+/- 10%	-/+ 0.8 MEUR
Buyout	10.9	Peer group	Peer group earnings multiples	EV/EBITDA 2021 8.2x	+/- 10%	+ 3.8 MEUR /- 3.7 MEUR
			Discount to peer group multiples	30 %	+/- 10%	-/+ 1.9 MEUR
Real Estate	44.0	Valuation by an independent valuer				
Infra	10.5	Discounted cash flows	Terminal value	EV/EBITDA 17.8x	+/- 5%	+/- 0.8 MEUR
			Discount rate; market rate and risk premium	13 %	+/- 100 bps	- / + 1.1 MEUR
Russia	3.4	Peer group	Peer group earnings multiples	EV/EBITDA 2021 12.3x	+/- 10%	+/- 0.3 MEUR
			Discount rate; market rate and risk premium	44 %	+/- 10%	-/+ 0.2 MEUR
Credit	1.8	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	38.1	Reports from PE fund management company				
Special Situations	1.9	Peer group	Peer group earnings multiples	EV/EBITDA 2021 16.0x	+/- 10%	+/- 0.1 MEUR
			Discount to peer group multiples	23 %	+/- 10%	-/+ 0.0 MEUR

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	31.12.21	31.12.20
Finland	125	112
Sweden	25	22
Denmark	5	6
Norway	1	0
Luxembourg	1	2
United Kingdom	4	4
In total	161	146

Contingent liabilities

€ ('000)	31.12.21	31.12.20
Securities and other contingent liabilities	62 365	62 771
Remaining commitments to funds	90 340	109 061
Remaining commitments by investment area		
Buyout	35 871	38 895
Credit	2 438	1 476
Russia	1 066	1 117
Real Estate	10 558	12 330
Other	3 554	3 556
Funds of funds	245	246
Growth equity	11 298	14 021
Infra	4 952	19 506
Special Situations	3 135	
CapMan Wealth Services funds	8 794	
External private equity funds	8 429	17 913
In total	90 340	109 061

Related parties

Transactions with related parties

In 2021, CapMan Plc sold an ownership interest of 0.5% in CapMan Procurement Services (CaPS) Oy, subsidiary of CapMan Plc, to Äkäs Capital Oy, a controlled entity of Maximilian Marschan, member of the Management Group. The selling price was approximately EUR 50 thousand. In 2020, CapMan recorded fees, totalling approximately EUR 3 thousand, 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 also recorded fees of EUR 12 thousand for consultancy services to Heliocabala Oy, a controller entity of Eero Heliövaara, member of the Board of Directors of CapMan Plc.

Loans to related parties

CapMan has a long-term loan receivable of EUR 9 thousand from a management group member's controlling interest. The loan receivable has a fixed interest rate.

Commitments to related parties

€ ('000)	31.12.21	31.12.20
Investment commitments to Maneq funds		643
Loan commitment to a management group member's controlling interest	66	

Turnover and profit quarterly

Year 2021

MEUR	1-3/21	4-6/21	7-9/21	10-12/21	1-12/21
Turnover	11,3	11,9	14,9	14,7	52,8
Management fees	8,0	8,4	9,6	10,5	36,6
Sales of services	3,2	3,2	3,1	3,9	13,3
Carried interest	0,0	0,3	2,2	0,3	2,9
Other operating income	0,0	0,0	0,0	0,0	0,0
Operating expenses	-9,3	-10,2	-10,0	-12,6	-42,1
Fair value changes of investments	8,2	9,6	6,0	10,1	33,9
Operating profit	10,1	11,3	10,9	12,2	44,6
Financial income and expenses	-0,9	-1,3	-0,8	-1,1	-4,0
Result before taxes	9,3	10,1	10,2	11,1	40,6
Result for the period	7,8	8,8	9,4	9,4	35,4

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