



Interim Report  
**1-3 | 2022**

*CapMan*

**Strong growth and profitability  
improvement despite increased  
market uncertainty**

## CapMan Plc 1 – 3 2022 Interim Report

### Results and significant events in 1-3 2022

- Group turnover was MEUR 14.2 1 Jan-31 Mar 2022 (MEUR 11.3 1 Jan-31 Mar 2021) and increased by 26 per cent.
- Operating profit was MEUR 18.9 (MEUR 10.1) and increased by 86 per cent.
- Management Company business turnover was MEUR 11.7 (MEUR 9.0). Operating profit was MEUR 4.4 (MEUR 2.5).
- Service business turnover was MEUR 2.5 (MEUR 2.3). Operating profit was MEUR 1.4 (MEUR 1.2).
- Investment business operating profit was MEUR 14.5 (MEUR 7.9).
- Diluted earnings per share were 8.3 cents (4.7 cents).
- Capital under management was EUR 4.7 billion on 31 March 2022 and increased by MEUR 851 from 31 March 2021.

TURNOVER 1-3 2022

**€14.2m**  
**+26%**

OPERATING PROFIT 1-3 2022

**€18.9m**  
**+86%**

CAPITAL UNDER  
MANAGEMENT 31 MAR 2022

**€4.7 bn**

RETURN ON EQUITY  
1-3 2022

**44.0% p.a.**

## CEO comment:

“The year 2022 began on a strong note despite intensified global turbulence. The turnover for the first quarter of 2022 was MEUR 14.2, growth of more than 25 per cent from the first quarter last year and the operating profit was MEUR 18.9, growth of more than 85 per cent. The profitability of all business segments improved from last year. Key drivers behind the positive development are strong international fundraising, steadily improving fee profitability, successful long-term value creation work and well-executed recent exits. CapMan’s outlook remains strong despite increased general market uncertainty.

” *Key drivers behind the positive development are strong international fundraising, steadily improving fee profitability, successful long-term value creation work and well-executed recent exits.*

Assets under management were EUR 4.7 billion at the end of the first quarter of 2022 and increased by 22 per cent over the last twelve months. We have raised more than MEUR 300 in new capital during the first four months of 2022 and our many ongoing fundraising projects are proceeding as planned. Investor demand has remained strong, and we anticipate continued growth in assets under management over the remainder of 2022.

Fee-based profitability is stable and predictable and has grown by approx. 50 per cent p.a. in the past four years to now reach a new record level. We expect fee-based profitability to continue its strong growth during this and upcoming years especially due to the expected continued growth in assets under management and the positive development of the Service business.

The share of carried interest as part of our earnings mix is growing. The Nordic Real Estate Fund started generating carry in the first quarter of the year and the Growth Equity 2017 Fund is approaching carry during the second quarter of the year. Both funds have several assets remaining that should generate carry when exited. In addition to these, many other funds are close to carry and we expect some of them to start generating carry in the next 12 months.

Long-term value creation work was very successful also in the beginning of the year. The fair value changes of investments from our balance sheet were MEUR +14.7 in the first quarter of 2022. The positive development was broad-based as all our active strategies made a favourable contribution. External funds contributed significantly to the positive development especially due to funding rounds and partial exits in some venture capital funds.

The management company operations for the Russia funds were discontinued in 2019. At the end of the first quarter, we wrote down the remaining old CapMan Russia fund investments on our balance sheet. Following the write-downs, CapMan no longer has direct Russian operations risk on its balance sheet. Our active strategies and portfolio companies do not have significant exposure to Ukraine or Russia.

Our balance sheet and liquidity are strong. At the end of the first quarter of 2022, our equity ratio was 48 per cent and liquid assets were MEUR 60. A total of 15 cents per share is distributed to shareholders for 2021,

which increases distribution to shareholders for the ninth consecutive year. The first instalment, 8 cents, was paid in March and the second instalment, 7 cents, is paid in September.

Our strong financial position is further strengthened by a MEUR 40 sustainability-linked bond, which is the first of its kind in Finland. Sustainability is a central part of CapMan's strategy and the connection of financing costs to sustainability targets is a natural next step.

” *CapMan's value creation work and partnership with fund investors is long-term and the prevailing geopolitical and general market uncertainty has so far not had a significant impact on our business.*

CapMan's value creation work and partnership with fund investors is long-term and the prevailing geopolitical and general market uncertainty has so far not had a significant impact on our business. The Russian invasion of Ukraine has nevertheless shaken our Nordic values to the core. We stand with Ukraine in this conflict and condemn Russian aggression. Although I am very satisfied with CapMan's recent development and the result for the beginning of the year, our thoughts are now foremost with Ukrainian people. We hope for a swift conclusion to this war that affects the whole of Europe.”

**Joakim Frimodig**  
CEO, CapMan Plc

# CapMan Plc

## 1–3 2022 Interim Report

### Group turnover and result in 1–3 2022

CapMan Group's turnover totalled MEUR 14.2 in the period spanning 1 January–31 March 2022 (1 January–31 March 2021: MEUR 11.3). The 26 per cent increase in turnover was mainly due to an increase in management fees and carried interest compared to the first quarter last year.

Operating expenses were MEUR 10.0 (MEUR 9.3) in total. Personnel expenses, including employer contributions, were MEUR 7.2 (MEUR 6.3). The growth was mainly due to a higher headcount. Depreciations and amortisations were MEUR 0.4 (MEUR 0.4). Other operating expenses amounted to MEUR 2.3 (MEUR 2.7).

Fair value changes of investments were MEUR +14.7 in the first quarter of 2022 (MEUR +8.2). Fund investments have developed mainly favourably, and several funds have investments ready for exit or where an exit has already been agreed, which has increased fair values. The valuation of external funds, especially venture capital funds, has increased significantly due to financing rounds and partial exits completed during the review period. CapMan's investments in own Russia funds were written down in full during the quarter. Fair values increased more moderately during the first quarter last year.

The Group's operating profit was MEUR 18.9 (MEUR 10.1) following strongly positive fair value changes, turnover growth and controlled cost base development.

Financial income and expenses amounted to MEUR -2.6 (MEUR -0.9). Financial expenses increased mainly due to a write-down of loan receivables to the former CapMan Russia investment team.

Profit before taxes was MEUR 16.3 (MEUR 9.3) and profit after taxes was MEUR 13.4 (MEUR 7.8). Diluted earnings per share were 8.3 cents (4.7 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 quarter of 2022 totalled MEUR 11.7 (MEUR 9.0). The 29 per cent increase was mainly due to an increase in carried interest and management fees from the first quarter last year.

Management fees were MEUR 9.3 (MEUR 8.0), growth was 16 per cent. Several new funds, among them Nest Capital III, CapMan Special Situations and CapMan Residential, contributed favourably to management fees for the period. Fundraising projects have progressed well, and the new funds will have a positive effect on management fees also for the remainder of 2022.

Carried interest income for the quarter totalled MEUR 1.3 (MEUR 0.0) mainly from the CapMan Nordic Real Estate fund, which transferred to carry in the first quarter of 2022.

Other Management Company fees, mainly from wealth advisory services, were MEUR 1.1 (MEUR 0.9).

Of the turnover, 87 per cent was based on long term contracts (98 per cent in the first quarter of 2021). The comparatively lower share of

turnover based on long-term contracts was due to a higher share of carried interest in the first quarter of 2022 compared to the same period last year.

Operating expenses of the Management Company business amounted to MEUR 7.3 (MEUR 6.6). Operating profit of the Management Company business was MEUR 4.4 (MEUR 2.5).

### Service business

Turnover generated by Service business totalled MEUR 2.5 (MEUR 2.3 in the first quarter of 2021). All turnover was based on long-term contracts and grew by 11 per cent due to growth of CaPS and JAY Solutions.

Operating expenses of the Service business amounted to MEUR 1.2 (MEUR 1.3). The operating profit of the Service business was MEUR 1.4 (MEUR 1.2).

### Investment business

Fair value of fund investments was MEUR 141.9 on 31 March 2022 (31 March 2021: MEUR 129.0). Fair value changes were entirely driven by fund investments in the first quarter of 2022 and were MEUR +14.7 (MEUR +8.2), corresponding to a 11.0 per cent increase in value (Jan–Mar 2021: 6.7 per cent). Fund investments have developed mainly favourably, and several funds have investments ready for exit or where an exit has already been agreed, which has increased fair values. The valuation of external funds, especially venture capital funds, has increased significantly due to financing rounds and partial exits completed during the review period. CapMan’s investments of MEUR 3.4 in own Russia funds were written down in full during the quarter.

CapMan invested a total of MEUR 5.6 in its funds in the first quarter of 2022 (MEUR 11.3). CapMan received distributions from funds totalling MEUR 8.8 (MEUR 6.0). The amount of remaining commitments that have

not yet been called totalled MEUR 95.1 as at 31 March 2022 (31 March 2021: MEUR 102.1) 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 fund portions sold after 31 March 2021. Capital calls, distributions and remaining commitments are detailed in the Tables section of this report.

Operating profit for the Investment business was MEUR 14.5 (MEUR 7.9).

**Table 1: CapMan’s investments booked at fair value as at 31 March 2022**

	Fair value 31 March 2022 (MEUR)
Fund investments	141.9
Other long-term investments	0.4
<b>Total</b>	<b>142.3</b>

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 March 2022

CapMan's balance sheet totalled MEUR 250.3 as at 31 March 2022 (31 March 2021: MEUR 221.3). Non-current assets amounted to MEUR 169.7 (MEUR 159.3), of which goodwill totalled MEUR 15.3 (MEUR 15.3).

As at 31 March 2022, fund investments booked at fair value totalled MEUR 141.9 (MEUR 129.0 as at 31 March 2021).

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

Long-term receivables amounted to MEUR 5.7 (MEUR 9.2) and decreased due to the write-down of loan receivables related to the former Russia team as well as the transfer of receivables from long-term to short-term, among others.

Current assets amounted to MEUR 80.6 (MEUR 62.0). Cash in hand and at banks amounted to MEUR 59.8 (MEUR 48.2).

CapMan's interest-bearing net debt amounted to MEUR 25.2 as at 31 March 2022 (MEUR 35.1). CapMan's total interest-bearing debt as at 31 March 2022 is outlined in Table 2.

**Table 2: CapMan's interest bearing debt**

	Debt amount 31 Mar 2022 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2021 (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%	0/20.0

CapMan's bonds and long-term credit facility include financing covenants, which are conditional on the company's equity ratio and net gearing ratio. CapMan honoured all covenants as at 31 March 2022.

After the end of the review period, CapMan issued a MEUR 40.0 sustainability-linked bond maturing in 2027. The proceeds of the bond will be used for the voluntary redemption of the senior bond maturing in 2023 and general company purposes.

Trade and other payables totalled MEUR 33.0 on 31 March 2022 (31 March 2021: MEUR 27.3).

The Group's cash flow from operations totalled MEUR +4.2 for the first quarter of 2022 (MEUR +5.1). 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 +2.9 (MEUR -4.9) and includes, *inter alia*, investments and repaid capital received by the Group.

Cash flow before financing totalled MEUR +7.0 (MEUR +0.2) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR -12.4 (MEUR -10.0) and included the distribution of the first instalment of dividends and equity repayment.

## Sustainability

Sustainability factors have a central position in CapMan's fund management and investment activities. CapMan has continued its efforts on the integration of sustainability into its practices in the first quarter of 2022.

CapMan has started implementing sustainable investment targets set in the beginning of 2022. CapMan made an environmental commitment to set Science Based Targets in line with a 1.5°C scenario and is now establishing a plan and timeline for reaching this target.

After the end of the first quarter of 2022, CapMan issued a MEUR 40 sustainability-linked bond as the first issuer in Finland.

The issue was completed under CapMan's newly established Sustainability-Linked Finance Framework. Through its Sustainability Performance Targets, CapMan is committed to the Science Based Targets initiative (SBTi) Net-Zero Standard to help its portfolio companies, assets and ultimately stakeholders to transition towards a carbon-neutral society. CapMan also seeks to integrate sustainability objectives into the variable remuneration of its Management Group in order to align the incentives of decision makers with sustainability targets and promote day-to-day actions that prioritise sustainability issues. An external assessment by ISS ESG, a provider of second party opinions, confirms that the Framework is aligned with the Sustainability-Linked Bond Principles.

## Capital under management as at 31 March 2022

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 open-ended funds. 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 4,750 as at 31 March 2022 (31 March 2021: MEUR 3,899). 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)**

	<b>31.3.22 (MEUR)</b>	<b>31.3.21 (MEUR)</b>
<b>Real Estate</b>	3,248	2,503
<b>Private Equity &amp; Credit</b>	1,059	1,011
<b>Infra</b>	352	352
<b>Other</b>	92	33
<b>Total capital under management</b>	<b>4,750</b>	<b>3,889</b>

## Key figures 31 March 2022

CapMan's return on equity was 44.0 per cent on 31 March 2022 (31 March 2021: 29.2 per cent) and return on investment 35.4 per cent (20.7 per cent). Equity ratio was 47.8 per cent (45.5 per cent).

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

**Table 4: CapMan's key figures**

	31.3.22	31.3.21	31.12.21
Earnings per share, cents	8.5	4.8	21.9
Diluted, cents	8.3	4.7	21.4
Shareholders' equity / share, cents	74.4	63.2	81.4
Share issue adjusted number of shares, avg.	156,617,293	156,492,445	156,579,585
Return on equity, %	44.0	29.2	29.4
Return on investment, %	35.4	20.7	21.2
Equity ratio, %	47.8	45.5	53.3
Net gearing, %	21.6	35.5	14.0

## Decisions of the 2022 Annual General Meeting

### Decisions of the AGM regarding distribution of funds

CapMan's 2022 Annual General Meeting (AGM) decided in accordance with the proposal of the Board of Directors, that 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, would be paid to shareholders. In total EUR 0.15 per share would be paid to shareholders, equivalent of a total of MEUR 23.5, from distributable funds for 2021. The dividend and equity repayment will be paid in two instalments six months apart. The first instalment was paid on 25 March 2022 and the second instalment will be paid on 23 September 2022. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange release on the decisions taken by the General Meetings issued on 16 March 2022.

### Decisions of the AGM regarding the composition of the Board

The 2022 AGM decided that the Board of Directors comprises six members. Mr. Andreas Tallberg, Mr. Johan Bygge, Ms. Catarina Fagerholm, Mr. Johan Hammarén, 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 16 March 2022.

### Authorisations given to the Board by the AGM

The 2022 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 2023 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 16 March 2022.

## Shares and shareholders

### Shares and share capital

There were no changes in CapMan's share capital during the first quarter of 2022.

Share capital totalled EUR 771,586.98 as at 31 March 2022. CapMan had 156,617,293 shares outstanding as at 31 March 2022 (156 572 903 shares as at 31 March 2021).

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

### Company shares

As at 31 March 2022, 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 65,222 as at 31 March 2022 (31 March 2021: EUR 68,903). No changes occurred in the number of own shares held by CapMan Plc during the first quarter of 2022.

## Trading and market capitalisation

CapMan Plc's shares closed at EUR 2.48 on 31 March 2022 (31 March 2021: EUR 2.62). The trade-weighted average price for the first quarter of 2022 was EUR 2.72 (EUR 2.61). The highest price paid was EUR 3.19 (EUR 2.91) and the lowest EUR 2.22 (EUR 2.24). The number of CapMan Plc shares traded totalled 12.3 million (9.5 million), valued at MEUR 33.4 (MEUR 24.7).

The market capitalisation of CapMan Plc shares as at 31 March 2022 was MEUR 388.4 (31 March 2021: MEUR 410.2).

## Shareholders

The number of CapMan Plc shareholders increased by 7 per cent from the corresponding period last year and totalled 29,014 as at 31 March 2022 (31 March 2021: 27,057).

## Personnel

CapMan employed 180 people on average in the first quarter of 2022 (Jan–Mar 2021 average: 161), of whom 137 (125) 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.

## Remuneration and incentives

CapMan's remuneration scheme consists of short-term and long-term incentive schemes.

The short-term scheme covers all CapMan employees, excluding the CEO of the company, and its central objective is earnings per share, for which the Board of Directors has set a minimum target.

CapMan has two long-term schemes consisting of investment based long-term share-based incentive plans (Performance Share Plan) for key employees.

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

CapMan's 2020 investment-based long-term incentive plan includes one performance period that commenced on 1 April 2020 and ends on 31 March 2023. The Board of Directors have decided on an early payment of the vested reward shares from the 2020 incentive plan. Irrespective of the early payment, the plan will remain in force until the end of its performance period on 31 March 2023 in line with the original terms.

CapMan's 2022 investment-based long-term incentive plan includes three performance periods that commenced on 1 April 2022 and end on 31 March 2023, 2024 and 2025, respectively. The participants may earn a performance-based reward from each of the performance periods and a matching reward from the 2022-2025 period. The rewards from the plan will be paid fully in company shares in 2024, 2025 and 2026.

The aim of the 2022 investment-based long-term incentive plan is to align remuneration with CapMan's sustainability agenda, to retain the plan participants at the company's service, and to offer them a competitive reward plan based on owning, earning and accumulating the company's shares.

The prerequisite for receiving a reward on the basis of the plans 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 plans is based on the company share's Total Shareholder Return and on a participant's employment or service upon reward payment. The Board shall resolve whether new shares or existing shares held by the company are given as reward. The target group of the plans 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](http://www.capman.com).

## Other significant events in 1–3 2022

The 2013 vintage CapMan Nordic Real Estate fund was transferred into carry. The fund has four assets remaining and CapMan receives carried interest from each exit.

In March 2022, Nest Capital III, a Nordic private debt fund held its final close at MEUR 109.

CapMan Residential fund grew to MEUR 718 following new commitments.

The Board of Directors of CapMan Plc resolved to establish a new Performance Share Plan 2022-2025 for CapMan Group management, as well as selected Group key employees and decided on the early payment of the vested reward shares from the 2020 incentive plan.

In February 2022, CapMan committed to the Science Based Targets initiative. The commitment compels CapMan to set science-based greenhouse gas reduction targets that help place CapMan, its portfolio companies and assets on a path to Net-Zero emissions.

## Events after the end of the review period

In April 2022, CapMan resolved on a directed share issue of 1,437,675 new shares as early payment of the vested reward shares from the 2020 incentive plan to CapMan Group management and selected key employees. The new shares are intended to be registered with the Trade Register on or about 4 May 2022. The 2020 incentive plan will incur MEUR 2.0 in costs for the full year 2022, of which MEUR 1.2 for the second quarter of 2022 are related to the payment of the vested reward.

In April 2022, CapMan issued a MEUR 40 sustainability-linked bond. The proceeds from the bond are used for a voluntary redemption of its MEUR 31.5 senior bond due in 2023 and general financing purposes and it significantly extends the maturity of CapMan's loan portfolio.

## 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 Russian invasion of Ukraine and the ongoing Covid-19 pandemic and related restrictions, which both impact general market sentiment and development and as such 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.

Rising inflation and its potential impact on long-term interest rates may raise yield expectations and reduce willingness to invest. In addition, rising inflation may negatively impact cost efficiency in portfolio companies and at CapMan.

The Russian invasion of Ukraine and the resulting increase in geopolitical uncertainty may weaken investor interest also towards the Nordic countries.

### 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. Large customers or customer concentration in open-ended funds may diminish the growth outlook of such funds, should one or several customers decide to redeem their units.

### **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 regulatory environment such as financial services, securities markets, taxation and accounting regulations as well as regulations generally applicable to business operations such as financial and trade sanctions, or measures, actions and 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 the Russian invasion of Ukraine on CapMan's business

Following the Russian invasion of Ukraine, CapMan has written down MEUR 3.4 of investments in CapMan Russia funds on its balance sheet as well as a MEUR 1.3 of loan receivables from the former CapMan Russia team. The balance of both items is now zero. CapMan's operations does not have other direct links to Ukraine or Russia. The Russian invasion of Ukraine may impact CapMan's business through, among others, the following earnings streams mainly due to the increase in geopolitical uncertainty.

**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 due to increased geopolitical uncertainty, 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.

In addition to investments in CapMan Russia funds, which have been written down, funds managed by CapMan do not have direct investments or other significant exposure to Ukraine or Russia.

**Fees from wealth advisory services:** Fees from wealth advisory services are mainly based on long-term contracts and the impact of the invasion 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 delayed exit processes due to geopolitical uncertainty may impact the timing and magnitude of carried interest from funds. CapMan does not provide guidance regarding carried interest.

**Service business fees:** Service fees are based on long-term contracts and are less susceptible to the impact of the invasion.

**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. Due to the Russian invasion of Ukraine, CapMan wrote down the value of its fund investments

in two old Russia funds. However, the geopolitical uncertainty may impact the investment business also indirectly, although mid- and/or long-term impacts and their scope are difficult to assess. 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 unlisted assets may lag the listed market in the return to so-called normal levels.

## 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, 28 April 2022

CAPMAN PLC

Board of Directors

CapMan Group's Half-Year Report for the period 1 January–30 June 2022 is published on Thursday 4 August 2022.

### Additional information:

Atte Rissanen, CFO, tel. +358 50 040 5732

### Distribution:

Nasdaq Helsinki Ltd

Principal media

[www.capman.com](http://www.capman.com)

## Group Statement of comprehensive income (IFRS)

€ ('000)	1-3/22	1-3/21	1-12/21
Management fees	9 327	8 048	36 585
Sale of services	3 586	3 220	13 341
Carried interest	1 301	46	2 858
<b>Turnover</b>	<b>14 215</b>	<b>11 313</b>	<b>52 784</b>
Material and services	-65		
Other operating income	0	13	22
Personnel expenses	-7 237	-6 270	-30 632
Depreciation and amortisation	-375	-356	-1 476
Other operating expenses	-2 330	-2 718	-9 969
Fair value changes of investments	14 654	8 154	33 912
<b>Operating profit</b>	<b>18 863</b>	<b>10 137</b>	<b>44 642</b>
Financial income and expenses	-2 565	-851	-4 042
<b>Result before taxes</b>	<b>16 298</b>	<b>9 286</b>	<b>40 600</b>
Income taxes	-2 877	-1 533	-5 239
<b>Result for the period</b>	<b>13 421</b>	<b>7 752</b>	<b>35 362</b>
<b>Other comprehensive income:</b>			
Translation differences	-27	-57	-39
<b>Total comprehensive income</b>	<b>13 394</b>	<b>7 696</b>	<b>35 322</b>

€ ('000)	1-3/22	1-3/21	1-12/21
<b>Profit attributable to:</b>			
Equity holders of the company	13 325	7 455	34 320
Non-controlling interest	96	297	1 042
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company	13 298	7 398	34 281
Non-controlling interest	96	297	1 042
<b>Earnings per share for profit attributable to the equity holders of the Company:</b>			
Earnings per share, cents	8,5	4,8	21,9
Diluted, cents	8,3	4,7	21,4

**Group balance sheet (IFRS)**

€ ('000)	31.3.22	31.3.21	31.12.21
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	3 758	2 377	1 754
Goodwill	15 314	15 314	15 314
Other intangible assets	395	697	459
Investments at fair value through profit and loss			
Investments in funds	141 914	129 010	130 011
Other financial assets	393	191	393
Receivables	5 675	9 203	10 066
Deferred income tax assets	2 278	2 469	1 836
	<b>169 728</b>	<b>159 260</b>	<b>159 834</b>
<b>Current assets</b>			
Trade and other receivables	20 791	13 542	15 223
Financial assets at fair value through profit and loss	0	297	0
Cash and bank	59 820	48 181	65 207
	<b>80 612</b>	<b>62 021</b>	<b>80 429</b>
<b>Total assets</b>	<b>250 339</b>	<b>221 281</b>	<b>240 263</b>

€ ('000)	31.3.22	31.3.21	31.12.21
<b>EQUITY AND LIABILITIES</b>			
<b>Capital attributable the Company's equity holders</b>			
Share capital	772	772	772
Share premium account	38 968	38 968	38 968
Other reserves	35 493	52 697	52 718
Translation difference	-314	-304	-286
Retained earnings	40 768	6 121	33 607
<b>Total capital attributable to the Company's equity holders</b>	<b>115 687</b>	<b>98 254</b>	<b>125 778</b>
Non-controlling interests	878	711	1 616
<b>Total equity</b>	<b>116 565</b>	<b>98 965</b>	<b>127 394</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	6 934	2 836	4 627
Interest-bearing loans and borrowings	83 906	82 413	82 038
Other non-current liabilities	7 529	6 985	7 552
	<b>98 369</b>	<b>92 234</b>	<b>94 217</b>
<b>Current liabilities</b>			
Trade and other payables	32 956	27 305	16 722
Interest-bearing loans and borrowings	1 084	913	970
Current income tax liabilities	1 366	1 864	959
	<b>35 405</b>	<b>30 082</b>	<b>18 652</b>
<b>Total liabilities</b>	<b>133 774</b>	<b>122 316</b>	<b>112 869</b>
<b>Total equity and liabilities</b>	<b>250 339</b>	<b>221 281</b>	<b>240 263</b>

## 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 2021	772	38 968	71 416	-247	1 616	112 524	742
Result for the year					7 455	7 455	297
Other comprehensive income for the year							
Currency translation differences				-57		-57	
Total comprehensive income for the year				-57	7 455	7 398	297
Share subscriptions with options			67			67	
Performance Share Plan					181	181	
Dividends and return of capital			-18 786		-3 131	-21 917	-328
<b>Equity on 31 December 2021</b>	<b>772</b>	<b>38 968</b>	<b>52 697</b>	<b>-304</b>	<b>6 121</b>	<b>98 254</b>	<b>711</b>
Equity on 1 January 2022	772	38 968	52 718	-286	33 607	125 778	1 616
Result for the year					13 325	13 325	96
Other comprehensive income for the year							
Currency translation differences				-27		-27	
Total comprehensive income for the year				-27	13 325	13 298	96
Share issue			0			0	4
Performance Share Plan					209	209	
Dividends and return of capital			-17 225		-6 579	-23 804	-953
Transactions with non-controlling interests					206	206	115
<b>Equity on 31 December 2022</b>	<b>772</b>	<b>38 968</b>	<b>35 493</b>	<b>-314</b>	<b>40 768</b>	<b>115 687</b>	<b>878</b>

## Statement of cash flow (IFRS)

€ ('000)	1-3/22	1-3/21	1-12/21
<b>Cash flow from operations</b>			
Result for the financial period	13 421	7 752	35 362
Adjustments for:			
Share-based payments	209	181	787
Depreciation and amortisation	375	356	1 476
Fair value changes of investments	-14 654	-8 154	-33 912
Financial income and expenses	2 565	851	4 042
Income taxes	2 877	1 533	5 239
Other non-cash items	8	107	32
Adjustments, total	-8 621	-5 126	-22 337
Change in working capital:			
Change in current non-interest-bearing receivables	-2 743	-26	-1 545
Change in current trade payables and other non-interest-bearing liabilities	2 981	3 246	6 087
Interest paid	-82	-119	-3 971
Taxes paid	-788	-655	-2 571
<b>Cash flow from operations</b>	<b>4 167</b>	<b>5 072</b>	<b>11 025</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries			231
Proceeds from sale of subsidiaries	322		221
Investments in tangible and intangible assets	-92	-73	-140
Investments at fair value through profit and loss	2 874	-4 873	17 522
Long-term loan receivables granted	-287	-41	-144
Proceeds from long-term receivables	56	96	1 389
Interest received	1	1	91
<b>Cash flow from investing activities</b>	<b>2 874</b>	<b>-4 890</b>	<b>19 170</b>
<b>Cash flow from financing activities</b>			
Share issue	11	67	90
Proceeds from borrowings			140
Payment of lease liabilities	-257	-237	-976
Dividends paid and return of capital	-12 180	-9 833	-22 244
<b>Cash flow from financing activities</b>	<b>-12 427</b>	<b>-10 003</b>	<b>-22 990</b>
<b>Change in cash and cash equivalents</b>	<b>-5 387</b>	<b>-9 821</b>	<b>7 205</b>
Cash and cash equivalents at start of year	65 207	58 002	58 002
<b>Cash and cash equivalents at end of year</b>	<b>59 820</b>	<b>48 181</b>	<b>65 207</b>

## 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.

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 and distributes software licences 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.

**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 1-3/2022

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	9 327				9 327
Service fees	1 060	2 520		7	3 586
Carried interest	1 301				1 301
<b>Turnover</b>	<b>11 688</b>	<b>2 520</b>		<b>7</b>	<b>14 215</b>
Turnover, internal	11	153		-164	
Materials and services		-65			-65
Personnel expenses, of which	-4 526	-814	-125	-1 772	-7 237
Salaries and bonuses	-4 526	-814	-125	-1 563	-7 028
Share-based payment				-209	-209
Depreciation, amortisation and impairment	-231	-82	-2	-59	-375
Other operating expenses	-1 430	-298	-43	-559	-2 330
Internal service fees	-1 118	-43		1 161	0
Fair value changes of investments			14 654		14 654
<b>Operating profit (loss)</b>	<b>4 394</b>	<b>1 372</b>	<b>14 484</b>	<b>-1 387</b>	<b>18 863</b>
Financial items					-2 565
Income taxes					-2 877
<b>Result for the period</b>					<b>13 421</b>
<b>Earnings per share, cents</b>					<b>8,5</b>
<b>Earnings per share, diluted, cents</b>					<b>8,3</b>
Timing of revenue recognition from customer contracts:					
Services transferred over time	10 180	2 520		7	12 707
Services transferred at a point in time	1 507				1 507
<b>Revenue from customer contracts, external</b>	<b>11 688</b>	<b>2 520</b>		<b>7</b>	<b>14 215</b>

## Segment information 1-3/2021

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	8 048				8 048
Service fees	944	2 264		11	3 220
Carried interest	46				46
<b>Turnover</b>	<b>9 038</b>	<b>2 264</b>	<b>0</b>	<b>11</b>	<b>11 313</b>
Turnover, internal		193		-193	
Other operating income		13			13
Personnel expenses, of which	-3 773	-890	-161	-1 446	-6 270
Salaries and bonuses	-3 773	-890	-161	-1 265	-6 089
Share-based payment				-181	-181
Depreciation, amortisation and impairment	-215	-76	-3	-61	-356
Other operating expenses	-1 723	-278	-100	-617	-2 718
Internal service fees	-841	-37		878	
Fair value changes of investments			8 154		8 154
<b>Operating profit</b>	<b>2 486</b>	<b>1 188</b>	<b>7 890</b>	<b>-1 427</b>	<b>10 137</b>
Financial items					-851
Income taxes					-1 533
<b>Result for the period</b>					<b>7 752</b>
<b>Earnings per share, cents</b>					<b>4,8</b>
<b>Earnings per share, diluted, cents</b>					<b>4,7</b>
Timing of revenue recognition from customer contracts:					
Services transferred over time	8 878	2 264		11	11 154
Services transferred at a point in time	160				160
<b>Revenue from customer contracts, external</b>	<b>9 038</b>	<b>2 264</b>		<b>11</b>	<b>11 313</b>

## 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
<b>Turnover</b>	<b>43 629</b>	<b>8 619</b>		<b>536</b>	<b>52 784</b>
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
<b>Operating profit</b>	<b>13 193</b>	<b>4 173</b>	<b>32 698</b>	<b>-5 422</b>	<b>44 642</b>
Financial items					-4 042
Income taxes					-5 239
<b>Result for the period</b>					<b>35 362</b>
<b>Earnings per share, cents</b>					<b>21,9</b>
<b>Earnings per share, diluted, cents</b>					<b>21,4</b>
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
<b>Revenue from customer contracts, external</b>	<b>43 629</b>	<b>8 619</b>		<b>536</b>	<b>52 784</b>

## **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 16 March 2022, decided that a dividend of EUR 0.04 per share and a repayment of invested unrestricted equity fund of EUR 0.11 per share, together totalling approx. EUR 23.5 million, will be paid for the financial year 2021 in two instalments. The first instalment of approx. EUR 12.5 million was paid on March 25, 2022, and consisted of a dividend of EUR 0.02 per share and of an equity repayment of EUR 0.06 per share. The second instalment, consisting of a dividend of EUR 0.02 per share and an equity repayment of EUR 0.05 per share, will be paid in September 2022.

For the financial year 2020, dividend and repayment of invested unrestricted equity fund amounted to EUR 0.14 per share or EUR 21.9 million in total. Dividend and equity repayment was paid in two equal instalments, the first of which, amounting to EUR 11.0 million, was paid on March 26, 2021, and the second of which, amounting to an equal amount, was paid on September 27, 2021.

## Non-current assets

### Fair value hierarchy of financial assets measured at fair value at 31 March 2022

	Level 1	Level 2	Level 3	Total
<b>Investments in funds</b>				
at Jan 1	236		129 776	130 011
Additions			5 644	5 644
Distributions			-8 759	-8 759
Fair value gains/losses			14 721	14 721
Transfers*	296		0	296
<b>at the end of period</b>	<b>531</b>		<b>141 382</b>	<b>141 914</b>
<b>Other investments</b>				
at Jan 1	368	0	25	393
<b>at the end of period</b>	<b>368</b>	<b>0</b>	<b>25</b>	<b>393</b>

\* 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 78.7 million at the end of the reporting period.

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

	Level 1	Level 2	Level 3	Total
<b>Investments in funds</b>				
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
<b>at the end of period</b>	<b>236</b>		<b>129 776</b>	<b>130 011</b>
<b>Other investments</b>				
at Jan 1	166	0	25	191
Additions	202			202
<b>at the end of period</b>	<b>368</b>	<b>0</b>	<b>25</b>	<b>393</b>

\* 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 76.9 million at the end of the reporting period.

## Sensitivity analysis of Level 3 investments at 31 March 2022

Investment area	Fair Value MEUR, 31 December 2021	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
<b>Growth</b>	<b>21.8</b>	Peer group	Peer group earnings multiples	EV/EBITDA 2022 11.2x	+/- 10%	+/- 1.9 MEUR
			Discount to peer group multiples	21 %	+/- 10%	-/+ 0.5 MEUR
<b>Buyout</b>	<b>12.1</b>	Peer group	Peer group earnings multiples	EV/EBITDA 2022 9.4x	+/- 10%	+ 4.0 MEUR /- 3.4 MEUR
			Discount to peer group multiples	24 %	+/- 10%	- 1.4 MEUR / + 1.97 MEUR
<b>Real Estate</b>	<b>41.6</b>	Valuation by an independent valuer				
<b>Infra</b>	<b>11.9</b>	Discounted cash flows	Terminal value	EV/EBITDA 17.9x	+/- 5%	+/- 0.8 MEUR
			Discount rate; market rate and risk premium	13 %	+/- 100 bps	-/+ 1.0 MEUR
<b>Credit</b>	<b>1.9</b>	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
<b>Special Situations</b>	<b>2.4</b>	Peer group	Peer group earnings multiples	EV/EBITDA 2022 9.0x	+/- 10%	+/- 0.1 MEUR
			Discount to peer group multiples	33 %	+/- 10%	-/+ 0.1 MEUR
<b>Investments in external funds-of-funds</b>	<b>13,0</b>	Reports from PE fund management company				
<b>Investments in external venture capital funds</b>	<b>36,5</b>	Reports from PE fund management company				

## Sensitivity analysis of Level 3 investments at 31 December 2021

Investment area	Fair Value MEUR, 31 Dec 2021	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
<b>Growth</b>	<b>19.0</b>	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
<b>Buyout</b>	<b>10.9</b>	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
<b>Real Estate</b>	<b>44.0</b>	Valuation by an independent valuer				
<b>Infra</b>	<b>10.5</b>	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
<b>Russia</b>	<b>3.4</b>	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
<b>Credit</b>	<b>1.8</b>	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
<b>Special Situations</b>	<b>1.9</b>	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
<b>Investments in external funds-of-funds</b>	<b>12.3</b>	Reports from PE fund management company				
<b>Investments in external venture capital funds</b>	<b>25.8</b>	Reports from PE fund management company				

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 Risk and Valuation 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 Risk and Valuation 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 Risk and Valuation team and subsequently reviewed and decided by the Valuation Committee, which comprises the Group CFO, Head of Risk and Valuation 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:

<b>Future rental cash inflows</b>	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;
<b>Discount rates</b>	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
<b>Estimated vacancy rates</b>	Based on current and expected future market conditions after expiry of any current lease;
<b>Property operating expenses</b>	Including necessary investments to maintain functionality of the property for its expected useful life;
<b>Capitalisation rates</b>	Based on actual location size and quality of the properties and taking into account market data at the valuation date;
<b>Terminal value</b>	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.

On 24 February 2022, Russia began a full-scale invasion of Ukraine that is the largest conventional military attack on a sovereign state in Europe since World War II. In response, a large number of countries (including EU, the US and UK) began applying significant further sanctions on Russia with the aim of crippling the Russian economy. The conflict itself and the sanctions imposed in response is estimated to pose a substantial economic risk for the region and internationally. Direct and indirect impact of the conflict is reflected on the fair values of investee companies in form of revised earnings and cash flow forecasts. Moreover, management's judgement is reflected in investment recorded at fair value in the context of applying the discount rate to valuations based on peer group multiples.

## Seasonal nature of business

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

## Average personnel

By country	31.3.22	31.12.21
Finland	137	125
Sweden	26	25
Denmark	7	5
Norway	2	1
Luxembourg	2	1
United Kingdom	6	4
In total	180	161

## Contingent liabilities

€ ('000)	31.3.22	31.12.21
Securities and other contingent liabilities	62 289	62 365
Remaining commitments to funds	95 128	90 340
<b>Remaining commitments by investment area</b>		
Buyout	35 367	35 871
Credit	6 700	2 438
Russia	1 066	1 066
Real Estate	9 847	10 558
Other	3 554	3 554
Funds of funds	245	245
Growth equity	14 596	11 298
Infra	3 846	4 952
Special Situations	3 135	3 135
CapMan Wealth Services funds	8 459	8 794
External funds-of-funds*	5 610	6 205
External venture capital funds*	2 704	2 224
In total	95 128	90 340

\* Adjustments made to comparison period

## Related parties

### Transactions with related parties

During the reporting period, CapMan issued a long-term loan of EUR 210 thousand with a fixed interest rate to Äkäs Capital Oy, a controlled entity of Maximilian Marschan, member of the Management Group. Äkäs Capital Oy used the loan to purchase an additional 1.5% ownership share in CapMan Procurement Services (CaPS) Oy, a subsidiary of CapMan Plc. In the previous year, CapMan Plc sold an ownership interest of 0.5% in CapMan Procurement Services (CaPS) Oy to Äkäs Capital Oy. The selling price was approximately EUR 50 thousand. Also, in the previous year, Silverage Holdings Oy, a controlled entity of Christian Borgström, member of the Management Group, issued a capital loan of EUR 120 thousand with fixed interest rate to JAY Solutions Oy, a subsidiary of CapMan Plc.

### Receivables from and liabilities to related parties

<b>1 000 EUR</b>	<b>31.3.22</b>	<b>31.12.21</b>
Loan receivables, non-current	224	9
Capital loans	120	120

### Commitments to related parties

<b>€ ('000)</b>	<b>31.3.22</b>	<b>31.12.21</b>
Loan commitments	60	66

## Turnover and profit quarterly

Year 2022

MEUR	1-3/22
Turnover	14,2
Management fees	9,3
Sales of services	3,6
Carried interest	1,3
Material and services	-0,1
Other operating income	0,0
Operating expenses	-9,9
Fair value changes of investments	14,7
<b>Operating profit</b>	<b>18,9</b>
Financial income and expenses	-2,6
Result before taxes	16,3
<b>Result for the period</b>	<b>13,4</b>

**Year 2021**

<b>MEUR</b>	<b>1-3/21</b>	<b>4-6/21</b>	<b>7-9/21</b>	<b>10-12/21</b>	<b>1-12/21</b>
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
<b>Operating profit</b>	<b>10,1</b>	<b>11,3</b>	<b>10,9</b>	<b>12,2</b>	<b>44,6</b>
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
<b>Result for the period</b>	<b>7,8</b>	<b>8,8</b>	<b>9,4</b>	<b>9,4</b>	<b>35,4</b>