CapMan

ANNUAL REPORT 2019

Table of contents

CEO REVIEW

Full speed ahead

In 2019, we celebrated 30 years as private assets frontrunners. During these years, we have invested in more than 200 companies and 200 real estate assets, created 10 new listed companies, raised more than €6 billion in capital and our private equity funds have returned on average 12 per cent per annum. Despite growth and diversification, the core of our activities has remained stable and we are guided by active value creation.

CapMan—a private assets powerhouse

Our vision is to be a Nordic private assets powerhouse. What do we mean by this? Being Nordic is part of our DNA. By private assets, we mean that we focus on all areas of the private market sphere—not only private equity in its most traditional form, but also private real estate, infrastructure, credit and related services. And by being a powerhouse, we strive to be more than just an investor or a capital allocator.

We want to be a larger force in society than implied purely by our size, and truly make a difference.

We implement our strategy in a structured manner

2019 was a fast-paced year with progress according to all aspects of our strategy:

1. **New investment strategies.** During the past three years, we have raised almost €1.5 billion in new capital under management for six different strategies. Fundraising momentum continued strong in 2019, during which we established new Buyout and Hotels Real Estate funds.

2. **New product and service solutions.** During the past three years, we have launched several new products and solutions, such as open-ended funds, club investments and investment mandates in response to investor demand. Our new Hotels Real Estate fund is an example of a long-term semi-open-ended fund structure. As an example of a new service concept is JAM Advisors, of which CapMan acquired a majority stake in February 2019.

3. **Expanded customer segments and strengthened distribution.** We have successfully expanded our international customer base while at the same time strengthening our relationships with smaller customer segments. In autumn 2019, we partnered with Nordea regarding the distribution of CapMan Nordics Property Income Fund, a non-UCITS fund.

4. **Top professionals.** Capable people are pivotal to success. Therefore, a key strategic focus area is to attract and retain top professionals to CapMan. In addition to employees with a long history at CapMan, we have a lot of new talent. Of CapMan's Management Group, 75 per cent were appointed in the past three years, while 46 per cent of all employees have joined the company during the same time.

Successful value creation is at the core of our activities and builds on the four themes mentioned above. Value creation supports fundraising and as a result the profitable growth of CapMan's management fees. Value creation also has a direct effect on the return on our own investments. We have allocated the majority of our balance sheet in private assets, mainly our own funds.

Global trends support our strategy

Our strategic focus areas are in line with general industry megatrends. Private assets are a growing market and according to research, the size of the private assets market has tripled in the last 12 years. Additional growth potential remains plentiful, as the private assets market accounts for only 12 percent of the value of the listed market.

In addition to growth, the private assets market has diversified with the introduction of new market segments. Real estate, infrastructure and private debt investments attract capital and complement traditional private equity investing. Different products also provide diversification benefits for customers.

Private assets have historically offered higher returns compared to other asset classes. This development is evident both in the Nordic markets as well as internationally. A more attractive return profile indicates that a more diverse investor base is interested in investing in private and assets and the alternatives asset class. Recently, new products and structures have become available also for investors, who have traditionally not had access to closed-end funds. CapMan's strategy is well-aligned with this development.

Profitable growth and a growing dividend drive shareholder value

CapMan's strong growth continued in 2019. Our turnover grew by 46 per cent, our comparable operating profit grew by 110 per cent and our comparable earnings per share grew by 115 per cent. As a result, we reached or are approaching all financial objectives that we established following our strategic review a couple of years back. Our management fees and fees from services grew by 30 per cent, while our growth objective was to exceed 10 per cent. Our return on equity was 16 (objective to exceed 20 per cent). Our equity ratio was 60 per cent (objective to exceed 60 per cent). Our objective is to pay an annually increasing dividend, and the Board of Directors proposes to grow distribution per share to 13 cents for 2019. Our distribution per share has grown for seven years in a row.

A significant player

Our impact exceeds our balance sheet and turnover

The strong financial development is also reflected in the total return development of our share, which was +64 per cent in 2019. The development significantly beat the performance of the Nasdaq Helsinki general index, although stock markets experienced a strong year in general.

The positive development last year demonstrates that we have created a solid and diverse foundation, on which to build future growth. Following a change in the shareholder base at the end of last year, I have taken a stake in the company functioning as CapMan's largest shareholder. This arrangement increases my personal commitment to the execution of CapMan's profitable growth and the creation of shareholder value, while ensuring that long-term conditions for a growing dividend are in place.

Sincerely,
Joakim Frimodig
CEO of CapMan

CapMan in brief

CapMan is a leading active value creator in Nordic private assets.

We offer a wide selection of investment products and services. With over €3 billion in assets under management, our objective is to provide attractive returns and innovative solutions to investors. We have a broad presence in the unlisted market through our local and specialised teams. Our investment strategies cover Private Equity, Real Estate and Infra. We also have a growing service business that includes procurement services, fundraising advisory, and analysis, reporting and wealth management services. Altogether, CapMan employs 150 people in Helsinki, Stockholm, Copenhagen, London and Luxembourg. CapMan Plc's shares are publicly traded on Nasdaq Helsinki since 2001.

- Ability to attract and retain top talent
- Expanded customer base and strengthened distribution
- New products and services to drive free profitability
- Success in key fundraisings

STRONG VALUE CREATION ACROSS ALL PRODUCTS

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

CapMan's financial objectives

OBJECTIVES	GROWTH IN FEES	RETURN ON EQUITY (ROE)	EQUITY RATIO	DISTRIBUTION POLICY
	>10%	>20%	>60%	ANNUALLY GROWING DIVIDEND
2019	+30%	16%*	60%	0.13 €/ share** GROWING SINCE 2012

* Comparable

** Consists of dividend of 0.04 €/share and equity repayment of 0.09 €/share

Building value for the enrichment of society

250 LPs (fund investors)

CapMan's own INVESTMENT capacity **€200m**

€ 3.2 billion
ASSETS UNDER MANAGEMENT

SERVICE BUSINESS

jam advisors
Provider of reporting, analytics and wealth advisory services

SCALA
Provider of advisory services for PE managers

CaPS *Exceptional Benefits*
Provider of professional procurement

MANAGEMENT COMPANY BUSINESS

CapMan REAL ESTATE
The truly Nordic real estate investor

CapMan INFRA
Sustainable infrastructure investor

CapMan BUYOUT
Nordic pioneer in majority investments

CapMan GROWTH
Significant minority investor

CapMan CREDIT
Specialist Nordic private debt investor

CapMan's investment and service teams

CapMan manages private equity funds under multiple investment strategies and its service offering includes many private equity-related concepts.

CapMan REAL ESTATE

CapMan Real Estate

CapMan Real Estate executes both value-add and income-focused investment strategies across all major property sectors in Sweden, Finland, Denmark and Norway. The team's value-add funds seek to acquire transitional properties in the most liquid Nordic markets where an asset can be enhanced by active asset management such as redevelopment, change of use, or repositioning. The income-focused funds and mandates seek well-located, high quality investments that generate attractive risk-adjusted returns for our investors across market cycles. CapMan's Nordic Real Estate operations include 40 real estate investment professionals across five countries. CapMan's real estate funds hold more than 80 assets. The funds made 11 new investments and three exits in 2019.

CapMan INFRA

CapMan Infra

CapMan Infra's investment focus is core and core+ infrastructure assets in energy, transportation and telecom. We operate in the Nordic countries with our team split between our offices in Helsinki and Stockholm. CapMan Infra aims to provide tailored solutions to local asset owners as they face investment funding pressure or are contemplating asset portfolio restructuring. The team's eight members are based in Helsinki and Stockholm. The team's first fund was established in 2018 and has made three investments to date. The team also manages two investment mandates.

CapMan BUYOUT

CapMan Buyout

CapMan Buyout makes majority investments in mid-sized unlisted companies in the Nordic countries. The team's 12 investment professionals are based in Helsinki and Stockholm. The team manages Buyout funds and looks for interesting growth stories, niche market leaders, winning company cultures and passionate entrepreneurs. Buyout is a generalist investor – the prospects to grow into a best-in-class company is the differentiating factor instead of industry or sector. CapMan Buyout funds hold 11 portfolio companies. The funds made four exits in 2019.

CapMan GROWTH

CapMan Growth

CapMan Growth makes significant minority investments in Nordic growth stage companies. As active investors, the team works closely with management and owners to help realize their growth ambitions. Through its fund, CapMan Growth can provide capital for recruiting, M&A and other growth initiatives. In addition, the fund can acquire shares from owners helping realize some value from their business while maintaining control. The team's partners have more than 25 years of experience from investing in growth businesses and manage a Growth fund with 11 portfolio companies. The fund made three new investments in 2019.

CapMan Credit

CapMan's credit investment strategy includes two private debt funds managed by Nest Capital, an independent partnership of CapMan Group. The funds provide private debt, mainly in the form of mezzanine, to small and medium-sized companies across the Nordic countries. Nest Capital's funds include total commitments of €200 million and eight portfolio companies. The team made two new investments in 2019.

CaPS

CaPS (CapMan Procurement Services) is a service driving down costs on non-strategic products and services for our member companies in Finland and Sweden. The CaPS concept is unique among private equity investors in the Nordic countries. The service pools the procurement of its members and reviews and addresses their indirect spend in order to achieve significant savings. Procurement volumes exceeded €190 million in 2019 and the service has 150 member companies in Finland and Sweden with 65,000 employees combined. More than 160 supplier partners in categories ranging from logistics to laptops serve the network. CapMan owns 95% of CaPS.

JAM Advisors

JAM Advisors is an innovative Finnish analysis and wealth advisory firm, independent from banks and with a strong focus on quantitative tools. The wealth advisory activities are supported by a unique X-Ray service, which enables a transparent look-through and an accurate analysis of each client's overall wealth. JAM's clientele consists of institutional clients, foundations, family offices and wealthy private clients. The X-Ray service collects asset and portfolio data from multiple sources for each client and compiles this into a single and unique consolidated format, attainable only from JAM wealth advisors. CapMan owns 60% of JAM.

Scala Fund Advisory

Scala Fund Advisory is a specialised advisory and fundraising boutique dedicated to assisting private equity managers globally. The team is based in London, Stockholm and Helsinki. CapMan owns 60% of Scala.

SINCE

1989

CapMan is a leading Nordic private asset expert with an active approach to value creation. The company was established in 1989, and the first investment was made in the Kuusamon Tropiikki hotel and spa. We have since developed hundreds of companies and real estates and built significant value for the past 30 years as one of the private equity pioneers in the Nordics.

CapMan

30

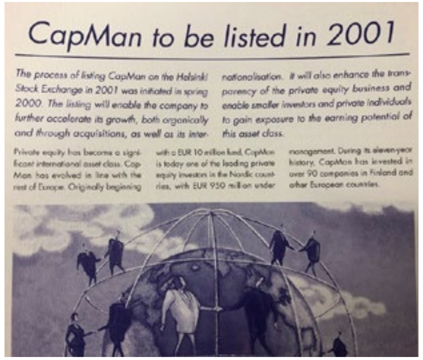
30 YEARS OF VALUE CREATION

1993

Management buyout

In 1989, CapMan was born out of the co-operation between Finnish banks KOP and Pohjola and Programator, focusing on the analysis of unlisted companies. The first employees were Tuomo Raasio and Ari Tolppanen. The first fund raised a total of FIM 66 million, which was a considerable amount at the time. CapMan's entrepreneurial partners Ari Tolppanen, Vesa Vanha-Honko, Tuomo Raasio and Olli Liitola acquired CapMan's entire equity in 1993. CapMan's second fund was established right after in 1994 and it attracted Finnish banks, insurance companies and foundations among its investors.

At the same time elsewhere:
The Maastricht Treaty came into force and the European Union was officially established with its 12 member states.



CapMan to be listed in 2001

The process of listing CapMan on the Helsinki Stock Exchange in 2001 was initiated in spring 2000. The listing will enable the company to further accelerate its growth, both organically and through acquisitions, as well as its internationalisation. It will also enhance the transparency of the private equity business and enable smaller investors and private individuals to gain exposure to the earning potential of this asset class.

Private equity has become a significant international asset class. CapMan has evolved in line with the rest of Europe. Originally beginning with a EUR 10 million fund, CapMan is today one of the leading private equity investors in the Nordic countries, with EUR 950 million under management. During its eleven-year history, CapMan has invested in over 90 companies in Finland and other European countries.

2001

Going public

CapMan's shares were listed on the Helsinki Stock Exchange in April 2001 as one of the first private equity companies to go public in the world. Before that, CapMan had been the first private equity investor to list several technology companies on the Helsinki Stock Exchange. In 2004, CapMan's capital under management reached €1 billion for the first time.

At the same time elsewhere:
Terrorist attacks on the World Trade Center in New York City led global stock markets to plunge.

2004

Expansion into Nordics and new strategies

CapMan expanded its operations to Denmark, Sweden and Norway. CapMan's Nordic investments were, for example, Cederroth, a manufacturer and distributor of consumer products within the wound care, household, health care and personal care sectors. In 2005, CapMan expanded into real estate. Following a quick ramp-up of activities, CapMan made the largest real estate portfolio transaction in Europe in 2007. Later, CapMan's investment strategies included public market funds and minority investments into Russian companies.

At the same time elsewhere: NASA's exploration rovers Spirit and Opportunity landed on Mars to conduct field geology and make atmospheric observations.

2010

Growth from the procurement for portfolio companies

Value creation was challenging before the financial crisis. CapMan decided that it will no longer establish technology or life science funds. However, growth opportunities were developed within the company. In 2010, CapMan established Procurement Services, CaPS, to drive down costs of non-strategic procurement for portfolio companies in CapMan's funds. The service is the first of its kind in the Nordic countries.

At the same time elsewhere: Volcanic ash from eruptions beneath Mount Eyjafjallajökull, an ice cap in Iceland, disrupted air traffic across northern and western Europe.

2016

Acquisition of Norvestia

CapMan acquired the Finnish investment company Norvestia between 2015 and 2017. The acquisition strengthened CapMan's balance sheet and enabled flexible investing in private equity funds. The acquisition also expanded CapMan's footprint into growth investments, and Norvestia's team and investment portfolio created a foundation for CapMan's Growth Fund.

At the same time elsewhere: In Great Britain, people voted to leave the EU, which initiated the prolonged Brexit process.

2019

From private equity to private asset expertise

CapMan has operated in private equity for 30 years. During that time, the operations have expanded from traditional buyouts to unlisted assets on a broader scale. In 2018, CapMan established its first Nordic infrastructure fund. CapMan has developed its service businesses as separate entities, which today include reporting and analysis of investors' portfolios, fundraising advisory, and procurement services for growing companies.

At the same time elsewhere: Severe wildfires in the Amazon as well as in Australia have intensified the discussion about the role of human activities in climate change.

HIGHLIGHTS 2019

CapMan's results in 2019 were a strong message that our strategy focused on the Nordic private assets market bears fruit. We achieved many of our key goals during 2019, and we have made progress in all aspects of our strategy.

GROWTH IN TURNOVER **46%**	GROWTH IN COMPARABLE OPERATING PROFIT **110%**
CARRIED INTEREST **7m€**	TOTAL SHARE RETURN **64%**

DISTRIBUTION PROPOSAL FOR 2019

€0.13/share

JAM Advisors acquisition

In February, CapMan Plc acquired 60 per cent of JAM Advisors Ltd, a Finnish reporting, analysis and wealth management company. JAM Advisors is a Finnish technology and solutions-oriented reporting, analysis and wealth management firm. At the core of the firm's service concept is its proprietary and unique X-Ray service platform, which enables a transparent look-through and analysis of each client's overall wealth. The transaction provides CapMan with a new technologically advanced service business and expands the investor network. JAM Advisors serves mainly domestic institutional investors, foundations, family offices and high-net-worth individuals and serves as their advisor.

CapMan Buyout: New fund and several exits

CapMan Buyout established its eleventh fund, CapMan Buyout XI, with ca. €170 million in commitments from over 20 investors to date. Fundraising for the fund continues. CapMan Buyout XI will make majority investments in mid-sized unlisted companies in Finland and Sweden. In 2019, CapMan Buyout exited from Kämp Collection Hotels, Mainpartners and Komas, and sold its shares in Harvia.

First investments by CapMan Infra

CapMan Infra's maiden fund made its first investments in 2019. In July, CapMan Infra, together with the Canadian infrastructure investor CBRE Caledon acquired Norled, a leading Norwegian ferry and express boat operator. The acquisition places CapMan Infra at the forefront of driving the green shift of the ferry sector in Norway. Norled is a technological leader in the Norwegian ferry sector and was the first company in the world to introduce a fully electric car ferry.

In October CapMan Infra agreed on a majority investment in a joint venture established together with Telia Company to invest into and deploy fibre-to-the-home (FTTH) infrastructure in Finland. The fund held an interim close in the end of 2019 at €174 million.

New products and expanded distribution in Real Estate

CapMan has commenced co-operation with Nordea regarding the distribution of CapMan Nordic Property Income Fund ("CMNPI"), a non-UCITS fund managed by CapMan. As a result, CMNPI will become part of Nordea's product offering. CMNPI accepts new subscriptions on a quarterly basis. The fund focuses on stable income generating properties in the largest and most liquid Nordic cities with solid long-term growth fundamentals.

In the end of 2019, CapMan launched CapMan Hotels II Fund as a successor to its first hotel fund, CapMan Hotels RE, which was launched in 2008. At the establishment, CapMan Hotels II has equity commitments of €368 million and it acquires a seed portfolio consisting of all the current assets in CapMan's first hotel fund. The new hotel fund invests in hotel properties generating a stable and predictable income diversified across the Nordic region.

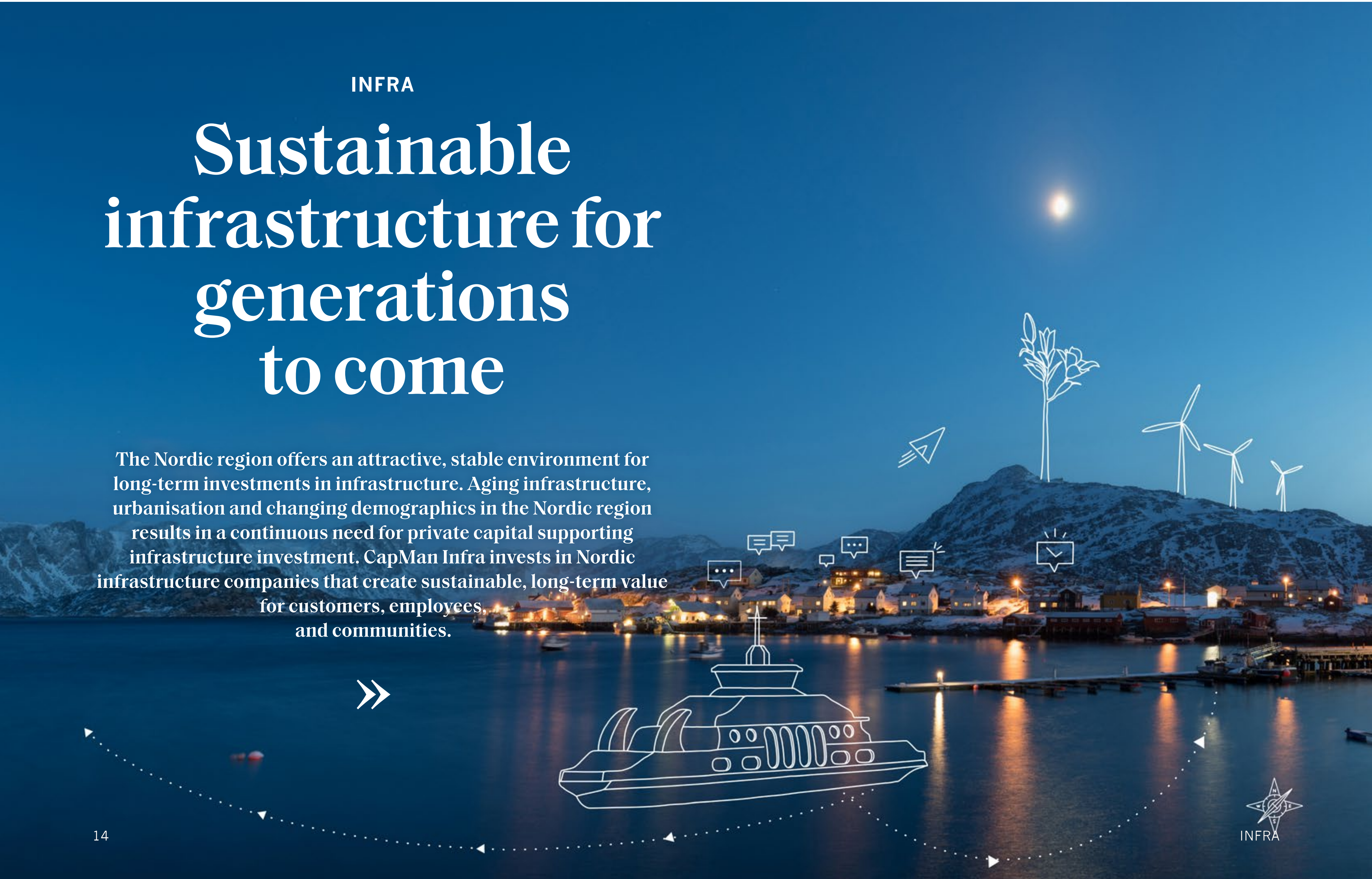
New Growth investments into Finnish forerunners

In 2019, CapMan Growth invested in Picosun, a manufacturer of ALD equipment. ALD, or Atomic Layer Deposition, is a Finnish technology developed by Dr. Tech. Tuomo Suntola, who has been awarded the Millennium Technology Prize. The technology enables the creation of precise films with a thickness of less than a nanometer, which is a prerequisite for the functionality of modern electronics. New applications for ALD are constantly found in e.g. medical technology.

In addition, CapMan Growth invested in Insplan, a nationwide infrastructure expert founded in 2015. With the investment, Insplan can pursue their ambitious growth plan in new markets in data and transmission networks.

Changes in the ownership base

CapMan obtained a new largest shareholder in November as Silvertärnan Ab acquired a 10.56% stake of the company's shares. Majority owner of Silvertärnan Ab is Föreningen Konstsamfundet r.f., with Oy Hammarén & Co Ab and Joakim Frimodig's holding company Boldhold Oy as minority owners.



INFRA

Sustainable infrastructure for generations to come

The Nordic region offers an attractive, stable environment for long-term investments in infrastructure. Aging infrastructure, urbanisation and changing demographics in the Nordic region results in a continuous need for private capital supporting infrastructure investment. CapMan Infra invests in Nordic infrastructure companies that create sustainable, long-term value for customers, employees, and communities.

CapMan Infra focuses on Nordic mid-cap core and core+ infrastructure investments. The Infra team, based in Helsinki and Stockholm, approaches infrastructure investing in the energy, transportation and telecom sectors from a value creation perspective. The eight-strong team combines backgrounds in corporate finance, principal investment, and operational infrastructure asset management.

– The diversity of our team is a key strength as it allows us to draw on different perspectives and make better decisions for our fund, says **Ville Poukka**, Managing Partner at CapMan Infra.

CapMan Infra has put those perspectives to good use in 2019. The team's first fund held an interim close in the end of 2019 at €175 million and is expected to exceed €300 million at final close in second quarter of 2020. The fund made its first investments in 2019, building on the team's experience from mandate deals — a Finnish electricity distribution and heating company, and a major onshore wind farm in Sweden — completed earlier. Sustainability runs as a common theme in all CapMan Infra's investments.

Driving the green shift of the Norwegian ferry sector

In July, CapMan Infra and CBRE Caledon Capital Management acquired Norled, a leading Norwegian ferry and express boat operator. It is an attractive investment opportunity, which demonstrates strong infrastructure characteristics and an opportunity to invest in environmental improvements in the company's fleet. Norled is one of Norway's largest ferry and express boat transportation companies with a fleet of 59 ferries and 28 express boats that transport more than 17 million passengers and 9 million cars annually.

– The Norwegian ferry sector is undergoing a green shift driven by both environmental demands as well as availability of new technologies. Norled is a technological leader in the ferry sector and is currently renewing its fleet to zero-emission vessels. The company was the first in the world to introduce a fully electric car ferry and a hydrogen-powered vessel concept, says **Torborg Chetkovich**, Partner at CapMan Infra.

Ville Poukka
Managing Partner

Torborg Chetkovich
Partner

Harri Halonen
Partner

A deep-rooted ESG process

CapMan Infra incorporates environmental, social and governance (ESG) issues into its investment analysis and decision-making processes. CapMan is a signatory of the global PRI (Principles for Responsible Investment) initiative since 2012 and the Infra team applies active ownership in its portfolio companies. The principles are the backbone of all operations and help to drive change on a broader scale.

– In addition to the PRI, we have designed our proprietary ESG process in analysis and decision making. A thorough ESG process helps to identify value creation angles while at the same time building more sustainable and successful businesses and improving society, says Chetkovich.

Enabling better digital infrastructure

CapMan Infra's second investment in 2019 was in a joint venture together with Telia Company, the leading Nordic telecommunications operator. The joint venture, where CapMan Infra will hold a majority, will acquire the existing fibre-to-the-home assets in Telia Finland, and look to increase the pace of roll-out of fibre to homes in Finland. One of the key goals in the Finnish Government Programme 2019 is to promote the construction of more extensive optical fibre networks throughout Finland to enable better digital infrastructure and fast and reliable broadband access across the country, and the joint venture is looking to tackle that issue.

– As local investors we are close to the end-users, we understand the market, and can truly help to add value to society, says **Harri Halonen**, Partner at CapMan Infra.

Responsible and active owner

We benefit from sustainable value creation KPIs in our assets

REAL ESTATE

CapMan's Real Estate strategies

VALUE-ADD

CapMan Nordic Real Estate I & II

FOCUS
Attractive returns through active asset management

STRUCTURE
Closed-end fund

€1,000M
Investment volume under management (current portfolio GAV + commitments)

PORTFOLIO
Office, retail and residential real estate in the Nordics

INCOME

CapMan Hotels II

FOCUS
Strong, long-term cash flow

STRUCTURE
Semi-open-ended

€709M
Investment volume under management (GAV)

PORTFOLIO
Hotel real estate in the Nordics

INCOME

CapMan Nordic Property Income

FOCUS
Strong, long-term cash flow

STRUCTURE
Open-ended fund (non-UCITS)

€151M
Investment volume under management (GAV)

PORTFOLIO
Mainly office, logistics and warehouse properties across the Nordics

CORE

BVK residential portfolio

FOCUS
Strong cash flow from rental housing

STRUCTURE
Investment mandate

€850M
Investment volume under management (GAV)

PORTFOLIO
Residential real estate in Nordic growth centres

CapMan REAL ESTATE

€ bn **2.7** Total real estate investment volume under management

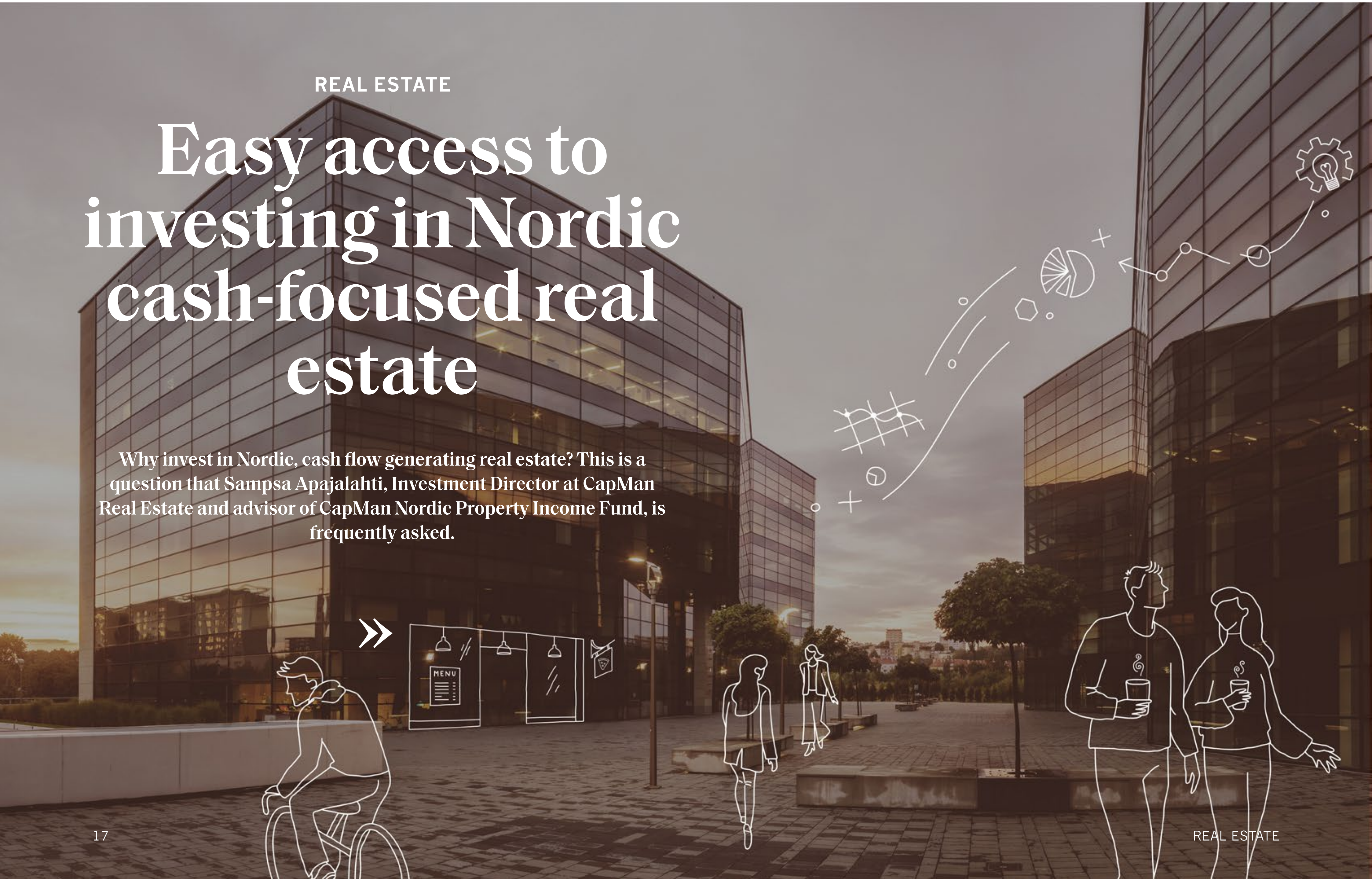
Over **40** Nordic real estate professionals

5 offices

REAL ESTATE

Easy access to investing in Nordic cash-focused real estate

Why invest in Nordic, cash flow generating real estate? This is a question that Sampsa Apajalahti, Investment Director at CapMan Real Estate and advisor of CapMan Nordic Property Income Fund, is frequently asked.



– In the current low interest rate environment, there is significant demand for liquid real estate instruments that generate solid cash flow. CapMan Nordic Property Income Fund, which is an open-ended real estate fund, seeks rental income-based returns by diversifying investments in the largest growth centres in Finland, Sweden, Denmark and Norway. Total returns have developed positively during the fund's first two years in operations, states Apajalahti.

CapMan Real Estate is an active Nordic investor since 2005. The team is well-regarded among institutional investors, especially due to solid local expertise and focus on value-added real estate strategies. But a real estate investment does not always require significant renovations or transformation in the asset to be successful. By investing in attractively located high-quality assets, solid cash flow generation is of higher importance for the return profile compared to an increase in asset value. By focusing on qualitative attributes of the assets, the risk-adjusted total return remains attractive.

Expanded distribution for the non-UCITS open-ended fund

CapMan Nordic Property Income Fund (non-UCITS) is open for new subscriptions quarterly and its focus is to own a diversified Nordic real estate portfolio that generates strong cash flow.

The open-ended structure of the fund provides flexibility in investing in real estate. Traditionally, CapMan's real estate funds have closed-end structures, which restricts investments for all but institutional investors. CapMan Nordic Property Income is open for a more diverse group of investors. In 2019, CapMan agreed on a distribution partnership with Nordea, which expands the fund's investor base further.

– The expanded distribution enables significant expansion of the fund size and provides more investors with a cost-efficient way to diversify real estate investments both geographically and by property type, says Apajalahti.

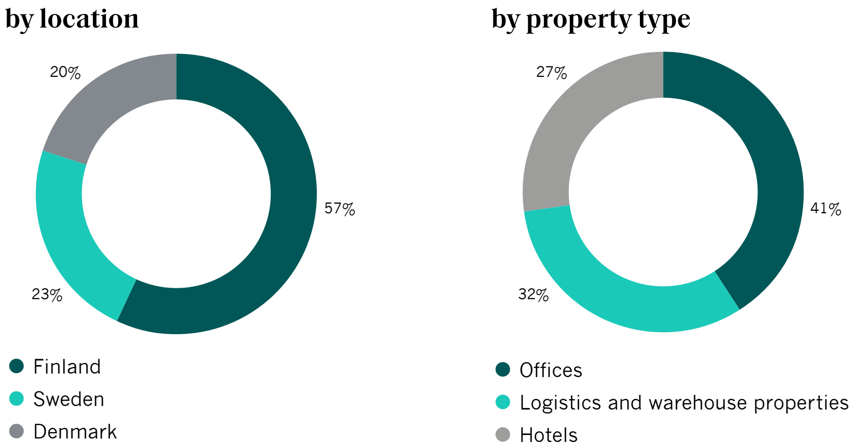
Asset selection is based on income profile, diversification effects and megatrends

Especially office, logistics, storage, hotel and care properties are a good match for the investment strategy. The common denominator for all investments is that they follow prevailing megatrends.

The fund's portfolio is diversified both by property type and geographically. This comprehensive diversification is made possible by one of the largest real estate teams in the Nordics with broad access to the Finnish, Swedish, Danish and Norwegian real estate markets. CapMan Real Estate's more than 40 real estate investment professionals oversee asset management and assess investment opportunities.

There are many considerations of importance when selecting assets. In addition to an attractive location, the rental market must be effective and the asset sufficiently liquid. The occupancy rate of the asset must be high and the tenant profiles attractive. Long leases are also valuable. The asset needs to be in good condition with a flexible and modern layout, as these attributes add to the defensive characteristics of the asset.

CapMan Nordic Property Income non-UCITS fund - Investments



How are these types of assets acquired at attractive valuations? Apajalahti is confident in the strengths of the Nordic real estate team.

– Local presence is of high importance as we know the markets inside and out and know what tenants value. This helps us find the right assets and evaluating the price levels, he highlights.

The fund's objective is to return at least 75% of its annual cash flows to investors, which corresponds to approximately 4-6% in cash-based return on equity. The total return objective is return on equity exceeding 7% per year. Since its inception, the fund has returned approx. 10% per annum*.

As a long-term owner, additional emphasis in placed on responsible ownership. Of nine fund investments, two possess a Gold level LEED certificate and one a BREEAM certificate. The energy and water utilisation of properties is monitored on a monthly basis and by investing in building service technology, the fund can save in operating costs while achieving positive environmental effects.

CAPMAN NORDIC PROPERTY INCOME FUND IN BRIEF :

Annual return since inception: approx. 10% p.a.

Number of assets: 9

Fund NAV: €78 million

Fund GAV: €151 million

*Past performance is no guarantee for future returns.

PRIVATE EQUITY: BUYOUT

Buyouts with a fresh twist

CapMan has 30 years of private equity investment experience and was the company to establish the buyout as a form of financing in Finland. The world has changed radically over these past 30 years, but so has the life of Pia Kåll, the captain at the helm of CapMan Buyout today. Three decades ago, she was in elementary school and dreamt of a life as a heptathlete, an artist or a mechanic. She proved skilled in many other areas as well, and following a degree from the Polytechnic University of Helsinki, a career in management consulting and a management group position in an industrial company, she has headed CapMan Buyout since 2017.

Diversity is a strength

We bring Nordic perspective to our portfolio companies

There is an abundance of private equity investors. What makes CapMan Buyout unique?

– We utilise 30 years' worth of know-how, which we can implement with a fresh take. We have seen a broad cross-section of the Nordic business environment and M&A transactions. In our team, experienced professionals meet the new generation in a seamless manner. We bridge the Baltic Sea as our team is split between Helsinki and Stockholm and we call both places equally our home. Most private equity players investing in mid-market Buyouts only operate in one market, Kåll explains.

An indicator of the trust that our investors place in us is the establishment of the eleventh CapMan Buyout fund in 2019. This means that the strategy to invest in mid-market Nordic unlisted companies has proven effective eleven times in a row. CapMan Buyout's handprint is visible in 80 companies.

The long track-record of the investment area is also an indication of a successful generational shift: Many other industry players still have this ahead of them and if no natural successor is identified for existing key partners, continued operation might be at risk. Of CapMan Buyout's original team, there is no-longer anyone operationally involved in the business or in the decision making for the new fund.

A new fund and new investments

CapMan Buyout approaches potential investments today in a different manner compared to the early years.

– We are structured and approach a new potential deal from an analytical perspective. Excel, which of course is a dear tool for investment professionals, has been challenged by business intelligence tools. We focus on fast and data-driven decision making and follow the development of our portfolio companies as well as deal flow almost in real time through applications, says Kåll.

The team implements the same investment strategy as in the predecessor fund. The fund acquires majority stakes in mid-sized Nordic businesses.

– We don't see a benefit in increasing fund size only because capital is available. We have to be able to invest that capital in a sensible manner and the current target size for the fund allows us to invest in the market segment that we consider most intriguing. The broad personal network of our entire team is in a pivotal position in accessing potential investments. This network grows following each successful transaction, Kåll reminds.

Local expertise is emphasised in value creation together with portfolio company management as well as with advisor networks. It is important that the investment team has enough contact with the market in which a portfolio company operates, recruits and grows. Even though the business environments are similar, business cultures in Finland and Sweden differ from each other. Therefore, success requires local presence and mindset.

We look for boldly individual companies

Ideally, a CapMan Buyout portfolio company is a niche market leader willing to grow. In addition, the team values courageous companies that are genuinely individual.

– Company culture is increasingly important as it allows for businesses to live the brand and speak to the customers, but also recruit the best people. We evaluate a potential portfolio company's culture and leadership before making an investment. A successful culture and its development further is a key focus area in our investments. Company culture is visible in the commitment of the portfolio company's employees to the company's values, which forms a foundation for our value creation plan, says Kåll.

Diversity is becoming a factor in the C-suite

One of the most important tasks of a private equity investor is the formation of a company's board of directors and the recruitment of management. Diversity is an important aspect of this process. Because CapMan Buyout makes majority investments, the team has excellent opportunities to influence and form core teams following the individual requirements of each portfolio company.

– Research shows that diverse organisations perform better compared to homogenous organisations. We evaluate the know-how of portfolio companies from many different angles and strengthen them for example with expertise from Nordic markets more broadly. This brings new perspective especially to businesses in the process of internationalisation, says Kåll.

Diversity in the private equity industry is a hot topic globally and in the past, the industry has not distinguished itself favourably in this regard. Level 20 is an initiative originated in the UK with the purpose to promote diversity within the private equity industry. Kåll launched the Nordic chapter of Level 20 last autumn. Kåll's responsibility of the Buyout team is an example of functioning diversity in practice and may serve as an inspiration to other Nordic Buyout firms to promote diversity in their ranks.

PRIVATE EQUITY: GROWTH

Growth from innovations with the support of the right owner

Growth requires innovation to be realised, but also a growth-hungry culture. How are these two areas combined in Finnish companies and what role is played by the owner? Juha Mikkola, Managing Partner of the CapMan Growth Fund describes his approach and discusses the significance of new technologies and service concepts as well as the owner's responsibility in harnessing them for growth generation.

Seamless co-operation between investors and entrepreneurs

Our objective is to build profound trust

In 2019, the growth of Finnish small and medium-sized businesses (SMEs) was less pronounced compared to international peers. In fact, these businesses were more inclined to reducing investments than increasing them.

– This is worrying because SMEs typically stabilise economic cycles. Therefore, we should pay special attention to companies' abilities to invest in research and development, says Mikkola.

Growth companies require capital in order to invest. CapMan Growth Fund is established in order to support growing companies that are very motivated by developing their business, usually faster than their competitors. Capital is required for several types of investments, but according to research, the return on investment is highest for investment in the development of new products and services. Their effect is four-fold that of e.g. investments in M&A, which tend to exhibit more modest returns on average.

Growth requires new focus

Especially one geographic location is famed for creating something entirely novel. In Silicon Valley in California, investments in new products and services are the foundation for the businesses that operate there. European private equity managers are increasingly impressed by the amount of creativity that this 50 kilometers long and 8 kilometers wide area holds. Silicon Valley has a profound influence even on our vocabulary; we google, tweet and snap daily. The area is a hub for development of concepts and services that we don't yet know we need, but that in due course become ubiquitous parts of our everyday lives.

Innovation is fuelled by capital and technical know-how, both which are in abundance in Silicon Valley. However, there is one aspect that serves as a catalyst for the development of companies in the area. In addition to having solid management, Silicon Valley-based businesses are generally better owned compared to companies in average — almost without exception at least one private equity or venture capital fund is involved. These owners are very demanding and not content with 3-5% annual growth rates. The portfolio companies are developed to become fast-growing market leaders.

Silicon Valley-based growth companies have a lot in common with CapMan Growth portfolio companies. The fund was established in 2017 in order to support Finnish companies with an equally ambitious growth objective.

– This means that a company wants to be a market leader. It will not be satisfied with annual growth rates of mere few percentages or industry standard profitability but is rather looking to significantly grow its business and invest in new development. Our society needs SMEs with the guts to focus on growth. This creates the foundations for new jobs, says Mikkola.

CapMan Growth companies create new jobs

Through its portfolio, CapMan Growth is instrumental in creating fast-growing companies in Finland and internationally. Its largest portfolio company, Coronaria, already employs more than 2,000 people. Digital Workforce specialises on Intelligent Process Automation services and has expanded into five new countries during the year and hired more than 100 people. The Growth Fund's latest investments into Picosun and Insplan are also examples of significant ambition to grow and a readiness to invest with help from investors. During 2019, CapMan Growth Fund portfolio companies have increased the number of jobs by 20%*.

– CapMan Growth Fund will continue to be successful if we are able to strengthen the winning cultures within the businesses. This requires careful cooperation between the company and the investor, which translates into finding the right people for the right positions, understanding the market and its needs, the development of operating culture and leadership, as well as the ability to export the products and services globally, Mikkola describes.

As a minority investor, CapMan Growth works in cooperation with the company while respecting the independence of the company and its entrepreneurs. The objective is to create an environment of trust where joys and sorrows are shared, and where potential challenges are identified early so that corrective actions can be taken fast and with mutual understanding. In the end, these are cultural issues related to ownership that also drive CapMan Growth.

*) The comparison includes only companies that were in the Growth portfolio during both end of 2018 and 2019.

JAM ADVISORS

Transparent portfolio analysis provides investors with unique insights

In the beginning of 2019 CapMan acquired the majority stake of JAM Advisors, a Finnish reporting, analysis and wealth advisory company. The transaction expands significantly CapMan's domestic investor base and provides CapMan with a new technologically advanced service business. JAM obtains support from CapMan to fully commercialise and internationalise its innovative portfolio analysis and reporting services.

JAM X-Ray

JAM's reporting and analysis solutions are open, transparent and independent

JAM is an innovative Finnish reporting and wealth advisory firm, independent from banks and with a strong focus on quantitative tools. JAM assists its clients in achieving an accurate and holistic understanding of their investment portfolios. With the increasing amount of information available from various sources, JAM helps its clients by providing them with transparent information about their investments and making smarter investment decisions based on data. At the core of the firm's service concept are the in-house machine learning-based reporting and analysis tools, which visualise the allocation of a client's assets comprehensively.

JAM as a forerunner

JAM's business idea was born in 2012, when JAM's founding partners discovered that the Finnish market lacked a financial service provider, which also offers consolidated reporting services. JAM's founding partners had extensive experience in the financial industry, gained both in Finland and internationally, and had often encountered this problem they now wanted to solve. It is challenging for a wealth advisory client to understand the overall risk, return and costs of their portfolio if their assets are managed by more than one asset manager. Effective asset management is challenging without a comprehensive overview of how and where the assets are invested and what the various investment decisions mean for the client's entire portfolio.

– JAM's current reporting and analysis service offers a solution to all above mentioned challenges with its open, transparent and independent data and service, comments **Christian Borgström**, Managing Partner at JAM Advisors.

Screened service process

JAM Solutions collects the data of a client's investment portfolio from all asset managers or other counterparties used by the client. The data includes all the transactions of the client. After JAM has processed and reviewed the data, JAM's reporting and analysis tool X-Ray will provide a tailored reporting package that comprehensively visualises the allocation of the client's overall wealth.

Clients who use JAM's X-Ray tool are also often involved in brainstorming of new reports and analyses, which helps them interpret and draw conclusions based on the data and furthers their understanding of their own portfolio. JAM always strives to follow current themes and trends in the development of reporting and analysis tools. For example, JAM recently released an ESG (environment, social, governance) report and an extensive private equity report.

Benefits from algorithm-based portfolio management

JAM Wealth Advisory uses the reports and analytics produced by JAM Solutions to serve wealth advisory clients. JAM's wealth advisory clients have a designated asset manager, who advises the client on their whole investment portfolio. With the help of reporting and analysis tools, JAM's asset managers seek investment instruments that are as efficient as possible and optimised in terms of return-to-risk ratio tailored for each client portfolio. The selected investment instruments are continuously monitored and evaluated. All JAM asset managers have a limited number of clients in order to ensure the highest level of customer service.

– JAM handles large data masses that are enriched and managed by modern architectures. The computing algorithms of the JAM reporting solutions utilise machine learning and advanced data analytics. The quality, scalability and security of agile processes are at the heart of development and are constantly audited by external auditors, says Borgström.

Where does the name JAM Advisors come from? Borgström explains the origins of the distinct name.

– As we started out, our working name was Your Asset Manager. We were in a hurry to register the name and the abbreviation of the working name — YAM — evoked connotations of instant noodles, so we changed it to JAM and sent the papers to the Trade Register. Now the name is widely embraced by our customers, he states.

PEOPLE & CULTURE

Acing the company culture

In today's extremely competitive job market, job seekers and employees have high expectations of their employers. Strong company culture, unique employee experience and well-being at work have become increasingly important assets for employers. At CapMan, company culture and attracting and retaining top talent are seen as key drivers for success.

90%

OF EMPLOYEES FEEL THAT CAPMAN TREATS EVERYONE EQUALLY

95%

OF EMPLOYEES WOULD RECOMMEND CAPMAN TO OTHERS

CapMan's Management Group has undergone changes in recent years and a new strategy has been launched with an emphasis on creating a winning company culture. Anna Berglind, Head of People and Culture tells how culture and well-being are built at CapMan.

What is CapMan's culture like?

Company culture sets the tone for everything in business from recruiting to interaction with clients and stakeholders. Strong and unique company culture is the backbone of engaged workforce and a prerequisite for a workplace with sustainable and high performance. Company culture is rooted in company's values, vision, history, people and ways of working. The role of HR in culture building is to identify shared characteristics and to steer and foster the corporate culture and existing potential in all chosen actions.

When Berglind joined CapMan in 2018, she wanted to create an overall image of the current state of the company culture. She started by discussing with employees and listening to their stories, experiences and views on CapMan. These discussions and the themes that emerged formed the basis for CapMan's new People Strategy with four key focus areas: One CapMan Family, Active Leadership, Home of Top Performers and Effective Remuneration.

– CapManians are united by entrepreneurial drive and ambition, yet at the same time relaxed, straight-forward and approachable work style. There is also a great deal of respect for colleagues' expertise, Berglind says.

Berglind describes CapMan's culture as low-hierarchical with transparent decision-making. At CapMan, independence and accountability go hand in hand. Flexible work arrangements reflect the trust within the company. CapMan's employees work in open-plan offices which promote open discussion and information flow.

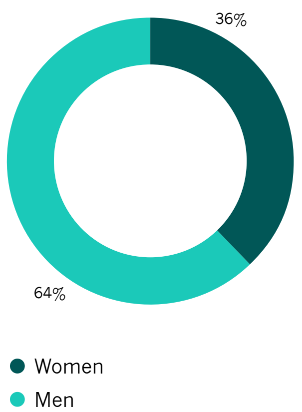
Building culture step by step

Culture cannot be changed overnight. It needs to be maintained by focusing on small steps and allowing it to evolve. CapMan's employees, CapManians are also active in creating positive team culture.

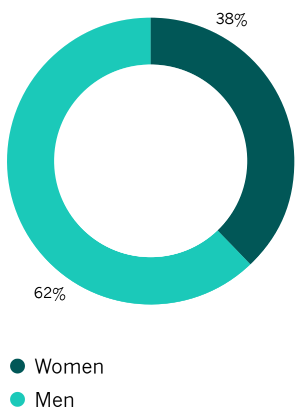
– CapManians have initiated many leisure activities, which reflects a good work environment and eagerness to spend time with colleagues. Last year, we launched a 'CapMan Feel Good' coaching group for employees to improve their work-life balance and well-being at work. Currently, we are developing leadership skills. We started the work by defining our leadership principles with our employees, Berglind says.

Employee well-being and satisfaction are also reflected in CapMan's portfolio companies. CapMan Buyout's investment strategy is to target niche market leaders with winning company cultures. During CapMan Buyout's ownership, the company culture is further developed in portfolio companies in order to ensure the company's success also after CapMan's holding period.

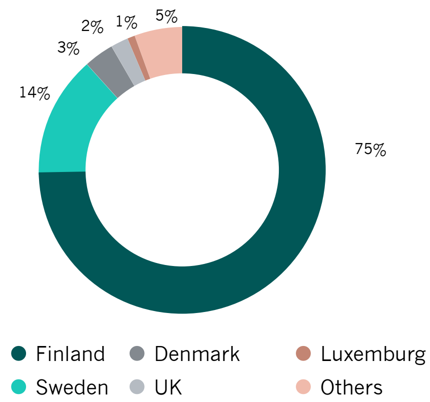
CapMan - All employees



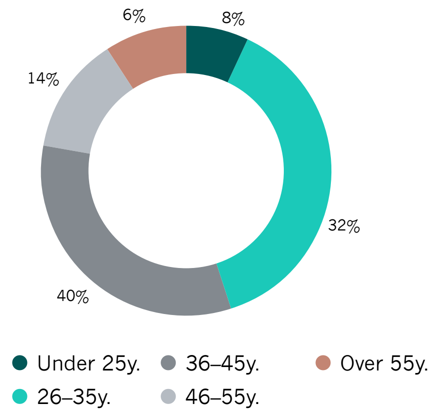
CapManians - Management Group



CapManians - By geography



CapManians - By age



SUSTAINABLE VALUE CREATION AT CAPMAN

Making our mark

Approach

CapMan is an active investor in growing businesses, real estate and infrastructure in the Nordic countries. As active owners, funds managed by CapMan have the opportunity to drive change on a broad scale. In addition to specific actions taken in individual investments, we consider the network effect from working together with LPs, advisors and potential buyers of portfolio companies and assets.

We manage more than €3 billion in assets on behalf of many institutional investors. The returns from our funds contribute to the well-being of more than 10 million pensioners around the world. Our activity also shapes the Nordic communities where we are active. The funding and expertise provided helps companies grow, launch new products and innovate. At the end of 2019, CapMan's portfolio companies employed a total of 14,800 people. Through our real assets practices we invest into communities and services to help them and their residents prosper. Our activity has far-reaching impact on the society, which is why being sustainable is of great importance. We owe it to our current stakeholders and future generations to come.

CapMan's sustainable Investment Policy

CapMan's sustainable investment policy reflects the decision-making and ownership practices applied by the funds managed by CapMan. CapMan's sustainable investment objectives are as follows:

1. Improve energy efficiency and promote policies and activities that combat climate change and reduce waste
2. Promote fair labour conditions
3. Promote fair business and governance practices

Signatory of the PRI

CapMan became a signatory of the PRI–Principles of Responsible Investing–in 2012. The six principles are guiding us throughout the investment process.

Our PRI scorecard based on the assessment of our 2018 report provided us with an A score for private equity and a B score for responsible investment strategy and governance as well as real estate. Since, CapMan has developed its governance model related to sustainable investment practices.

Net impact profile

CapMan has applied the methodology of The Upright Project, a Finnish start-up, to evaluate the net impact of its private equity funds. CapMan's net impact profile is based on the products and services provided by the companies in the funds.

The model utilizes scientific articles and machine learning to analyse how companies impact the environment, health of people, society and creation and distribution of knowledge. This information is summarised as a net impact score.

LEARN MORE www.uprightproject.com

CapMan's net impact score is +3.0. based on the portfolio as of 31 December 2019 (in comparison, Nasdaq's net impact score is +2.1). Generating taxes, creating jobs and contributing to societal infrastructure are the main positive impacts of CapMan's portfolio.

Investing in socially beneficial companies, such as healthcare and knowledge intensive businesses, drives positive scores.

Investing in infrastructure has the greatest environmental impact in CapMan's

14,800
PEOPLE EMPLOYED BY CAPMAN'S PORTFOLIO COMPANIES

RETURNS FROM OUR FUNDS **benefit future generations**

Signatory of:

PRI Principles for Responsible Investment

100,000

TONNES LESS CO_2 EMISSIONS PER YEAR, AT LEAST, FOLLOWING THE EXECUTION OF INFRA'S SUSTAINABLE VALUE CREATION PLAN FOR CURRENT PORTFOLIO

20

CAPS SUPPLIER PARTNERS REPORT CO_2 EMISSIONS, COVERING ALMOST ALL WITHIN LOGISTICS, ENERGY AND TRAVEL CATEGORIES IN FINLAND

portfolio. Sustainability is a key part of the value creation agenda for all Infra's investments, which means that as the value creation work proceeds and e.g. environmental improvements take effect, the net impact of the investments becomes more positive. As an example, CapMan Infra has invested in a wind farm still under development, which once operational will generate 820 GWh of wind power per year. This is the equivalent of approximately 94,000 tonnes less CO_2 per year if used to generate electricity for households. Similarly, the upgrade of Norled's fleet to zero-emission vessels is expected to reduce CO_2 emissions annually from 2019 levels.

CapMan's real estate portfolio includes more than 80 properties based in Finland, Sweden, Denmark and Norway with a combined area of 1,000,000 sqm. ESG improvements are prioritised in the following areas corresponding to where the portfolio has the largest impact: heating and cooling, transition to green energy, improved waste management and recycling.

Sustainable investment process

The investment case responsible is responsible for integrating environmental, social and governance (ESG) issues throughout the investment process. The work is facilitated by a designated person responsible for developing and implementing the ESG framework for each investment area. ESG issues are managed in all aspects of the investment process, including deal sourcing and screening, due diligence, ownership and value creation and exit. CapMan surveys the portfolio companies of its funds annually regarding ESG issues. CapMan Real Estate has started to map the energy consumption of its portfolio.

Sustainable services

CaPS recognises its role in driving procurement activity for its members and encourages its members to consider the overall environmental and societal impact of their procurement. In 2019, CaPS started following up on the CO2 emissions of its supplier partners. The supplier partners report their emissions to CaPS, which allows CaPS members to see the carbon footprint of their procurement activities through the network.

JAM provides advisory services for clients on ESG from investment policy integration to specific ESG solutions and reporting. JAM evaluates roughly 150 fund managers annually and ESG integration is a key topic in every meeting with the portfolio managers. The unbiased access to leading ESG, Thematic and Impact Managers globally helps our clients to improve their portfolio ESG scores and align holdings to meet their targets on portfolio sustainability.

JAM X-Ray reporting visualized ESG factors for mutual funds and ETFs, by looking at the underlying individual holdings in each fund. JAM X-Ray ESG analytics provides a quick overview on the funds E,S and G rank amongst the relevant peer group. JAM X-Ray will also launch single stock ESG analytics during 2020 for global equities. The analytics is based on data from the leading independent ESG research provider Sustainalytics.

JAM clients have benefitted from stable returns from Impact Investments that support financial inclusion and opportunities for over 1.5 million people in developing countries, if current investments are held for 5 years on average.

Learn more in our Sustainable Investments Snapshot www.capman.com/company/sustainability

LEARN MORE

CapMan for Good

In 2019, CapMan established CapMan for Good, a foundation that supports causes and projects that work to improve the well-being of people and society. The purpose of CapMan for Good is to support entrepreneurship, education and other activities in order to increase well-being in disadvantaged parts of society. The foundation worked together with CapMan's network to raise €153,000, of which the majority was donated to the Tukikummit Foundation in 2019.

LEARN MORE

www.capmanforgood.org

Corporate Governance Statement 2019

1 Applicable Rules and Regulations

CapMan Plc ("CapMan") complies, in accordance with the comply or explain principle, with the Finnish Corporate Governance Code 2020 for listed companies issued by the Securities Market Association and entered into force on 1 January 2020. In 2019, CapMan applied the Corporate Governance Code 2015 (the "Code"). The current and previous versions of the code is publicly available on the website of the Securities Market Association at www.cgfinland.fi/en. Furthermore, CapMan's corporate governance model complies with the laws of Finland, the articles of association of the company and the rules and directions of Nasdaq Helsinki Ltd. This Corporate Governance Statement (the "Statement") has been prepared in compliance with the Code's Corporate Governance reporting guidelines, it has been reviewed by the Audit Committee of CapMan's Board of Directors (the "Board") and it is issued separate from the report by the Board.

For further information regarding CapMan's corporate governance, please visit the company's website at https://www.capman.com/shareholders/governance/

2 General Meeting of the Shareholders and the Articles of Association

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

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

3 Shareholders' Nomination Board

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

The Shareholders' Nomination Board consists of representatives nominated by the four largest shareholders of the company and the Chairman of CapMan Plc's Board of Directors, serving as an expert member. As an expert member the Chairman of the Board of Directors of CapMan Plc does not take part in the decision-making of the Shareholders' Nomination Board.

The following members were nominated to the Shareholders' Nomination Board in September 2019: Patrick Lapveteläinen (Member of the Board of Directors of Mandatum Life Insurance Company Limited) (Chairman of the Nomination Board), Mikko Mursula (Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company), Ari Tolppanen (Chairman of the Board of Oy Inventiainvest Ab) and Mikko Kalervo Laakkonen. Due to the ownership arrangements, Lapveteläinen resigned from the Nomination Board and he was replaced by Stefan Björkman (Managing Director of Föreningen Konstsamfundet r.f., representative of Silvertärnan Ab). He was appointed as the Chairman of the Nomination Board. Additionally, Andreas Tallberg, the Chairman of the Board of Directors of CapMan Plc, served as the expert member on the Shareholders' Nomination Board.

The Nomination Board has convened three times during its term. The Nomination Board discussed the size, composition and diversity of the Board of Directors and the areas of expertise that are most beneficial for the company. The Nomination Board also reviewed the remuneration of the Board and gave its proposals to the Annual General Meeting on 21 January 2020. The proposals were published as a stock exchange release.

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

4 Board of Directors

4.1 Composition and diversity of the Board of Directors

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

The Annual General Meeting held on 13 March 2019 elected six members to the Board of Directors. Ms. Catarina Fagerholm, Mr. Eero Heliövaara, Ms. Mammu Kaario and Mr. Andreas Tallberg were re-elected to the Board. Mr. Olli Liitola and Mr. Peter Ramsay were elected to the Board of Directors as new members. Apart from Mr. Liitola, all member candidates were present at the meeting. At its organizing meeting 13 March 2019, the Board elected from among its members Andreas Tallberg as the Chairman of the Board and Mammu Kaario as the Vice Chairman of the Board.

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

The biographical details of the Board members are presented in the table on page 32.

4.2 Independence of the Board members

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

The Board has in its organizing meeting on 13 March 2019 assessed its members' independence of the company and of its significant shareholders. Catarina Fagerholm, Eero Heliövaara, Peter Ramsay, Mammu Kaario and Andreas Tallberg were independent of both the company and its significant shareholders. Olli Liitola was independent of the company's significant shareholders but non-independent of the company. Liitola is non-independent of the company as he has been employed by the company until 2017.

Shares and share-based rights of each Board member and corporations over which he/she exercises control in the company and its group companies are presented in the table on page 32.

4.3 Duties and responsibilities of the Board

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

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

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

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

4.4 Work of the Board in 2019

In 2019, the Board of Directors met eight times. The Board had seven meetings in the composition as elected by the 2019 AGM and one meeting in the composition as elected by the 2018 AGM.

The table on page 32 presents Board members' attendance at the meetings in 2019.

5 Board Committees

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

In its organizing meeting held on 13 March 2019, CapMan's Board of Directors established an Audit Committee and a Remuneration Committee.

5.1 Audit Committee

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

The duties of the Audit Committee included:

- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit company, particularly the provision of related services
- preparing the proposal for resolution on the election of the auditor.

The Board has in its organizing meeting on 13 March 2019 elected Mammu Kaario (chairman), Catarina Fagerholm and Peter Ramsay as members of the Audit Committee. In 2019, the Committee met four times in this new composition and once in the composition elected by the Board of Directors in 2018. The table on page 32 presents the Committee members' attendance at the meetings.

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

5.2 Remuneration Committee

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

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

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

The Committee further contributed to:

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

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

The Board has in its organizing meeting on 13 March 2019 elected Andreas Tallberg (Chairman), Catarina Fagerholm and Eero Heliövaara as members of the Remuneration Committee. The Committee did convene twice in its new composition during 2019 and also twice with the composition elected in 2018. The table on the right presents the Committee

Board of Directors in 2019

Name	Personal information	Shares and share-based rights as of 31 Dec 2019	Attendance at the Board meetings	Attendance at the Committee meetings
Andreas Tallberg	Chairman of the Board since 15 March 2017. Member of the Board since 2017 Born: 1963 Education: M.Sc. (Econ.). Main occupation: CEO of Oy G.W. Sohlberg Ab Chairman of the Remuneration Committee Expert member of the Shareholders' Nomination Board Independent of the company and significant shareholders	804,530	8/8	Remuneration Committee: 4/4 Nomination Board 2/2
Catarina Fagerholm	Member of the board since 2018, Born: 1963 Education: M. Sc. (Econ.) Main occupation: Board professional Member of the Audit and Remuneration Committees Independent of the company and significant shareholders	73,011	8/8	Audit committee: 5/5 Remuneration Committee: 4/4
Eero Heliövaara	Member of the board since 2018 Born: 1956 Education: M.Sc. (Eng.), M.Sc. (Business Admin.) Main occupation: Board professional Member of the Remuneration Committee Independent of the company and significant shareholders.	92,000	8/8	Remuneration Committee: 2/2
Mammu Kaario	Member of the Board since 2017 Born 1963 Education: LL.M., MBA Main occupation: Board professional Chairman of the Audit Committee. Independent of the company and significant shareholders.	38,071	8/8	Audit Committee: 5/5
Peter Ramsay*	Member of the Board since 2019 Born: 1967 Education: M. Sc. (Econ.) Main occupation: CFO and chief investment director of Veikko Laine Group Member of the Audit Committee Independent of the company and significant shareholders	10,000	7/7	Audit Committee: 4/4
Olli Liitola*	Member of the Board since 2019 Born: 1957 Education: M.Sc. (Eng.) Main occupation: Board professional Independent of significant shareholders and non-independent of the company	2,079,222	5/7	
Ari Tolppanen**	Member of the Board since 2013 Born: 1953 Education: M.Sc. (Eng.) Main occupation: Board professional Member of the Remuneration Committee. Independent of the significant shareholders and non-independent of the company	4,731,774	1/1	Remuneration Committee: 2/2

*) Was elected as a new member at the AGM held on 13 March 2019
**) A member of the Board of Directors until the AGM held on 13 March 2019

members' attendance at the meetings.

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

6 Chief Executive Officer (CEO)

In 2019, CapMan's CEO was Joakim Frimodig (born 1978, BA (Oxon)). Frimodig's shares and share-based rights and those of the corporations over which he exercises control are presented in the table on page 9.

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

Management Group in 2019

Name	Responsibilities	Personal information	Shares and share-based rights on 31 Dec 2019
Joakim Frimodig	CEO	Born: 1978 Education: BA (Oxon)	Shares: 300,000*
Anna Berglind	Head of People and Culture	Born: 1972 Education: M. Sc. (Soc.)	Shares: 45,000
Niko Haavisto	CFO	Born: 1974 Education: M. Sc. (Business)	Shares: 245,210
Pia Kåll	Head of CapMan Buyout	Born: 1980 Education: M.Sc. (Eng.)	Shares: 30,000
Mika Matikainen	Head of CapMan Real Estate	Born: 1975 Education: M.Sc. (Econ.), M.Sc. (Soc.)	Shares: 45,000
Juha Mikkola	Head of CapMan Growth Equity	Born: 1961 Education: M.Sc. (Econ.)	Shares: 45,412 2016A-options: 100,000
Ville Poukka	Head of CapMan Infra	Born: 1981 Education: M.Sc. (Econ.)	Shares: 59,916
Mari Simula	Head of Fund Investor Relations	Born: 1982 Education: M.Sc. (Eng.)	Shares: 135,249 2013C-options: 38,500 2016A-options: 12,500

*) In addition, Joakim Frimodig's holding company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 10.5% of all shares in CapMan Plc.

7 Management Group

The main tasks of the Management Group consist of

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

The composition of the Management Group, responsibilities and the shares and share-based rights of the members of the Management Group and of the corporations over which he/she exercises control in the end of the financial year of 2019 are presented in the table above.

8 Internal control and risk management

The aim of CapMan's internal control and risk management is to ensure that the company's operations are efficient, appropriate, reliable and in compliance with regulation, and that risks associated with the company's business and objectives are identified and appropriately monitored and managed. The group's internal control system is an essential part of the group's management system and consists of organization structure, policies, processes, working instructions, allocation of tasks and responsibilities, approval authorizations, manual and automated controls, monitoring reports and reviews. The Board and the CEO are responsible for the internal control and the risk management but the internal control is conducted on all levels of the organization, in all business and support functions and every employee is individually responsible for the compliance of policies and instructions and for reporting the faults and malpractice to his/her supervisor or other designated persons.

9 Internal control and risk management pertaining to the financial reporting

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

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

9.1 General description of the financial reporting process

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

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

9.2 Control and risk management of the financial reporting process

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

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

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

9.3 Risk assessment and control activities

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

In the annual strategy process of the group, the identified risks are reviewed, the risk management control activities are audited and effects of potential new identified risks on the strategy are evaluated. The objectives and responsibilities of the risk management process as well as the determination of the risk-appetite were updated during 2019.

9.4 Information and communication pertaining to the financial reporting

CapMan has defined the roles and responsibilities pertaining to financial reporting as a part of the group's information and communication systems. In terms of internal control and financial reporting information, CapMan's external and internal information is obtained systematically, and the management is provided with relevant information on the group's activities. Timely, current and accessible information relevant for financial reporting purposes is provided to the appropriate functions, such as the Board, the management group and the monitoring team. All external communications are handled in accordance with the group disclosure policy, which is available on the company's website: https://www.capman.com/shareholders/statements-policies/disclosure/

9.5 The organisation and monitoring of internal control activities

To ensure the effectiveness of internal control pertaining to financial reporting, monitoring activities are conducted at all levels of the organisation. Monitoring is performed through ongoing follow-up activities, separate evaluations or a combination of the two. Separate internal audit assignments are initiated by the Board or management. The scope and frequency of separate evaluations depend primarily on the assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies are reported to the management, and serious matters to the Audit Committee and the Board.

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

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

CapMan's subsidiary CapMan AIFM Ltd holds a license to act as alternative investment fund manager granted by the Finnish Financial Supervisory Authority. For these companies CapMan has arranged separate risk management and internal audit functions as required by applicable laws.

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

10 Other information

10.1 Procedures related to insider administration

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

CapMan maintains an internal, non-public list on managers and persons closely associated with them, which are, according to MAR, obliged to disclose all transactions made with financial instruments issued by CapMan. CapMan has determined the members of the Board of Directors and the Management Group (including the CEO) as managers defined in the MAR (hereinafter "Manager(s)"). Each Manager has been instructed to inform the persons closely associated with them about the obligation to disclose transactions. CapMan publishes a release on each transaction which has been executed by a Manager or his/her closely associated person with the financial instruments issued by CapMan in case the total value of all transactions of this person exceeds EUR 5,000 within a calendar year. The total holding of CapMan's shares and share-based rights of each Manager is annually published as a part of the Annual Report.

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

CapMan's Managers (as described above) or employees are not permitted to trade in financial instruments issued by CapMan during a closed period of 30 calendar days prior to the publication of CapMan's interim reports, half year financial report or financial statements bulletin (closed period). The publication dates are announced annually over a stock exchange release. CapMan's Managers and employees have been instructed to inform their closely associated persons regarding closed periods and trading restrictions on CapMan's financial instruments during the closed period. According to the internal trading pre-approval procedure, the Managers and the employees of CapMan Group are obliged to request a written pre-approval from the Compliance Officer before trading in financial instruments issued by CapMan.

10.2 Principles regarding Related Party Transactions

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

10.3 Audit fees

In 2019, the audit fees paid to the auditor amounted to 249,000 euros (307,000 euros in 2018) and the fees related to other non-audit related services amounted to 107,000 euros (59,000 euros in 2018).

10.4 Internal audit

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

29 January 2020
CAPMAN PLC
Board of Directors

Board of Directors

Andreas Tallberg

Chairman of the Board of Directors since 2017
Independent Board Member
Chairman of the Remuneration Committee
Holdings in CapMan (as of 31 December 2019): 804,530 shares

Born 1963
Education M.Sc. (Econ.)
Main Occupation Chairman and CEO, Oy G.W. Sohlberg AB
Key Board Memberships CapMan Plc (Chairman), Nissala Oy (Chairman), Mehiläinen (Chairman), Parmaco Oy (Chairman), Rothschild Nordic AB

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

Mammu Kaario

Deputy Chairman of the Board of Directors since 2018
Independent Board Member since 2017
Chairman of the Audit Committee since 2018
Holdings in CapMan (as of 31 December 2019): 38,071 shares

Born 1963
Education LL.M., MBA
Main Occupation Board professional
Key Board memberships CapMan Plc (Deputy Chairman), Ponsse Oyj, Aspo Oyj, Robit Oyj, Nordic ID Oyj, Lapti Oy

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

Catarina Fagerholm

Member of the Board of Directors since 2018
Independent Board Member
Member of the Audit Committee, Member of the Remuneration Committee
Holdings in CapMan (as of 31 December 2019): 73,011 shares

Born 1963
Education M.Sc. (Econ.)
Main Occupation Board professional
Key Board memberships CapMan Plc, Attendo Plc, Restel Ltd

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

Eero Heliövaara

Member of the Board of Directors since 2018
Independent Board Member
Member of the Remuneration Committee
Holdings in CapMan (as of 31 December 2019): 92,000 shares

Born 1956
Education M.Sc. (Eng.), M.Sc. (Business Admin.)
Main occupation Board professional
Key Board memberships CapMan Plc, Sitowise Oy (Chairman), YIT Oyj (Deputy Chairman), Finnish Foundation of Economic Education, Lympha Touch Ltd, Foundation of the Finnish Cancer Institute, Saastamoinen Foundation, DIF — Directors Institute of Finland

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

Olli Liitola

Member of the Board of Directors since 2019
Independent of major shareholders, non-independent of the company
Holdings in CapMan (as of 31 December 2019): 2,079,222 shares

Born 1957
Education M.Sc. (Eng.)
Main Occupation Board professional
Key Board Memberships CapMan Plc, Harvia Group Plc (Chairman), Bright Group Oy

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

Peter Ramsay

Member of the Board of Directors since 2019
Independent Board Member
Member of the Audit Committee
Holdings in CapMan (as of 31 December 2019): 10,000 shares

Born 1967
Education M.Sc. (Econ.)
Main Occupation CFO and Chief Investment Officer, Veikko Laine Group
Key Board memberships CapMan Plc

Key Employment History
Peter Ramsay has over 25 years of experience in the finance industry. He has acted as CFO and Chief Investment Officer at Veikko Laine Oy Group since 2014. In 2013-2014 he acted as Chief Investment Officer at FIM Varainhoito Group and as CEO at FIM Plc during 2011-2013. Ramsay served as CEO at Avenir Rahastoyhtiö Oy during 2000-2011. In 1995-2000 he worked in several management positions at Enskilda Securities (SEB AB) and during 1990-1995 in many positions at Alfred Berg Fondkommission AB and at Opstock Pankkiiriliike Oy.

Management Group

Joakim Frimodig

CEO
Education: BA, Oxon
In Management Group since 2016
Holdings in CapMan Plc (31 December 2019): 300,000 shares directly *)

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

*) In addition, Joakim Frimodig's holding company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 10.5% of all shares in CapMan Plc.

Niko Haavisto

CFO
Education: M.Sc. (Business)
In Management Group since 2010
Holdings in CapMan Plc (31 December 2019): 245,210 shares

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

Pia Kåll

Managing Partner, Buyout
Education: M.Sc. (Eng.)
In Management Group since 2017
Holdings in CapMan Plc (31 December 2019): 30,000 shares

Pia Kåll joined CapMan Buyout in 2016 as a partner and was designated managing partner in 2017. Before joining CapMan, Kåll was on the Executive Board of Outotec, where she was responsible for Strategy, M&A, Marketing and Operational Excellence. Previously she worked eight years at McKinsey&Company where she was an Associate Principal.

Anna Berglind

Head of People and Culture
Education: M.Sc. (Soc.)
In Management Group since 2018
Holdings in CapMan Plc (31 December 2019): 45,000 shares

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

Mika Matikainen

Managing Partner, Real Estate
Education: M.Sc. (Econ.), M.Sc. (Soc.)
In Management Group since 2010
Holdings in CapMan Plc (31 December 2019): 45,000 shares

Mika Matikainen joined CapMan in 2006, one year after the inception of CapMan Real Estate, and became the head of CapMan Real Estate and a management group member of CapMan in 2010. Matikainen has been responsible for the expansion of CapMan Real Estate from a local Finnish player into a pan-Nordic asset manager with operations in Finland, Sweden, Denmark and Norway. He also had an active role in establishing the CapMan Hotels Real Estate fund including the acquisition of its seed portfolio of 39 hotels in 2008. Prior to CapMan, he worked for UBS Investment Bank in London.

Juha Mikkola

Managing Partner, Growth
Education: B.Sc., MBA
In Management Group since 2017
Holdings in CapMan Plc (31 December 2019): 45,412 shares, 100,000 2016A options

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

Mari Simula

Head of Fund Investor Relations
Education: M.Sc. (Eng.)
In Management Group since 2017
Holdings in CapMan Plc (31 December 2019): 135,249 shares, 51,000 2013C and 2016A options

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

Ville Poukka

Managing Partner, Infra
Education: M.Sc. (Econ.)
In Management Group since 2018
Holdings in CapMan Plc (31 December 2019): 59,916 shares

Ville Poukka has 14 years of experience in investment banking and private equity. Poukka has extensive and unique track record of energy and infrastructure transactions. During his career, he has worked as leading advisor and originator in several infrastructure transactions across Nordic and Baltic countries. Before CapMan Poukka worked at Danske Bank as Managing Director and was responsible for Nordic Energy and Infrastructure sector team in M&A advisory.

Report of the Board of Directors

Group turnover and result in 2019

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

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

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

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

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

Diluted earnings per share were 9.0 cents (5.4 cents). Diluted earnings per share excluding items affecting comparability was 11.6 cents (5.4 cents). Turnover and results per quarter and turnover, operating profit and results per segment are described in the Notes to the Financial Statements in section 2 Segment information.

Management Company business

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

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

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

Operating expenses of the Management Company business amounted to MEUR 26.8 (MEUR 21.4) and included the MEUR 4.2 impairment of goodwill related to CapMan Russia. Operating profit of the Management Company business totalled MEUR 6.0 (MEUR 2.8) and profit for the year was MEUR 5.3 (MEUR 2.3). Excluding items affecting comparability, operating profit of the Management Company business was MEUR 10.2 (MEUR 2.8) and profit was MEUR 8.2 (MEUR 2.3).

Service business

Turnover generated by Service business totalled MEUR 15.7 (MEUR 8.7) and the growth consisted mainly of the success fees of Scala Fund Advisory and fees of JAM Advisors. JAM Advisors was consolidated as of 27 February 2019.

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

Investment business

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

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

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

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

MEUR	Fair value
Fund investments	115,9
Other financial assets	2,7
Market portfolio	10,8
Total	129,4

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

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

The fair value of the market portfolio, which invests in market instruments, was MEUR 10.8 on 31 December 2019 (31 December 2018: MEUR 39.0). CapMan continued to sell down the portfolio in 2019 and its fair value development was MEUR +2.4 in 2019 (MEUR -2.5 in the comparison year). Market portfolio assets were reallocated to funds as well as cash instruments, which will be mainly used for future fund investments.

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

Balance sheet and financial position as at December 2019

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

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

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

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

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

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

CapMan Plc's bond and long-term credit facility include financing covenants, which are conditional on the company's equity ratio and net gearing ratio. CapMan honoured all covenants as at 31 December 2019.

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

The Group's cash flow from operations totalled MEUR -0.4 for the year (MEUR -4.7). CapMan receives management fees from funds semi-annually, in January and July, which is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR +16.9 (MEUR +39.6) and includes, inter alia, investments and repaid capital received by the Group, including the disposal of the market portfolio.

Cash flow before financing totalled MEUR +16.5 (MEUR +34.9) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR -27.4 (MEUR -3.7) and included the repayment of the multi-issuer bond.

Table 2: CapMan's interest bearing debt

	Debt amount 31 Dec 2019 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2018 (MEUR)
Multi-issuer bond (issued in 2014)	-	Q2 2019	1,85	10
Senior bond (issued in 2018)	50	Q2 2023	4,13	50
Long-term credit facility (available)	(40)			(20)

Capital under management as at 31 December 2019

HCapital under management refers to the remaining investment capacity, mainly equity, of funds and capital already invested at acquisition cost or at fair value, when referring to mandates. Capital under management is calculated based on the capital, which forms the basis for management fees, and includes primarily equity without accounting for the funds' debt. Capital increases as fundraising for new funds progresses or as investments are executed under investment mandates and declines as exits are completed.

Capital under management was MEUR 3,245 as at 31 December 2019 (31 December 2018: MEUR 3,043). The increase in capital under management was mainly due to the establishment of CapMan Nordic Infrastructure I and CapMan Buyout XI funds and the Infra mandate completed in 2019. The establishment of the new CapMan Hotels II fund had limited impact on capital under management, as assets were sold from the old CapMan Hotels RE fund to the new fund. The debt for the new fund has been included in capital under management in line with the previous Hotels RE fund. Capital under management per fund type is displayed in Table 3.

Key figures 31 December 2019

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

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

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

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

Table 4: CapMan's key figures

	31.12.19	31.12.18
Earnings per share, cents	9,2	5,5
Diluted, cents	9,0	5,4
Adjusted earnings per share, diluted, cents	11,6	5,4
Shareholders' equity / share, cents	85,1	82,6
Share issue adjusted number of shares, avg.	152 154 735	146 521 760
Return on equity, %*	12,7	6,8
Return on equity, comparable, %*	16,0	6,8
Return on investment, %	10,5	6,7
Return on investment, comparable, %	13,5	6,7
Equity ratio, %	59,9	58,7
Net gearing, %	7,2	4,3

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

Proposal of the Board of Directors regarding distribution of funds

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

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

CapMan Plc's Board of Directors and Management Group

The members of CapMan Plc's Board of Directors as of the end of 2019 were Andreas Tallberg (Chairman), Mammu Kaario (Deputy Chairman), Catarina Fagerholm, Eero Heliövaara, Olli Liitola and Peter Ramsay.

The members of CapMan Plc's Management Group as of the end of 2019 were Joakim Frimodig (CEO), Niko Haavisto (CFO), Anna Berglind (Head of People and Culture), Pia Kåll (Managing Partner, Buyout), Mika Matikainen (Managing Partner, Real Estate), Juha Mikkola (Managing Partner, Growth), Ville Poukka (Managing Partner, Infra) and Mari Simula (Director, Fund Investor Relations).

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

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

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

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

Corporate Governance Statement

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

Decisions of 2019 General Meeting

Decisions of the General Meetings regarding distribution of funds

CapMan's 2019 Annual General Meeting (AGM) decided in accordance with the amended proposal of the Board of Directors, that a dividend of EUR 0.06 per share be paid from the distributable profits of the company. The dividend was paid on 22 March 2019. The Extraordinary General Meeting decided in accordance with the proposal of the Board of Directors that EUR 0.06 per share be returned from the invested unrestricted equity fund of the company. The equity repayment was paid on 3 April 2019. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange releases on the decisions taken by the General Meetings issued on 13 and 25 March 2019.

Decisions of the AGM regarding the composition of the Board

The 2019 AGM decided that the Board of Directors comprises six members. Mr. Andreas Tallberg, Ms. Catarina Fagerholm, Mr. Eero Heliövaara, Ms. Mammu Kaario, Mr. Olli Liitola and Mr. Peter Ramsay were elected members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. The Board composition and remuneration have been described in greater detail in the stock exchange releases regarding the decisions of the AGM and the organisational meeting of the Board issued on 13 March 2019.

Authorisations given to the Board by the AGM

The 2019 AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's shares. The number of shares concerned shall not exceed 14,000,000, which corresponds to approx. 9.18 per cent of all shares in the company.

The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be issued shall not exceed 14,000,000 shares, which corresponds to approx. 9.18 per cent of all shares in the company.

The authorisation shall remain in force until the end of the following AGM and 30 June 2020 at the latest.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 13 March 2019.

Shares and shareholders

Shares and share capital

There were no changes in CapMan's share capital during the year.

Share capital totalled EUR 771,586.98 as at 31 December 2019. CapMan had 153,754,648 shares outstanding as at 31 December 2019 (147,142,163 shares as at 31 December 2018). CapMan issued 5,110,000 shares in 2019 in a directed share issue to JAM Advisors' owners as part of the transaction.

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

Company shares

As at 31 December 2019, CapMan Plc held a total of 26,299 CapMan shares, representing 0.02 % of shares and voting rights. The market value of own shares held by CapMan was EUR 62,066 as at 31 December 2019 (31 December 2018: EUR 46 549). No changes occurred in the number of own shares held by CapMan Plc during the year.

Trading and market capitalisation

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

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

Shareholders

The number of CapMan Plc shareholders increased by 9 per cent from the corresponding period last year and totalled 19,936 as at 31 December 2019 (31 December 2018: 18,278). There were two flagging notices issued during the year.

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

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

As at 31 December 2019, Members of the Board of Directors and the CEO owned, directly or indirectly as beneficiary holders, a total of 3,385,304 shares, which represented 2.2 per cent of all shares and votes.

Details on CapMan Plc's owners by sector and size, together with the company's major shareholders, nominee-registered shares, and redemption obligation clauses covering company shares are presented in section 24 Own capital and shares.

Personnel

CapMan employed 147 people on average in 2019 (2018 average: 117), of whom 110 (77) worked in Finland and the remainder in the other Nordic countries, Russia, Luxembourg and the United Kingdom. The increase in people working in Finland was due to the acquisition of JAM Advisors. A breakdown of personnel by country is presented in section 6 Employee benefit expenses. As of 31 December 2019, CapMan no-longer had employees based in Russia.

Compensation schemes

CCapMan's compensation scheme consists of short-term and long-term compensation schemes.

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

The long-term scheme of CapMan consists of an investment based long-term share-based incentive plan for key employees.

In the investment based long-term share-based incentive plan the participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share. The investment-based long-term incentive plan includes one performance period. The performance period commenced on 1 April 2018 and ends on 31 March 2021. The participants may earn a matching reward and a performance-based reward from the performance period. The prerequisite for receiving reward on the basis of the plan is that a participant acquires company's shares or allocates previously owned company's shares up to the number determined by the Board of Directors. The performance-based reward from the plan is based on the company share's Total Shareholder Return (TSR) and on a participant's employment or service upon reward payment. The rewards from the Plan will be paid fully in the company's shares in 2021. The Board shall resolve whether new Shares or existing Shares held by the Company are given as reward. The target group of the Plan consists of approximately 20 people, including the members of the

Management Group.

At the end of 2019, CapMan Plc had two stock option programmes, Option Programme 2013 and Stock Option Programme 2016, in place as part of its incentive and commitment arrangements for key personnel. Following the decision of the new long-term incentive plan, CapMan will not grant new options from the option plans 2013 and 2016.

More information about the share-based incentive plan and the terms of the option programmes can be found on CapMan's website at www.capman.com. Additional information about compensation schemes is presented in section 30 Share-based payments.

Significant events in 2019

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

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

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

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

CapMan held the first closing of its eleventh Buyout fund, CapMan Buyout XI, in June and the fund has raised approx. MEUR 170. The fund generates fees and carried interest to CapMan according to industry practices. CapMan's own commitment to the fund is MEUR 30. Fundraising for the fund continues.

In February, CapMan acquired 60 per cent of Finnish analysis, reporting and wealth management company JAM Advisors Oy. The acquisition provides CapMan with significant new and technologically advanced service business and wealth management services and expands CapMan's networks among new customer segments. The acquisition was completed with a directed share issue to the owners of JAM Advisors.

Events after the financial year

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

Significant risks and short-term uncertainties

General risks

Private equity investment is generally subject to a risk of non-liquid investments, among others, which means uncertainty of the realisation of any increase in value, a risk concerning general economic development and market situation and a risk concerning the economy and political situation of target countries.

Market risks

Investment operations carried out by CapMan are subject to general market risk. Market values can change, for example, because of fluctuations in the equity, fixed income, currency and real estate markets. Changes in market values impact the result of CapMan through the appreciations of its investment assets, including its trading portfolio.

Changes in the equity markets also influence the valuation of unlisted portfolio companies because the valuation methods used by funds include the share values of suitable listed companies. Economic uncertainty may have a direct impact on the success of the funds administered by CapMan, on the success of CapMan's investment activities, and also on the assets available for investment or solvency of the current and potential investors of the funds.

Risks related to the success of the business

The business operations of the CapMan Group have a material risk of failure regarding the establishment of new private equity funds and their fundraising. Successful funding is important to management fees and creates opportunity for receiving carried interest income in the future. For example, poor performance of investments made by funds managed by CapMan, increasing competition or reasons that are independent of CapMan may make it more difficult to raise funds from new or current investors in the future.

Gaining new customers or the launch of new investment areas, products or service businesses may also fail, which may prevent or hamper the realisation of CapMan's growth objectives.

Risks related to fair value changes in portfolio companies, real estate or infrastructure investments

The values of portfolio companies can vary positively or negatively within short periods if changes occur in the peer group or in the interest in the company of potential buyers. As a result of exit processes, significant return is typically realised on successful investments also in the short term as the exit price is based on strategic value and synergies created for the buyer, and not directly on peer group multiples.

The fair values of real estate and infrastructure investments may also vary between review periods based on changes in, inter alia, demand, capacity, condition or exit process. The variations are typically smaller compared to the variations in the fair value of portfolio companies.

Risks related to carried interest and performance-based income

The timing of exits and the magnitude of the potential carried interest profits are difficult to foretell. The timing of fees from fund advisory activities are difficult to predict due to the nature of the business. The transaction-based fees of JAM Advisors may also vary significantly from period to period.

Group companies managing a fund may in certain circumstances, pursuant to the terms of the fund agreement, have to return carried interest income they have received (so-called clawback). The obligation to return carried interest income applies typically when, according to the final distribution of funds, the carried interest income received by the fund management company exceeds the carried interest it is entitled to when the fund expires.

CapMan recognises revenue from carried interest, to the extent carried interest is based on realised cash flows and repayment risk is estimated to be very low, CapMan is entitled to carried interest, a confirmation on the amount has been received and CapMan is relatively close to receiving it in cash. Returned carried interest income based on clawback conditions would in turn have a negative impact on CapMan's result as a potential clawback provision may not be sufficient. CapMan has recorded a EUR 7.7 million clawback provision for the CapMan Real Estate I KY fund. The sufficiency of the provision is reviewed quarterly by the management but its actual amount will only be known after all target investments of the fund have been liquidated. One real estate investment remains in the fund. The realisation of the clawback liability would have a negative cash flow impact and it is possible that the provision made is not sufficient.

Risks related to the availability or cost of financing

The company's financing agreements include financing covenants and other conditions. Violation of covenants related to financing agreements and a failure to fulfil other contractual terms may cause the cost of financing to increase significantly and even jeopardise continued financing for CapMan.

Risks related to the change in the regulatory environment

Changes in the securities markets regulation, significant domestic or international tax regulation or practice and regulation generally applicable to business operations, or measures and actions by authorities or requirements set by authorities, or in the manner in which such laws, regulations and actions are implemented or interpreted, as well as the application and implementation of new laws and regulations, may have a significant effect on CapMan's business operations.

Financial objectives and outlook estimate for 2020

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

The combined growth objective for the Management Company and Service businesses is more than 10 per cent p.a. on average. The objective for return on equity is more than 20 per cent p.a. on average. CapMan's equity ratio target is more than 60 per cent.

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on an annual basis considering the nature of the business. CapMan expects management fees and fees from services to continue growing in aggregate in 2020. Our objective is to improve the aggregate profitability of Management Company and Service businesses before carried interest income and any possible items affecting comparability.

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

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

Helsinki 30 January 2020

CAPMAN PLC
Board of Directors

Key figures

Key Performance Indicators for CapMan Group

M€	2015	2016	2017	2018	2019
Turnover	31.8	26.7	34.8	36.0	49.0
Management fees	23.5	20.9	19.6	22.1	24.9
Sale of services	3.9	5.7	7.1	10.3	17.2
Carried interest	4.4	0.0	4.4	1.0	6.9
Other operating income	0.3	0.1	0.0	0.0	0.0
Operating expenses	-28.0	-30.7	-33.0	-29.1	-41.8
Fair value gains/losses of investments [1]	5.2	22.6	21.3	7.6	12.2
Operating profit	9.3	18.7	19.5	12.0	19.4
Operating profit, comparable	10.1	14.5	23.9	12.0	25.0
Financial income and expenses	-2.9	-3.1	-3.2	-2.7	-1.8
Share of the income of investments accounted for using the equity method	0.1	0.0	-0.1	0.0	0.0
Profit before taxes	6.5	15.6	16.2	9.3	17.6
Profit for the financial year	6.1	15.3	15.5	8.5	15.9
Return on equity (ROE), % [2]	9.3	14.7	11.5	6.8	12.7
Return on equity (ROE), comparable, % [2]	10.2	9.5	14.5	6.8	16.0
Return on investment (ROI), %	8.0	10.9	10.1	6.7	10.5
Return on investment (ROI), comparable, %	8.6	8.4	12.4	6.7	13.5
Equity ratio, %	43.7	56.6	60.0	58.7	59.9
Net gearing, %	72.9	14.5	19.4	4.3	7.2
Dividends and return of capital paid [3]	6.0	13.0	16.1	17.7	20.0
Personnel (at year-end 2015-16, in average 2017–19)	101	108	113	117	147

[1] As of January 1, 2019, CapMan changed its accounting policy regarding classification of dividend and interest income from financial assets held for trading ("market portfolio"), and the figures for the comparison periods have been restated. Dividend and interest income from market portfolio previously included in turnover has been transferred to item Fair value changes of investments.

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

[3] Proposal of the Board of Directors to the Annual General Meeting for year 2019.

Key Ratios Per Share

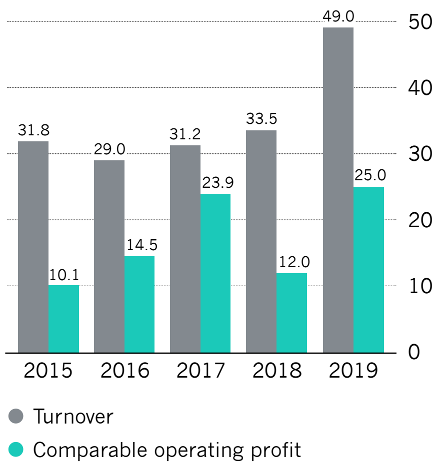
	2015	2016	2017	2018	2019
Earnings per share, cents [1)]	5.9	16.2	10.4	5.5	9.2
Diluted earnings per share, cents [1)]	5.8	16.1	10.2	5.4	9.0
Comparable diluted earnings per share, cents [1)]	6.6	11.2	13.0	5.4	11.6
Shareholders' equity/share, cents	75.5	98.6	87.3	82.6	85.1
Dividend/share, cents [2)]	7.0	9.0	11.0	12.0	13.0
Dividend/earnings, % [2)]	118.6	80.4	105.8	218.2	141.3
Average share issue adjusted number of shares during the financial year ('000)	86,291	88,383	145,179	146,522	152,155
Share issue adjusted number of shares at year-end ('000)	86,317	143,313	145,626	147,142	153,755
Number of shares outstanding ('000)	86,291	143,287	145,600	147,116	153,728
Own shares ('000)	26	26	26	26	26

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

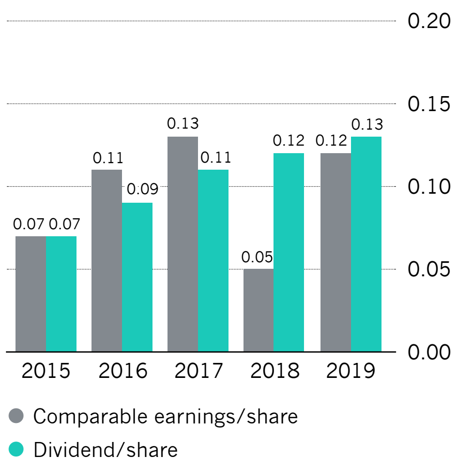
[2)] Proposal of the Board of Directors to the Annual General Meeting for year 2019.

Key Figures - CapMan Group

Turnover and comparable operating profit, M€

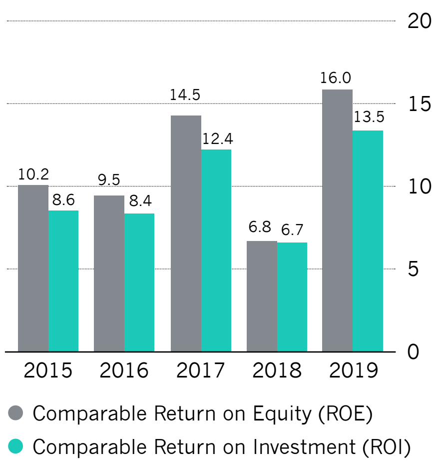


Comparable earnings/share and dividend/share*, €

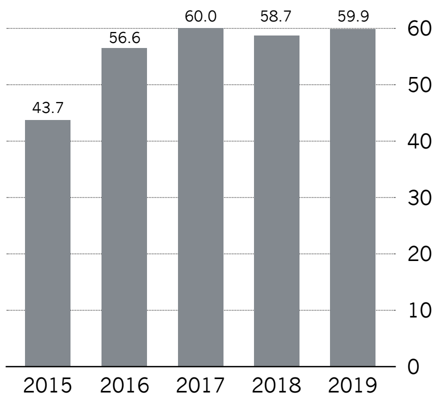


CapMan's objective is to distribute an annually growing dividend to its shareholders. The Board of Directors propose that a total distribution of EUR 0.13/share to be paid for 2019.

Comparable ROI and ROE, %

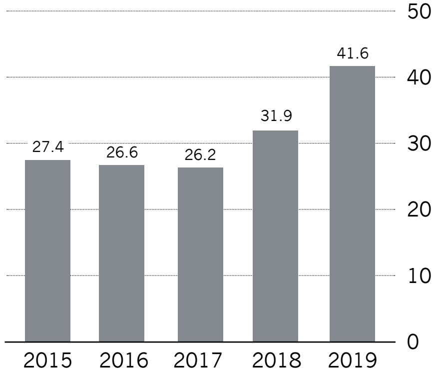


Equity ratio, %



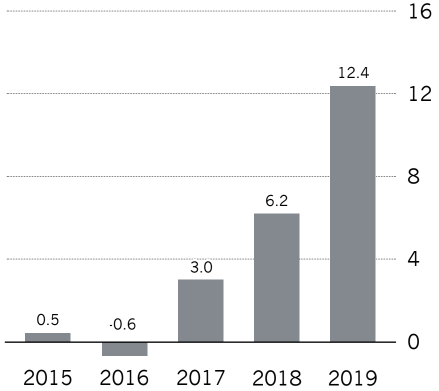
Fees and carry

Fees*, M€



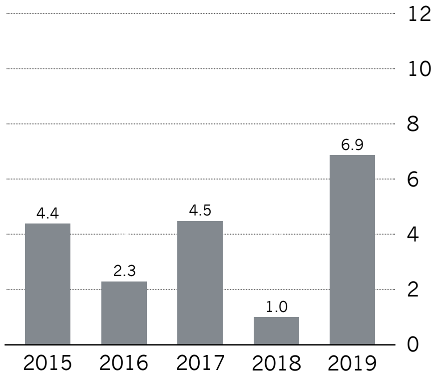
* Includes fee income on group level for years 2015 and 2016

Comparable fee-based profitability*, M€



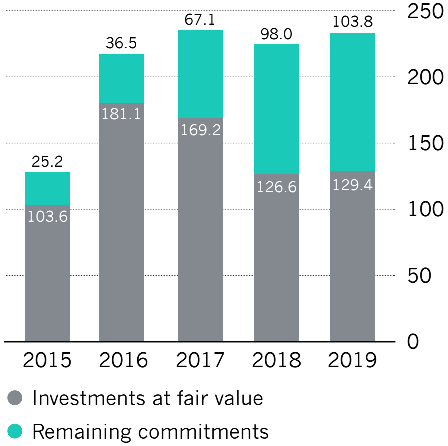
* Comparable operating profit of Management Company and Service Business excl. carried interest. Figures for 2015-16, preceding the change in reportable segments, are based on comparable operating profit on group level, excluding carried interest income and Investment Business.

Comparable carried interest income, M€

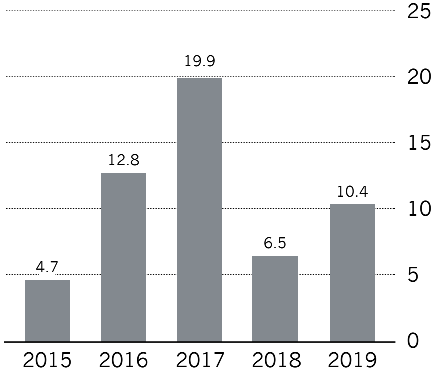


Investment business

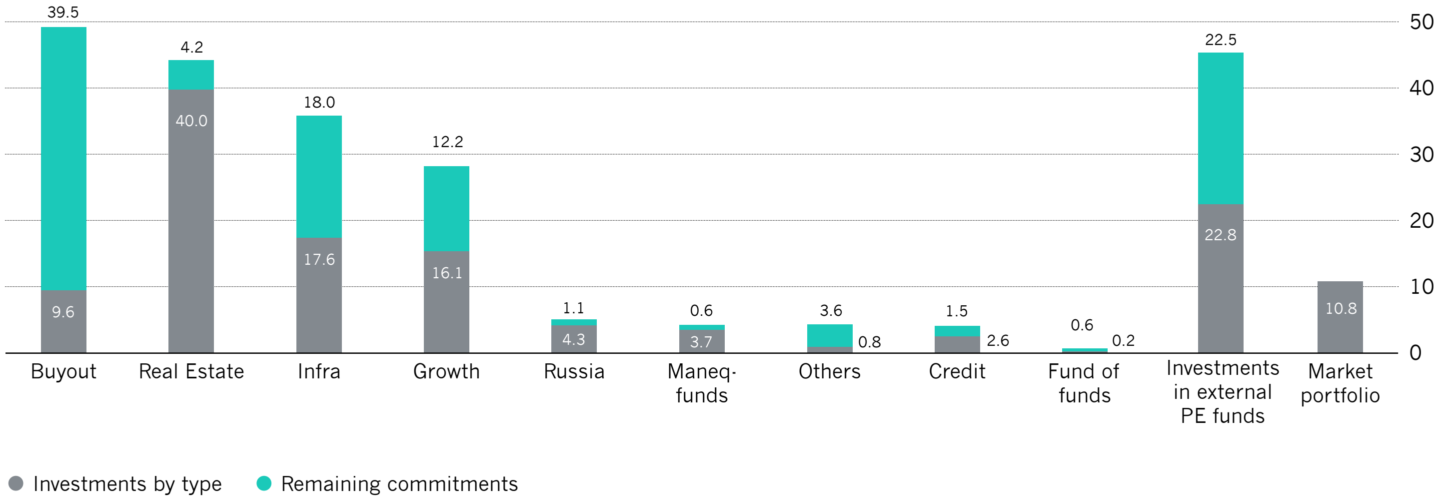
Investments and commitments, M€



Comparable result impact of own investments, M€



Investments and commitments by type, M€



Calculation of Key Ratios

$$\text{*Return on equity (ROE), \%} = \frac{\text{Profit / loss}}{\text{Shareholders' equity (average)}} \times 100$$

$$\text{Return on investment (ROI), \%} = \frac{\text{Profit / loss + income taxes + interest expenses and other financial expenses}}{\text{Balance sheet total - non-interest bearing debts (average)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Total shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$$

$$\text{Net gearing, \%} = \frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity}} \times 100$$

$$\text{Earnings per share (EPS)} = \frac{\text{Profit/loss for the financial year - hybrid loan interest}}{\text{Share issue adjusted number of shares (average)}}$$

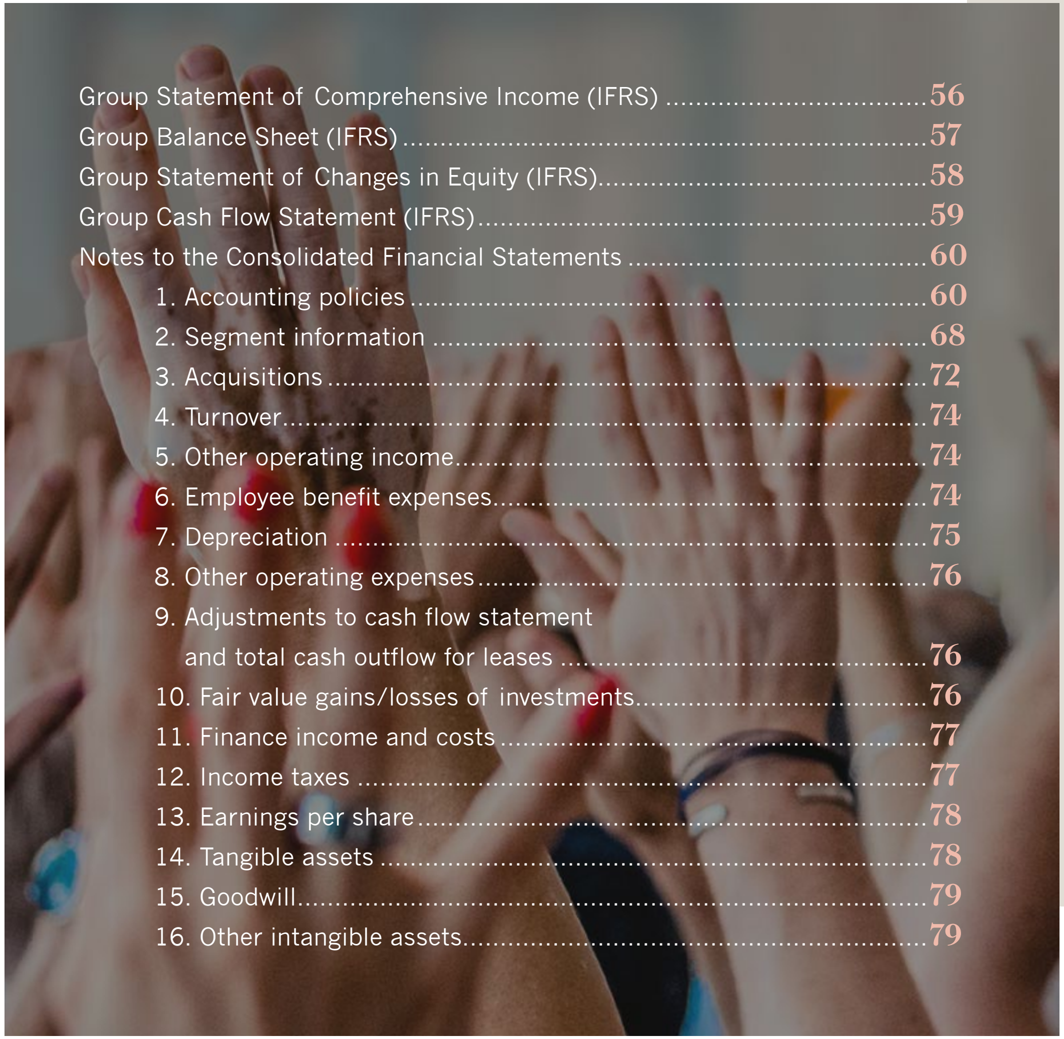
$$\text{Shareholders' equity per share} = \frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares at the end of the financial year}}$$

$$\text{Dividend per share} = \frac{\text{Dividend paid in the financial year}}{\text{Share issue adjusted number of shares at the end of the financial year}}$$

$$\text{Dividend per earnings, \%} = \frac{\text{Dividend/share}}{\text{Earnings/share}}$$

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

Financial Statements



Group Statement of Comprehensive Income (IFRS)

€ (1,000)	Note	1.1.–31.12.2019	1.1.–31.12.2018
Management fees		24,851	22,123
Sale of services		17,211	10,337
Carried interest		6,910	1,022
Turnover*	2, 4	**48,972**	**33,482**
Other operating income	5	6	4
Employee benefit expenses	6	-24,184	-19,863
Depreciation and impairment	7	-5,583	-171
Other operating expenses	8	-12,069	-9,102
Fair value gains/losses of investments	10	12,250	7,602
Operating profit		**19,392**	**11,951**
Finance income	11	1,113	490
Finance costs	11	-2,896	-3,159
Profit before taxes		**17,609**	**9,282**
Income taxes	12	-1,731	-801
Profit for the financial year		**15,878**	**8,481**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Translation difference		-62	71
Total comprehensive income		**15,816**	**8,552**
Profit attributable to:			
Equity holders of the Company		13,963	8,064
Non-controlling interest		1,915	418
Total comprehensive income attributable to:			
Equity holders of the Company		13,901	8,134
Non-controlling interest		1,915	418
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share (basic), cents	13	9.2	5.5
Earnings per share (diluted), cents	13	9.0	5.4

* As of January 1, 2019, CapMan changed its accounting policy regarding classification of dividend and interest income from financial assets held for trading (“market portfolio”), and the figures for the comparison periods have been restated. Dividend and interest income from market portfolio previously included in turnover has been transferred to item Fair value changes of investments. This change has decreased turnover and increased Fair value changes of investments by EUR 2,510 thousand for the full year 2018.

The Notes are an integral part of the Financial Statements.

Group Balance Sheet (IFRS)

€ (1,000)	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Tangible assets	14	3,428	317
Goodwill	15	15,314	4,704
Other intangible assets	16	797	85
Investments at fair value through profit and loss	18		
Growth equity investments		115,918	80,583
Other financial assets		2,731	2,548
Investments in joint ventures		0	4,470
Receivables	19	9,395	5,075
Deferred tax assets	20	3,726	2,026
		151,309	99,808
Current assets			
Trade and other receivables	21	10,792	12,646
Financial assets at fair value through profit and loss	22	10,768	39,006
Cash and bank	23	43,665	54,544
		65,225	106,196
Total assets		**216,534**	**206,003**

€ (1,000)	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders	24		
Share capital		772	772
Share premium account		38,968	38,968
Other reserves		84,823	83,812
Translation difference		-348	-286
Retained earnings		3,218	-2,728
Total capital attributable to the Company's equity holders		**127,433**	**120,537**
Non-controlling interests		2,100	433
Total equity		**129,533**	**120,970**
Non-current liabilities			
Deferred tax liabilities	20	2,156	3,285
Interest-bearing loans and borrowings	25	59,110	49,705
Other non-current liabilities		167	167
		61,433	53,157
Current liabilities			
Trade and other payables	26	20,159	16,808
Interest-bearing loans and borrowings	27	939	9,989
Current income tax liabilities		4,469	5,078
		25,567	31,875
Total liabilities		**87,000**	**85,032**
Total equity and liabilities		**216,534**	**206,003**

The Notes are an integral part of the Financial Statements.

Group Statement of Changes in Equity (IFRS)

€ (1,000)	Note	Share capital	Share premium account	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interests
		Attributable to the equity holders of the Company						
Equity on 1 January 2018	24	**772**	**38,968**	**82,550**	**-357**	**4,766**	**126,699**	**-5**
Profit for the year						8,064	8,064	418
Other comprehensive income for the year								
Translation differences					71		71	
Total comprehensive					**71**	**8,064**	**8,135**	**418**
Share issue of non-controlling interests								20
Share subscriptions with options				1,139			1,139	
Options and Performance Share Plan				116		520	636	
Dividends						-16,079	-16,079	
Other changes				7			7	
Equity on 31 December 2018	24	**772**	**38,968**	**83,812**	**-286**	**-2,728**	**120,537**	**433**
Profit for the year						13,963	13,963	1,915
Other comprehensive income for the year								
Currency translation differences					-61		-61	
Total comprehensive income for the year					**-61**	**13,963**	**13,901**	**1,915**
Share issue				9,027			9,027	
Equity investment of non-controlling interests						397	397	418
Share subscriptions with options				1 130			1,130	
Options and Performance Share Plan						732	732	
Dividends and return of capital				-9,146		-9,146	-18,291	-668
Equity on 31 December 2019	24	**772**	**38,968**	**84,823**	**-348**	**3,218**	**127,433**	**2,100**

The Notes are an integral part of the Financial Statements.

Group Cash Flow Statement (IFRS)

€ (1,000)	Note	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from operations			
Profit for the financial year		15,878	8,481
Adjustments on cash flow statement	9	-6,540	-766
Change in working capital:			
Change in current non-interest-bearing receivables [1]		-3,812	-5,853
Change in current trade payables and other non-interest-bearing liabilities		1,308	-1,031
Interest paid		-2,643	-2,438
Taxes paid		-4,553	-3,078
Cash flow from operations		**-363**	**-4,686**
Cash flow from investing activities			
Acquisition of subsidiaries		-540	-8 399
Proceeds from sale of subsidiaries [2]		5,900	
Investments in tangible and intangible assets		-561	-77
Investments at fair value through profit and loss		12,390	47,204
Long-term loan receivables granted		-3,034	-155
Receivables from long-term receivables		2,594	972
Interest received		158	67
Cash flow from investing activities		**16,907**	**39,612**

€ (1,000)	Note	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from financing activities			
Share issue		1,542	1,146
Proceeds from borrowings		130	49,748
Repayment of long-term loan	27	-10,000	-38,489
Payment of lease liabilities		-924	
Dividends paid and return of capital		-18,958	-16,079
Cash flow from other financing items		787	
Cash flow from financing activities		**-27,423**	**-3,674**
Change in cash and cash equivalents		**-10,879**	**31,253**
Cash and cash equivalents at start of year		54,544	23,291
Cash and cash equivalents at end of year	23	**43,665**	**54,544**

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

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

The Notes are an integral part of the Financial Statements.

Notes to the Consolidated Financial Statements

Group information

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

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

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

The Consolidated Financial Statements for 2019 have been approved for publication by CapMan Plc's Board of Directors on January 29, 2020. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the financial statements and make decisions on amendments to them at the Annual General Meeting.

1. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in force at December 31, 2019 as adopted by the European Union. International Financial Reporting Standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements have been prepared in accordance with the Finnish accounting standards as and where they supplement IFRS requirements.

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

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

New and amended standards applied in financial year ended

As from January 1, 2019, the Group has applied the following new or amended standards that have come into effect:

IFRS 16 Leases

IFRS 16 replaced the earlier standard IAS 17 Leases. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – lease of low-value assets and short-term leases.

The Group adopted IFRS 16 using the simplified approach, also known as the modified retrospective approach or the cumulative catch-up method, and within that approach, choose the forward-looking alternative. This means, the right-of-use asset was an equal to the lease liability, however adjusted for possible prepaid or accrued lease payments, and therefore no adjustment to retained earnings was made on the transition date January 1, 2019. The Group also elected to use the exemptions allowed by the standard on lease contracts for which the lease term ends within 12 months as of the initial application, and lease contracts for which the underlying asset is of low value. Exemptions will be applied to some of the leased premises and to all laptops, printers and copying machines, among others.

The following table sets forth the impact of IFRS 16 adoption on the statement of financial position as realised on the transition date, January 1, 2019:

1,000 EUR	
ASSETS	
Tangible assets (right-of-use assets)	3,865
LIABILITIES	
Lease liabilities	3,865
Net impact on equity	**-**

Impact on the statement of profit or loss for 2019 based on the lease contracts effective in the beginning of the financial year:

1,000 EUR	
Depreciation, amortisation and impairments	-850
Other operating expenses (lease expenses)	+879
Operating profit	+29
Finance costs	-72
Income taxes	+9
Profit for the year	**-34**

IFRIC 23 Uncertainty over Income Tax Treatments (effective for financial years beginning on or after January 1, 2019)

Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this interpretation. The Group does not expect the standard to have a significant impact on its financial statements.

Other new or amended standards or interpretations had no impact on the consolidated financial statements:

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

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

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

- Amendments to IAS 1 and IAS 8: Definition of Material (effective for financial years beginning on or after January 1, 2020). The aim of the amendments is at improving the way financial information is communicated to users of the financial statements. Amendments clarify the definition of 'material' to make it easier for companies to make materiality judgements and to enhance the relevance of the disclosures in the notes to the financial statements.
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for financial years beginning on or after January 1, 2020). The objective of the amendments is to update existing references in several standards and interpretations to previous frameworks with references to the revised conceptual framework.

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

Consolidation principles

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

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

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

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

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

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

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

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

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

Subsidiaries

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

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

Associates

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

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

Joint ventures

CapMan does not have joint ventures at the end of the financial year. In the past, CapMan had assessed the nature of its investment in Maneq Luxembourg S.a.r.l. and classified it as joint venture since based on contractual agreement, CapMan had right to the net assets of the arrangement. The investment was made through several separate instruments and their values are co-dependent.

As an investment entity CapMan measures its investment in the joint venture at fair value through profit or loss. In the balance sheet, the investment is presented as part of Investments at fair value through profit or loss as a separate line item "Investments in joint ventures". Changes in the fair value of the investment are recognised in the group statement of comprehensive income in line item "Fair value changes of investments".

Segment reporting

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

Translation differences

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

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

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

Tangible assets

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

The estimated useful lives are as follows:

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

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

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

Intangible assets

Goodwill

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

Other intangible assets

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

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

The estimated useful lives are:

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

Impairment of assets

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

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

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

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

Financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

Fund investments, investments in joint ventures and other investments in non-current assets are classified as financial assets at fair value through profit or loss and their fair value change is presented on the line item "Fair value changes of investments" in the statement of comprehensive income. Fair value information of the non-current fund investments is provided quarterly to Company's management and to other investors in the investment funds management by CapMan. The valuation of CapMan's funds' investment is based on International Private Equity and Venture Capital Valuation Guidelines (IPEVG) and IFRS 13. In the comparison period, the investments in joint ventures mainly consisted of investment in Maneq Luxembourg S.a.r.l. As an investment entity CapMan measures its investments in joint ventures at fair value through profit or loss. The investment was made through several separate instruments and their values were co-dependent. The investment was thus valued as one entity based on discounted cash flows.

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

The Group uses derivative financial instruments such as options and futures contracts to manage its portfolio more effectively. The Group does not use hedge accounting in derivative contracts. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Fair values of derivative contracts are based on quoted market rates on the balance sheet date or, in an illiquid market, on values determined by the counterparty. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recorded directly in the income statement on the line item "Fair value changes of investments".

Financial assets at amortised cost

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

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

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

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

Cash and cash equivalents

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

Dividend payment and repayment of capital

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

Financial liabilities

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

Leases

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

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

CapMan Group does not act as a lessor.

Provisions

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

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

Employee benefits

Pension obligations

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

Share-based payments

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

Revenue recognition

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

Management fees

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

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

Sale of services

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

Some of the contracts with customers related to the service business includes a significant financing component. When determining the transaction price in these cases, the promised amount of consideration is adjusted for the effects of the time value of money and customer's credit characteristics.

Carried interest income

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

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

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

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

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

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

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

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

Income taxes

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

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

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

Items affecting comparability and alternative performance measures

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

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

Use of estimates

The preparation of the financial statements in conformity with IFRS standards requires Group management to make estimates and assumptions in applying CapMan's accounting principles. These estimates and assumptions have an impact on the reported amounts of assets and liabilities and disclosure of contingent liabilities in the balance sheet of the financial statements and on the reported amounts of income and expenses during the reporting period. Estimates have a substantial impact on the Group's operating result. Estimates and assumptions have been used in assessing the impairment of goodwill, the fair value of fund investments, the impairment testing of intangible and tangible assets, in determining useful economic lives, and in reporting deferred taxes, among others.

Valuation of fund investments

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

Valuation of other investments

The fair value of growth equity investments is determined quarterly by using valuation methods according to IPEVG and IFRS 13. The valuations are based on forecasted cash flows or peer group multiples. In estimating fair value of an investment, a method that is the most appropriate in light of the facts, nature and circumstances of the investment is applied. External valuations are made at least once a year to verify the fair values of growth equity investments.

Value of joint ventures

As an investment entity, CapMan measures its investments in joint ventures at fair value through profit or loss. CapMan does not have joint ventures at the balance sheet date, and in the comparison period, investments in joint ventures mainly consisted of investment in Maneq Luxembourg S.a.r.l. The valuation was based on discounted cash flows. The investment was made through several separate instruments and their values are co-dependent. Therefore, the investment was valued as one entity. Since the fair value was not based on the quoted market value of the investment, management used its judgement also in assessing the future cash inflows and other main variables of the valuation.

Valuation of goodwill

Impairment testing for goodwill is performed annually. The most significant management assumptions related to the recoverable amount of an asset are linked to the timing and size of new funds to be established and the accrual of potential carried interest income. The management fees received by funds are based on agreements and, for a fund's operational period of approximately ten years, yields can be predicted quite reliably. Estimates and assumptions include new funds established as part of CapMan's ongoing operations. A new fund is established at the end of an investment period, typically four years. Carried interest income is taken into account in estimates and assumptions when the realisation of carry seems likely.

2. Segment information

CapMan has three operating segments: the Management company business, Service business and Investments business.
In its Management Company business, CapMan manages private equity funds that are invested by its partnership-based investment teams. Investments are Nordic and Russian mainly unlisted companies and Nordic real estate and infrastructure assets. CapMan raises capital for the funds from Nordic and international investors. Income from the Management company business is derived from fees and carried interest received from funds. The fees include management fees related to CapMan's position as a fund management company and fees from other services closely related to fund management.

In the Service business, CapMan offers procurement services to companies in Finland and Sweden through CapMan Procurement Services (CaPS) and private equity advisory and fundraising services to private equity fund managers through Scala Fund Advisory. Wealth management and analysis and reporting services are offered through JAM Advisors to institutional clients, foundations, family offices and wealthy private clients. Income from the Services business include fees from CapMan Procurement Services (CaPS), fundraising advisory services (Scala) and wealth management, analysis and reporting services (JAM Advisors).

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

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

2019

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

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Items impacting comparability					
Acquisition related expenses				991	991
Donations			200	97	297
Impairment of goodwill and other writedowns	2,821				2,821
Items impacting comparability, total	2,821		200	1,088	4,108
Adjusted profit for the period	**8,167**	**7,275**	**8,180**	**-3,636**	**19,987**
Earnings per share, cents					**9.2**
Items impacting comparability, cents					2.7
Adjusted earnings per share, cents					**11.9**
Earnings per share, diluted, cents					**9.0**
Items impacting comparability, cents					2.6
Adjusted earnings per share, diluted, cents					**11.6**
Non-current assets	19,908	13,827	128,970	-11,397	151,309
Geographical distribution of turnover:					
Finland					29,430
Other countries					19,542
Total					**48,972**

2018

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Management fees	22,123				22,123
Sale of services	1,054	8,680		603	10,337
Carried interest	1,022				1,022
Turnover, external	**24 199**	**8,680**	**0**	**603**	**33,482**
Turnover, internal		442		-442	
Other operating income	2			1	4
Personnel expenses, of which	-12,569	-2,417	-229	-4,647	-19,863
Salaries and bonuses	-12,569	-2,417	-229	-4,011	-19,226
Share-based payment				-636	-636
Depreciation, amortisation and impairment	-118	-7		-46	-171
Other operating expenses	-5,104	-1,086	-236	-2,677	-9,102
Internal service fees	-3,569	-1,240	-687	5,496	0
Fair value changes of investments			7,602		7,602
Operating profit	**2,842**	**4,372**	**6,450**	**-1,712**	**11,951**
Financial items			-2,669		-2,669
Income taxes	-568	-963	387	342	-801
Profit for the period	**2,274**	**3,409**	**4,168**	**-1,369**	**8,481**
Earnings per share, cents					**5.5**
Earnings per share, diluted, cents					**5.4**
Non-current assets	7,255	2,338	92,159	-1,944	99,808
Total assets include:					
Investments in joint ventures			4,470		4,470
Geographical distribution of turnover:					
Finland					18,997
Other countries					14,485
Total					**33,482**

3. Acquisitions

2019

Acquisition of JAM Advisors

On January 31, 2019, CapMan announced it will acquire 60 per cent of JAM Advisors Oy ("JAM Advisors"), a reporting, analysis and wealth management company. The completion of the acquisition required approval from the FIN-FSA as well as the fulfilment of other terms and conditions for the acquisition. The acquisition was completed on February 27, 2019, and the purchase price was paid by executing a directed issue of 5,110,000 new CapMan shares to the owners of JAM Advisors, corresponding to approx. 3 per cent of CapMan's outstanding shares.

Fair value of the issued shares amounted to EUR 9.0 million and is based on the volume-weighted average price (EUR 1.768) of CapMan Plc's share on the acquisition date 27 February 2019 and is recognised to the invested unrestricted equity fund. CapMan has a call option and the sellers have a put option for the remaining 40 per cent non-controlling interest. The options are exercisable in 2023. Due to the equivalent option arrangement, CapMan is considered to have a present ownership interest over the shares held by the non-controlling interest, and therefore, no profit or loss is attributed to non-controlling interests and no non-controlling interest is presented separately within consolidated equity. The fair value of options' exercise price is presented as a financial liability.

The acquisition provides CapMan with a new technologically advanced service and wealth management business and opportunities to expand into new customer segments. Following the acquisition, CapMan significantly strengthens its interface with Finnish institutional investors. Additionally, JAM obtains support from CapMan to fully commercialise and internationalise its innovative portfolio analysis and reporting services. JAM Advisors serves mainly domestic institutional investors, foundations, family offices and high-net-worth individuals and serves as their advisor. JAM has more than 100 customers and its services comprise approx. EUR 9 billion in client assets in total.

Goodwill arising from the acquisition is EUR 14.8 million and is mainly attributable to expansion of JAM Advisors' business and arising sales and cost synergies.

As of the acquisition date, February 27, 2019, JAM Advisors has been consolidated into CapMan's consolidated financial statements in full and reported as part of CapMan's reportable segment Service Business. Had JAM Advisors been consolidated from January 1, 2019, the group's income statement would show pro forma turnover of EUR 49.5 million and net profit of EUR 15.7 million (pro forma).

The expenses arising from the share issue, EUR 0.0 million, have been deducted from the amount recognised in the invested unrestricted equity fund, whereas expenses related to the acquisition, EUR 0.5 million, have been included in Other operating expenses of the consolidated income statement.

The following table summarises the purchase price allocation, including the consideration, the fair value of identifiable assets acquired and liabilities assumed at the acquisition date, and goodwill.

EUR 1,000	Fair value
Consideration	
Share consideration (5,110,000 x EUR 1.768)	9,034
Fair value of call and put options	7,628
Total consideration	**16,662**
ASSETS	
Non-current assets	
Tangible assets	36
Rights-of-use assets	458
Intangible assets	664
Receivables	60
Current assets	
Trade and other receivables	341
Cash and cash equivalents	1,419
Total assets	**2,977**

EUR 1,000	Fair value
LIABILITIES	
Non-current liabilities	
Deferred tax liabilities	98
Lease liabilities	208
Current liabilities	
Trade and other payables	599
Lease liabilities	250
Total liabilities	**1,155**
Net assets	**1,822**
Consideration	16,662
Goodwill	**14,840**

2018

There were no acquisitions in 2018.

4. Turnover

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

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

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

2019

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Timing of revenue recognition:					
Services transferred over time	25,872	7,882		493	34,248
Services transferred at a point in time	6,910	7,814			14,724
Revenue from customer contracts, external	32,782	15,697		493	48,972

2018

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Timing of revenue recognition:					
Services transferred over time	23,177	5,713		603	29,493
Services transferred at a point in time	1,022	2,967			3,989
Revenue from customer contracts, external	24,199	8,680		603	33,482

5. Other operating income

	2019	2018
Other items	6	4
Total	**6**	**4**

6. Employee benefit expenses

	2019	2018
Salaries and wages	20,515	16,198
Pension expenses - defined contribution plans	2,892	2,718
Share-based payments	731	636
Other personnel expenses	46	311
Total	**24,184**	**19,863**

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

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

Average number of people employed

	2019	2018
By country		
Finland	110	77
Sweden	20	19
Denmark	5	4
Russia	8	11
Luxembourg	1	1
United Kingdom	3	5
In total	**147**	**117**
By segment		
Management company business	75	74
Service business	35	13
Investment business and other	37	30
In total	**147**	**117**

7. Depreciation

EUR 1,000	2019	2018
Depreciation by asset type		
Intangible assets		
Other intangible assets	349	143
Total	349	143
Tangible assets		
Machinery and equipment	37	28
Right-of-use assets, buildings (IFRS 16)	913	
Right-of-use assets, machinery and equipment (IFRS 16)	54	
Total	1,004	28
Total depreciation	**1,353**	**171**
Impairment by asset type		
Goodwill	4,230	0
Total impairments	**4,230**	**0**

8. Other operating expenses

EUR 1,000	2019	2018
Included in other operating expenses:		
Other personnel expenses	1,323	978
Office expenses	761	1,443
Travelling and entertainment	1,578	1,172
External services	5,485	3,513
Other operating expenses	2,921	1,997
Total	**12,068**	**9,103**
Short-term lease expense (IFRS 16)	354	
Expense for leases of low-value assets (IFRS 16)	144	

Audit fees

Ernst & Young chain of companies:

EUR 1,000	2019	2018
Audit fees	249	176
Tax advices	19	15
Other fees and services	88	44
Total	**356**	**235**

The other fees and services performed by Ernst & Young in 2019 was 107 (59) thousand euros in total. The services consisted of tax advisory services amounting to 19 (15) thousand euros, and other services amounting to 88 (44) thousand euros.

In the previous financial year 2018, when PricewaterhouseCoopers Oy was the company's auditor until the Annual General Meeting 14.3.2018 its audit services to CapMan Group companies was 131 thousand euros and other services 0 euros.

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

EUR 1,000	2019	2018
Personnel expenses	731	636
Depreciation, amortisation and write-downs	5,583	171
Unrealized fair value gains/losses of investments	-12,250	-7,602
Gain on sale of subsidiaries	-4,762	
Finance income and costs	1,783	2,669
Costs related to acquisitions	459	0
Taxes	1,731	801
Other adjustments	184	48
Total	**-6,540**	**-766**
Total cash outflow for leases (IFRS 16)	-999	

10. Fair value gains/losses of investments

EUR 1,000	2019	2018
Investments at fair value through profit and loss		
Investments in funds	9,707	8,041
Growth equity investments	2	1,336
Market portfolio	2,408	-2,230
Investments in joint ventures	-32	280
Other investments*	165	175
Total	**12,250**	**7,602**

*Includes a net gain of EUR 0.2 million (EUR 0.2 million in 2018) from financial assets designated at fair value through profit or loss.

11. Finance income and costs

EUR 1,000	2019	2018
Finance income		
Interest income from loan receivables	372	123
Other interest income	4	4
Exchange gains	217	363
Change in fair value of financial liabilities	520	-
Total	**1,113**	**490**
Finance costs		
Interest expenses for loans	-2,175	-2,381
Other interest and finance expenses	-370	-401
Interest expense of lease liabilities (IFRS 16)	-74	-
Exchange losses	-277	-378
Total	**-2,896**	**-3,160**

12. Income taxes

EUR 1,000	2019	2018
Current income tax	4,801	5,150
Taxes for previous years	-135	1,066
Deferred taxes		
Temporary differences	-2,935	-5,415
Total	**1,731**	**801**
Income tax reconcilliation		
Profit before taxes	17,609	9,282
Tax calculated at the domestic corporation tax rate of 20%	3,522	1,856
Effect of different tax rates outside Finland	29	43
Tax exempt income	-1,285	-1,841
Non-deductible expenses	291	215
The use of previous years' tax losses	146	-280
Taxes for previous years	-150	410
Change of deferred tax expense liability concerning taxes for previous years		383
Impairment of goodwill	846	0
Other direct taxes	1	15
Other differences	-1,669	
Income taxes in the Group Income Statement	1,731	801

13. Earnings per share

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

EUR 1,000	2019	2018
Profit attributable to the equity holders of the Company, € (1,000)	13,963	8,064
Profit applied to calculate diluted earnings per share	13,963	8,064
Weighted average number of shares (1,000)	152,155	146,522
Treasury shares (1,000)	-26	-26
Weighted average number of shares (1,000)	152,128	146,495
Effect of share-based incentive plans (1,000)	3,004	1,630
Weighted average number of shares adjusted for the effect of dilution (1,000)	155,132	148,125
Earnings per share (basic), cents	9.2	5.5
Earnings per share (diluted), cents	9.0	5.4

14. Tangible assets

EUR 1,000	2019	2018
Machinery and equipment		
Acquisition cost at 1 January	2,225	2,148
Additions	141	77
Acquisitions	36	
Disposals	-13	
Acquisition cost at 31 December	2,389	2,225
Accumulated depreciation at 1 January	-2,028	-1,980
Accumulated depreciation in changes	0	0
Depreciation for the financial year	-8	-48
Accumulated depreciation at 31 December	-2,036	-2,028
Book value on 31 December	353	197
Right-of-use assets		
Machinery and equipment (IFRS 16)		
Additions	747	
Depreciations	-54	
Book value on 31 December	66	
Leased premises (IFRS 16)		
Additions	98	
Depreciations	-913	
Book value on 31 December	2,985	
Other tangible assets		
Acquisition cost at 1 January	120	120
Additions	1	
Disposals	-97	
Book value on 31 December	24	120
Tangible assets total	**3,428**	**317**

15. Goodwill

EUR 1,000	2019	2018
Acquisition cost at 1 January	13,169	13,169
Additions	14,840	-
Acquisition cost at 31 December	28,009	13,169
Accumulated impairment at 1 January	-8,465	-8,622
Impairment	-4,230	-
Translation difference	0	157
Accumulated impairment at 31 December	-12,695	-8,465
Book value on 31 December	15,314	4,704

Impairment test

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

EUR 1,000	2019	2018
JAM Advisors	14,840	
Management of Russian funds	0	4,230
Other	474	474
Total	**15,314**	**4,704**

In the year ended December 31, 2019, impairment test of goodwill allocated to Management of Russian funds is based on fair value less costs of disposal, due to signed term sheet related to the sale of business. Because of this, goodwill was written off, which resulted in an impairment loss of EUR 4.2 million, which has been recognised on the line item Depreciation and impairment in the consolidated income statement. In the year ended December 31, 2018, impairment test of goodwill allocated to Management of Russian funds was based on value-in-use and no impairment losses were recognised. However, impairment test was relatively sensitive to changes in key parameters. Neither were any other goodwill impairment losses recorded in the year ended December 31, 2018.

JAM Advisors Oy, a reporting, analysis and wealth management company, which was acquired in 2019, constitutes a new cash generating unit. It has been allocated EUR 14.8 million of goodwill (refer to Note 3 Acquisitions). Recoverable amount is based on value-in-use using five-year discounted cash flow projections based on a business plan approved by the management. Cash flows for the period extending over the planning period are calculated using the terminal value method. Pre-tax discount rate applied in the impairment test was 10.3%, average turnover growth was 12% and terminal growth rate was assumed at 1.0%. Based on the impairment test, goodwill allocated to JAM Advisors was not assessed to be impaired, and no reasonably possible change in any of the key parameters would lead to impairment.

16. Other intangible assets

EUR 1,000	2019	2018
Acquisition cost at 1 January	5,330	5,330
Additions	377	
Acquisitions	664	
Acquisition cost at 31 December	6,371	5,330
Accumulated depreciation at 1 January	-5,245	-5,122
Depreciation for the financial year	-329	-123
Accumulated depreciation at 31 December	-5,574	-5,245
Book value on 31 December	797	85

17. Investments accounted for using the equity method

EUR 1,000	2019	2018
Associates	0	0
Share of the income of investments accounted for using the equity method	0	0
Total	**0**	**0**

Nature of investments in associates

2019

EUR 1,000		Assets	Liabili-ties	Turnover	Profit/loss	Owner-ship %
BIF Management Ltd	Jersey	1	3	0	-3	33.33%
Baltic SME Management B.V.	The Netherlands	1	71	0	-11	33.33%
Total		**2**	**74**	**0**	**-14**	

2018

EUR 1,000		Assets	Liabili-ties	Turnover	Profit/loss	Owner-ship %
BIF Management Ltd	Jersey	1	6	0	-44	33.33%
Baltic SME Management B.V.	The Netherlands	3	53	0	-9	33.33%
Total		**4**	**59**	**0**	**-53**	

18. Investments at fair value through profit or loss

Investments in funds

EUR 1,000	2019	2018
Investments in funds at 1 January	80,583	58,264
Additions	38,037	31,868
Distributions	-17,542	-17,435
Fair value gains/losses of investments	9,692	8,073
Transfers	5,148	-187
Investments in funds at 31 December	115,918	80,583
Investments in funds by investment area at the end of period		
Buyout	9,580	13,456
Credit	2,590	2,299
Russia	4,257	3,917
Real Estate	40,043	27,069
Other investment areas	18,869	13,655
Funds of funds	192	340
External private equity funds	22,787	14,318
Infra	17,600	5,529
Total	**115,918**	**80,583**

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

Growth equity investments

EUR 1,000	2019	2018
Other investments at 1 January	0	28,840
Additions	0	0
Disposals	0	-26,626
Fair value gains/losses of investments	0	0
Transfers	0	-2,214
Other investments at 31 December	0	0

Other financial assets

EUR 1,000	2019	2018
Other investments at 1 January	2,548	142
Additions	0	42
Transfers	0	2,213
Fair value gains/losses of investments	183	151
Other investments at 31 December	2,731	2,548

Investments in joint ventures

EUR 1,000	2019	2018
Investments in joint ventures at 1 January	4,470	4,917
Additions	144	106
Disposals	0	-832
Distributions	0	0
Fair value gains/losses of investments	-32	280
Transfers	-4,582	
Investments in joint ventures at 31 December	**0**	**4,470**

Nature of investments in joint ventures

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

2018

EUR 1,000		Assets	Liabili-ties	Turnover	Profit/ loss	Owner-ship %
Maneq Investments Luxembourg S.a.r.l.	Luxembourg	5,788	1,997	0	447	18.18%
Maneq 2004 AB	Sweden	53	1	0	0	41.90%
Yewtree Holding AB	Sweden	12	1	0	-9	35.00%

19. Receivables - Non-current

EUR 1,000	2019	2018
Trade receivables	6,119	2,309
Loan receivables	3,203	2,766
Interest receivables	73	
Total	**9,395**	**5,075**

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

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

Non-current receivables' fair value equals their book value. Loan receivables do not include credit-impaired financial assets. Allowance for expected credit losses of loan receivables is presented below.

EUR 1,000	2019	2018
Loan receivables, gross	3,221	2,781
Loss allowance	-18	-16
Loan receivables, net	3,203	2,766

20. Deferred tax assets and liabilities

Changes in deferred taxes during 2019:

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

Changes in deferred taxes during 2018:

EUR 1,000	31.12.2017	Charged to Income Statement	Translation difference	Charged in equity	31.12.2018
Deferred tax assets					
Accrued differences	1,751	273	2	0	2,026
Total	**1,751**	**273**	**2**	**0**	**2,026**
Deferred tax liabilities					
Accrued differences	1,139	319	-6	0	1,452
Unrealised fair value changes	7,434	-5,601		0	1,833
Total	**8,573**	**-5,282**	**-6**	**0**	**3,285**

21. Trade and other receivables

EUR 1,000	2019	2018
Trade receivables	3,437	1,473
Loan receivables	125	102
Accrued income	2,196	3,617
Other receivables	5,034	7,455
Total	**10,792**	**12,647**

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

EUR 1,000	2019	2018
Trade receivables, gross	3,456	1,512
Loss allowance	-18	-39
Trade receivables, net	3,437	1,473

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

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

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

Accrued income includes mainly prepayments.

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

Trade and other receivables by currency at end of year

Trade and other receivables	Amount in foreign currency	Amount in euros	Proportion
EUR		12,285	61%
USD	7,425	6,609	33%
SEK	9,544	914	5%
GBP	306	360	2%
DKK	149	20	0%

22. Financial assets at fair value through profit or loss

1 000 EUR	2019	2018
Financial assets held for trading	10,768	38,706
Other financial assets at fair value through profit or loss	0	300
Total	**10,768**	**39,006**

Financial assets held for trading include investments to listed shares and investments in interest funds. Listed shares are measured at fair value by the last trade price on active markets on the balance sheet date. Their fair value amounted to EUR 10.8 million as at December 31, 2019.

The fair value of interest-bearing securities on the balance sheet date was EUR 10.8 million, of which bonds and investments in interest funds totaled EUR 8.1 million and EUR 2.7 million, respectively. The fair value of bonds is based on the last trade price on the balance sheet date or, in an illiquid market, on values determined by the counterparty. The fair value of investments in interest funds is determined as the funds' net asset value at the balance sheet date.

Derivative contracts

The Group uses standardized derivative contracts to make portfolio management more effective. The fair values of the derivative contracts as well as the underlying values are given in the table below. The fair values are adjusted for the corresponding share's dividend income. Derivative contracts are recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. The fair value of futures corresponds to the futures' gain or loss. Hedge accounting is not used. The group does not have any derivative contracts at reporting period end.

EUR 1,000	2019	2018
Index derivatives, bought call options and sold futures		
Fair value	0	-50
Underlying value	0	-21,207

23. Cash and cash equivalents

EUR 1,000	2019	2018
Bank accounts	43,665	54,544
Total	**43,665**	**54,544**

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

24. Share capital and shares

1,000 Shares	Number of A shares	Number of B shares	Total
At 31 December 2017	**0**	**145,626**	**145,626**
Share subscriptions with options		1,490	1,490
At 31 December 2018	**0**	**147,116**	**147,116**
Share subscriptions with options		1,502	1,502
Share subscription		5,110	5,110
At 31 December 2019	**0**	**153,728**	**153,728**

EUR 1,000	Share capital	Share premium account	Other reserves	Total
At 31 December 2017	**772**	**38,968**	**82,550**	**122,290**
Share subscriptions with options			1,139	1,139
Options			116	116
Other changes			7	7
At 31 December 2018	**772**	**38,968**	**83,812**	**123,552**
Share subscriptions with options			1,130	1,130
Share subscription, direct share issue			9,027	9,027
Repayment of capital			-9,146	-9,146
At 31 December 2019	**772**	**38,968**	**84,823**	**124,563**

Other reserves

During the financial year 2019, shares subscribed with option rights as well as shares subscribed in a direct share issue related to an acquisition were recorded to unrestricted equity fund. During the financial year 2018, granted stock option subscription rights and subscribed shares were recorded to unrestricted equity fund.

The stock option programs are presented in Table 30. Share-based payments.

Translation difference

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

Dividends paid and proposal for profit distribution and repayment of capital

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

A dividend of EUR 0.06 per share and a repayment of invested unrestricted equity fund of EUR 0.06 per share, totalling EUR 18.3 million, was paid to the shareholders for the financial year 2018. Dividend was paid on March 22, 2019 and repayment of equity on April 3, 2019.

Redemption obligation clause

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

Ownership and voting rights agreements

As at 31 December 2018 CapMan Plc had no knowledge of agreements or arrangements, related to the Company's ownership and voting rights, that were apt to have substantial impact on the share value of CapMan Plc.

Distribution of shareholdings by number of shares and sector as at 31 December 2019

Shareholding	Number of holdings	%	Number of shares and votes	%
1–100	2,530	12.69%	129,779	0.08%
101–1,000	8,644	43.36%	4,399,902	2.86%
1,001–10,000	7,507	37.66%	25,272,991	16.44%
10,001–100,000	1,146	5.75%	27,618,275	17.96%
100,001–1,000,000	91	0.46%	24,165,332	15.72%
1,000,001–	18	0.09%	72,149,660	46.93%
On the book-entry register joint account		0.00%	18,709	0.01%
Total	**19,936**	**99.95%**	**153,754,648**	**100.00%**
of which Nominee registered	10	0.05%	10,041,980	6.53%

Sector	Number of shares and votes	%
Corporations	47,711,602	31.03%
Households	70,804,765	46.05%
Non-profit and public sector institutions	18,944,239	12.32%
Financial and insurance corporations	5,926,738	3.85%
Non-Finnish holders	306,615	0.20%
On the book-entry register joint account	18,709	0.01%
Nominee registered	10,041,980	6.53%
Total	**153,754,648**	**100.00%**

Source: EuroClear Finland Ltd, as at 31 December 2019. Figures are based on the total number of shares 153 754 648 and total number of shareholders 19,936. CapMan Plc had 26,299 shares as at 31 December 2019.

CapMan's largest shareholders as at 31 December 2019

	Number of shares and votes	Proportion of shares, %
Silvertärnan Ab	16,226,519	10.55
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	10,464,415	6.81
Laakkonen Mikko Kalervo	6,378,320	4.15
OY Inventiainvest AB	4,723,703	3.07
Keskinäinen työeläkevakuutusyhtiö Varma	3,675,215	2.39
Joensuun Kauppa Ja Kone Oy	3,511,853	2.28
Vesasco Oy	3,088,469	2.01
Valtion Eläkerahasto	2,500,000	1.63
Heiwes Oy	2,094,480	1.36
Momea Invest Oy	2,079,222	1.35
Laakkonen Hannu	1,992,742	1.30
Laine Capital Oy	1,415,995	0.92
Oy G.W.Sohlberg Ab	1,356,000	0.88
Winsome Oy** + Tuomo Raasio*	1,100,043	0.72
K. Hartwall Invest Oy Ab	1,100,000	0.72
Sijoitusrahasto Taaleritehdas Mikro Markka	1,100,000	0.72
Immonen Jukka Kalevi	974,544	0.63
Mandatum Life	872,559	0.57
Silverage Holdings Oy Ab*	839,399	0.55
Jbjk-Invest Oy Ab*	819,399	0.53
Total	**66,312,877**	**43.13%**
Nominee registered* **	**10,041,980**	**6.53%**
Shareholdings of management and employees*	**10,090,128**	**6.56%**

* Employed by CapMan as of 31 December 2019. Tuomo Raasio's employment with the company has ended in the beginning of January 2020.

** CapMan employee who exercises controlling power in the aforementioned company but who does not own CapMan shares directly.

*** Shareholders among the 200 largest shareholders of the Company.

There were two flagging notices issued during the year.

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

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

25. Interest-bearing loans and borrowings - Non-current

EUR 1,000	2019	2018
Senior bond	49,718	49,705
Acquisition related liabilities	7,107	
Lease liabilities (IFRS 16)	2,285	
Total	**59,110**	**49,705**

In April 2018 CapMan issued senior unsecured notes in the principal amount of EUR 50 million, which will mature on 16 April 2023 and carry a fixed annual interest of 4.125%. The interest is paid semi-annually.

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

26. Trade and other payables - Current

EUR 1,000	2019	2018
Trade payables	1,123	1,247
Advance payments received	292	26
Accrued expenses	15,542	13,784
Other liabilities	3,202	1,751
Total	**20,159**	**16,808**

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

Advance payments received are liabilities based on customer contracts.

Accrued expenses include a clawback liability of EUR 7.7 million (2018: EUR 7.6 million) relating to potential repayment of carried interest to CapMan Real Estate I Fund. Liability is related to the exit in 2007. The other significant items in accrued expenses relate to accrued salaries and social benefit expenses.

Trade and other liabilities by currency at end of year

Trade and other liabilities	Amount in foreign currency	Amount in euros	Proportion
EUR		18,517	91%
SEK	11,589	1,109	6%
GBP	174	205	1%
DKK	2,447	328	2%

27. Interest-bearing loans and borrowings - Current

EUR 1,000	2019	2018
Multi-issuer bond		9,989
Short-term bank facility	130	
Lease liabilities (IFRS 16)	809	
Total	**939**	**9,989**

The multi-issuer bond, EUR 10 million guaranteed by Garantia Insurance Company Ltd, was repaid 18 June 2019.

28. Financial assets and liabilities

Financial assets

2019

EUR 1,000	Note	Balance sheet value	Fair value
Investments at fair value through profit or loss			
Investments in funds	18	115,918	115,918
Other financial assets*	18	2,731	2,731
Loan receivables	19	3,203	3,203
Trade and other receivables	21	16,911	16,911
Financial assets at fair value	22	10,768	10,768
Cash and bank	23	43,665	43,665
Total		**193,196**	**193,196**

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

Financial assets

2018

EUR 1,000	Note	Balance sheet value	Fair value
Investments at fair value through profit or loss			
Investments in funds	18	80,583	80,583
Other financial assets	18	2,548	2,548
Investments in joint ventures	18	4,470	4,470
Loan receivables	19	5,075	5,075
Trade and other receivables	21	12,647	12,647
Financial assets at fair value	22	39,006	39,006
Cash and bank	23	54,544	54,544
Total		**198,873**	**198,873**

Financial liabilities

2019

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

Financial liabilities

2018

EUR 1,000	Note	Balance sheet value	Fair value
Non-current liabilities	25	49,705	49,705
Trade and other liabilities	26	16,808	16,808
Current liabilities		9,989	9,989
Total		**76,502**	**76,502**

Net debt

EUR 1,000	2019	2018
Cash and cash equivalents	43,665	54,544
Borrowings - repayable within one year	-939	-9,989
Borrowings - repayable after one year	-52,003	-49,705
Net debt	-9,277	-5,150
Cash and cash equivalents	43,665	54,544
Gross debt - variable interest rates	-3,224	0
Gross debt - fixed interest rates	-49,718	-59,694
Net debt	-9,277	-5,150

EUR 1,000	Cash	Borrow due within 1 year	Borrow due after 1 year	Total
Net debt as at 1 January 2019	54,544	-9,989	-49,705	-5,150
Adoption of IFRS 16	0	-807	-3,058	-3,865
Cash flows	-10,879	9,857	760	-262
Net debt as at 31 December 2019	43,665	-939	-52,003	-9,277

29. Commitments and contingent liabilities

Leasing agreements - CapMan Group as lessee

EUR 1,000	2019	2018
Other hire purchase commitments		
Within one year		919
After one but not more than five years*		2,478
After five years		40
Total*		**3,437**

*Adjusted comparison period balances

Reconciliation of lease commitments

EUR 1,000	2019	2018
Operating lease commitments as at 31 December 2018	3,437	
Less:		
Commitments relating to short-term leases	-63	
Commitments relating to leases of low-value assets	-33	
Weighted average incremental borrowing rate as at 1 January 2019	1.95%	
Discounted operating lease commitments at 1 January 2019	3,172	
Lease liabilities as at 1 January 2019	3,172	

Securities and other contingent liabilities

EUR 1,000	2019	2018
Contingencies for own commitment		
Collateral	500	
Business mortgage	60,000	30,000
Pledged securities		2,460
Pledged cash and bank		5,499
Other contingent liabilities	2,280	
Remaining commitments to funds by investment area		
Buyout	39,451	11,883
Credit	1,485	1,846
Russia	1,114	1,123
Real Estate	4,249	9,130
Other investment areas	4,199	3,610
Funds of funds	551	713
Growth Equity*	12,221	14,500
Infra	18,019	29,829
External private equity funds	22,496	25,409
Total	**103,785**	**98,043**

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

30. Share-based payments

CapMan has an investment based long-term share-based incentive plan and two stock option programs, the stock option program 2013 and the stock option program 2016. These programs are used to commit key individuals and executives to the company and reinforce the alignment of interests of key individuals and executives and CapMan shareholders. In the investment based long-term share-based incentive plan the participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share.

The investment-based long-term incentive plan includes one performance period. The performance period commenced on 1 April 2018 and will end on 31 March 2021. The participants may earn a matching reward and a performance-based reward from the performance period. The prerequisite for receiving reward on the basis of the plan is that a participant acquires company's shares or allocates previously owned company's shares up to the number determined by the Board of Directors. The performance-based reward from the plan is based on the company share's Total Shareholder Return (TSR) and on a participant's employment or service upon reward payment. The rewards from the Plan will be paid fully in the company's shares in 2021 and the plan is thus equity-settled. The Board shall resolve whether new Shares or existing Shares held by the Company are given as reward. The target group of the Plan consists of approximately 20 people, including the members of the Management Group.

The fair value of the investment-based incentive plan has been measured at the grant date and is expensed on a straight-line basis over the vesting period. Expected dividends and forfeiture rate have been incorporated into the measurement of the fair value as decreasing factors. During the financial year 2019, one person has been added to the plan, which has resulted the maximum number of share premiums granted to increase by 292,500 shares to 5,525,000 shares, and the fair value of the plan has increased by EUR 0.1 million. Increase in fair value has been determined on the same basis as in the inception of the plan in 2018.

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

The total expense recognised for the period arising from share-based payment transactions amounted to EUR 0.7 million. There were no liabilities arising from share-based payment transactions.

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

Investment-based incentive plan

Grant date	27.04.2018
Vesting period starts	27.04.2018
Vesting period ends	31.08.2021
Maximum number of share premiums granted during the period	292 500
Maximum number of share premiums existing at the end of the financial year	5,525,000
Grant date share price, EUR	1,5872
Share price at the end of the period, EUR	2,355
Assumption for the Total Shareholder Return, per annum	8%
Present value of the expected dividends, EUR	0.33
Forfeiture rate assumption	10%
Increase in fair value of share premiums granted during the period	0.1
Fair value of the plan as at the grant date, EUR million	2.3
Expense recorded during the financial year, EUR million	0.7
Number of participants in the plan	17

Stock option programs effective during the financial year

	Stock option program 2016		
	Stock option 2016A	Stock option 2016B	Stock option 2016C
Stock options, number	1,410,000	1,410,000	1,410,000
Entitlement to subscribe for B shares	1,410,000	1,410,000	1,410,000
Share subscription period begins	01.05.2019	01.05.2020	01.05.2021
Share subscription period ends	30.04.2021	30.04.2022	30.04.2023
Share subscription price	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2016 with an addition of ten (10) per cent less dividends i.e. €0.72	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2017 with an addition of ten (10) per cent less dividends	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2018 with an addition of ten (10) per cent less dividends
Assumptions used in the Black&Scholes model			
Expected volatility	21.56%	-	-
Risk-free interest	0.0%	-	-

		Stock option program 2013	
		Stock option 2013B	Stock option 2013C
Stock options, number		1,410,000	1,410,000
Entitlement to subscribe for B shares		1,410,000	1,410,000
Share subscription period begins		01.05.2017	01.05.2018
Share subscription period ends		30.04.2019	30.04.2020
Share subscription price	-	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2014 with an addition of ten (10) per cent less dividends i.e. €0.71	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.–31.5.2015 with an addition of ten (10) per cent less dividends i.e. €0.73
Assumptions used in the Black&Scholes model			
Expected volatility		20.5%	20.5%
Risk-free interest		0.0%	0.0%

Changes in option rights during the financial year

	Stock option 2013A	Stock option 2013B	Stock option 2013C	Stock option 2016A	Stock option 2016B	Stock option 2016C
Initial amount of option rights, pcs		1,410,000	1,410,000	1,410,000	1,410,000	1,410,000
Amount of granted option rights, pcs		1,268,334	1,277,291	673,958	0	0
Outstanding at the beginning of the reporting period, pcs		601,945	1,087,296	673,958	-	-
Changes during the period:						
Granted		0	0	0	-	-
Exercised		601,745	524,755	392,285	-	-
Weighted average subscription price, €		0.71	0.73	0.72	-	-
Weighted-average share price during the subsicription period in the financial year		1.68	1.85	1.89	-	-
Outstanding at the end of the reporting period, pcs		0	562,541	281,673	-	-
Exercised by the end of the reporting period, pcs		1,268,134	714,750	392,285	-	-
Option rights, % of shares and votes, if all outstanding granted stock options would be exercised		0.0%	0.4%	0.2%	-	-

31. Related party disclosures

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
CapMan Plc, parent company	Finland		
CapMan Capital Management Oy	Finland	100%	100%
CapMan Sweden AB	Sweden	100%	100%
CapMan AB	Sweden	100%	100%
CapMan (Guernsey) Limited	Guernsey	100%	100%
CapMan Mezzanine (Guernsey) Limited	Guernsey	100%	100%
CapMan (Guernsey) Buyout VIII GP Limited	Guernsey	100%	100%
CapMan (Sweden) Buyout VIII GP AB	Sweden	100%	100%
CapMan Classic GP Oy	Finland	100%	100%
CapMan Real Estate Oy	Finland	100%	100%
Dividum Oy	Finland	100%	100%
CapMan RE I GP Oy	Finland	100%	100%
CapMan RE II GP Oy	Finland	100%	100%
CapMan (Guernsey) Life Science IV GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Technology 2007 GP Limited	Guernsey	100%	100%
CapMan (Sweden) Technology Fund 2007 GP AB	Sweden	100%	100%
CapMan Private Equity Advisors Limited	Cyprus	100%	100%
CapMan (Guernsey) Russia GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Investment Limited	Guernsey	100%	100%
CapMan (Guernsey) Buyout IX GP Limited	Guernsey	100%	100%
CapMan Fund Investments SICAV-SIF	Luxembourg	100%	100%
CapMan Mezzanine V Manager S.A.	Luxembourg	100%	100%
CapMan (Guernsey) Buyout X GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Russia II GP Limited	Guernsey	100%	100%
Maneq 2012 AB	Sweden	100%	100%
CapMan Nordic Real Estate Manager S.A.	Luxembourg	100%	100%
CapMan Buyout X GP Oy	Finland	100%	100%
CapMan Endowment GP Oy	Finland	100%	100%
CapMan Collection Oy	Finland	100%	100%
CapMan Real Estate UK Limited	United Kingdom	100%	
Nest Capital 2015 GP Oy	Finland	100%	100%

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
Dividum AB	Sweden	100%	
Valo Advisors Oy	Finland	100%	100%
Valo Fund Management Oy	Finland	100%	
Kokoelmakeskus GP Oy	Finland	100%	100%
Norventures Oy	Finland	100%	100%
CapMan Growth Equity Oy	Finland	100%	100%
CapMan Nordic Real Estate Manager II S.A.	Luxembourg	100%	100%
CapMan Infra Management Oy	Finland	70%	70%
CapMan Infra Lux Management S.á.r.l.	Luxembourg	70%	
CapMan Growth Equity 2017 GP Oy	Finland	100%	100%
Scala Fund Advisory Oy	Finland	60%	60%
CapMan Nordic Infrastructure Manager S.á.r.l.	Luxembourg	100%	100%
CapMan Infra Lynx GP Oy	Finland	70%	
CapMan Buyout XI GP S.á.r.l	Luxembourg	100%	100%
CapMan AIFM Oy	Finland	100%	100%
Nest Capital III GP Oy	Finland	100%	100%
JAM Advisors Oy	Finland	60%	60%
CapMan Procurement Services (CaPS) Oy	Finland	95%	95%
CapMan Buyout Management Oy	Finland	60%	60%
CapMan Hotels II Holding GP Oy	Finland	100%	100%
Maneq 2011 AB	Sweden	100%	100%

Investments accounted for using the equity method are presented in Table 17. Investments accounted for using the equity method. The investments in joint ventures are presented in Table 18. Investments at fair value through profit and loss.

Transactions with related parties

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

Commitments to related parties

EUR 1,000	2019	2018
Commitments to Maneq funds	643	3 797

Management remuneration

EUR 1,000	2019	2018
CEO Joakim Frimodig		
Salaries and other short-term employee benefits	358	376
Pension costs	66	68
Additional pension costs	38	37
Share-based payments	251	186
Total	**713**	**667**
Management group excl. CEO		
Salaries and other short-term employee benefits	1,683	1,287
Share-based payments	331	261
Total	**2,014**	**1,548**

Remuneration and fees

EUR 1,000		2019	2018
Andreas Tallberg		67	67
Karri Kaitue	until March 13, 2018		17
Nora Kerppola	until March 13, 2018		18
Ari Tolppanen	until March 12, 2019	11	43
Peter Ramsay	as of March 13, 2019	33	
Mammu Kaario		54	52
Catarina Fagerholm	as of March 14, 2018	44	35
Eero Heliövaara	as of March 14, 2018	43	35
Olli Liitola	as of March 13, 2019	33	
Total		**285**	**267**

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

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

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

In 2019 and 2018 the Management Group members were not granted any stock options. The stock options granted to the management earlier are subject to the same terms as for stock options granted to employees. The Management Group members have allocated a total of 735,000 shares (690,000 shares in 2018) to the investment based long term incentive plan.

32. Financial risk management

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

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

The Group has a Monitoring team, which monitors the performance and the price risk of the investment portfolio (financial assets entered at fair value through profit and loss) independently and objectively of the investment teams. The Monitoring team is responsible for reviewing the monthly reporting and forecasts for portfolio companies. Valuation proposals made by the case investment professionals are examined by the Monitoring team and subsequently approved by the Valuation Committee, which comprises the Chairman of the Investee Committee, the Group CFO and Heads of investment teams.

a) Liquidity risk

The Group's cash flow is a mix of cash flow from management fees received and volatile carried interest income. The third main component in liquidity management is the timing of the capital calls to the funds and the proceeds received from fund investments.

Management fees received from the funds are based on long-term agreements and are targeted to cover the operational expenses of the Group. Management fees are relatively predictable for the coming 12 months.

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

The CapMan Real Estate I fund transferred into carry in 2007. From the EUR 27.4 million of carried interest paid in 2007 approximately EUR 6.4 million was not recognised in the revenue in 2007 but instead left as a liability in case that some of the carried interest would have to be returned to the investors in the future. CapMan's share of the entered carried interest was approx. EUR 13.5 million and the share of minority owners was approx. EUR 7.5 million. In 2014, the clawback risk was reassessed and the related liability decreased by EUR 1.2 million to EUR 5.2 million. However, in light of the current market situation, it is considered unlikely that any further carried interest would be paid from the CapMan Real Estate I fund. The clawback risk was reassessed again in 2016, and as a result, the related liability was increased by EUR 2.3 million to EUR 7.5 million. After the reassessment of the clawback risk in 2017 the liabilitys was increased by EUR 0.1 million and again increased by EUR 0.1 million in 2019. The current clawback liability of EUR 7.7 million, including the minority owners' share, is estimated to be adequate to cover the possible return of carried interest.

CapMan has made commitments to the funds it manages. As at December 31, 2019, the undrawn commitments to the funds amounted to EUR 103.8 million (98.0) and the financing capacity available (cash and third party financing facilities) amounted to EUR 83.7 million (74.5).

CapMan issued a EUR 30 million fixed-rate unsecured senior bond to institutional investors in October 2015. The bond was originally scheduled to mature in four years on 15 October 2019 and had a fixed coupon interest rate of 4.2% per annum, but an early redemption was made in April 2018. At the same time, CapMan issued senior unsecured notes in the principal amount of EUR 50 million, which will mature on 16 April 2023 and carry a fixed annual interest of 4.125%. The coupon interest is paid semi-annually.

During reporting period CapMan Plc has repaid a EUR 10 million multi-issuer bond guaranteed by Garantia Insurance Company Ltd.

CapMan repaid its remaining bank loan of EUR 8.5 million during 2018. CapMan has an unused long-term credit facility which was raised from EUR 20 million to EUR 40 million reporting period.

Maturity analysis

31.12.2019

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

31.12.2018

EUR 1,000	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due later
Bonds		9,989		49,705	
Bank loan			-		
Accounts payable	1,247				
Interests, bonds		2,247	6,188	1,031	
Interests, bank loan					
Commitments to funds	1,428	12,693	1,218	3,482	79,197
Commitments to Maneq -funds			3,797		
Clawback		7,607			

b) Interest rate risk

Interest-bearing liabilities have a fixed interest rate. Exposure to interest rate risk would arise principally from the long-term credit facility of EUR 40 million with a floating interest rate. However, it has not been used during the financial year.

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

Loans according to interest rate

EUR 1,000	2019	2018
Floating rate	130	0
Fixed rate	49,718	59,694
Total	**49,848**	**59,694**

c) Credit risk

Credit risks arise from changes in the result caused by counterparties failing to meet their commitments. Money market investments and bonds therefore include credit risks, and to minimize these, the company has diversified its investments. As money market investments are short-term, and both money market investments and bonds are made in Nordic listed companies, these risks are regarded as small.

As at December 31, 2018, the group had EUR 8.1 million invested in bonds. The longest maturity of these investments was 2.2 years and the average maturity was 0.9 years. During reporting period EUR 0.8 million bonds were past due and paid back.

Group’s other credit risks relate to trade, loan and other receivables recognised at amortised cost. The maximum credit loss of these receivables is the carrying amount of the receivable in question. There are no collaterals relating to the receivables and there have been no credit losses in the past. More information on the expected credit losses of receivables is presented in notes 19 and 21.

Group does not have financial guarantee contracts and thus no related credit risk. Group's loan commitments are low and thus also their credit risk is deemed low.

d) Currency risk

Changes in exchange rates, particularly between the Swedish krona and the euro, impact the company’s performance, since a majority of the company’s investments in hedge funds are krona-denominated. Any strengthening/weakening of the krona against the euro would improve/weaken the returns from investments in Swedish funds. In turn, however, changes in other exchange rates may affect the funds’ krona-denominated results.

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

As at December 31, 2019, 86% of the Group's assets were in euros, 9% in US dollars 5% in Swedish krona and 1% in other currencies. The following table presents the fair values of the foreign currency denominated financial assets.

Fair values of investments denominated in foreign currencies, in euros

EUR 1,000	SEK	USD	Other currencies	Total
2019	8,893	17,194	1,371	27,458
2018	8,488	8,343	1,108	17,939

e) Capital management

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

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

CapMan issued a EUR 30 million fixed-rate unsecured senior bond to institutional investors in October 2015. The bond was originally scheduled to mature in four years on 15 October 2019 and had a fixed coupon interest rate of 4.2% per annum, but an early redemption was made in April 2018. At the same time, CapMan issued senior unsecured notes in the principal amount of EUR 50 million, which will mature on 16 April 2023 and carry a fixed annual interest of 4.125%. The coupon interest is paid semi-annually.

The EUR 50 million bond issued in April 2018 and the long-term credit facility of EUR 40 million, currently unused, include financing covenants, which are conditional on the company's equity ratio and net gearing.

EUR 1,000	2019	2018
Interest-bearing loans	52,942	59,694
Cash and cash equivalents	-43,665	-54,544
Net debt	9,277	5,150
Equity	129,533	120,971
Net gearing	7.2%	4.3%
Return on equity	12.7%	6.8%
Equity ratio	59.9%	58.7%

f) Price risk of the investments in funds

Investments in funds

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

Financial assets held for trading

In its operations the Group is exposed to market risks arising from price fluctuations of its financial assets held for trading. Performance is affected by economic developments and share price movements both in Finland and abroad. CapMan has liqudated its financial assets held for trading. At period end CapMan had EUR 10.8 million in financial assets held for trading which were primarily interest bearing securities. Due to this the market risk relating to financial assets held for trading has decreased and CapMan is not currently hedging its investments.

g) Determining fair values

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

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

*Fair value through profit or loss

The different levels have been defined as follows:

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

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

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

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

Non-current investments at fair value through profit or loss

EUR 1,000	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1			80,582	80,582
Additions			38,038	38,038
Distributions			-17,542	-17,542
Fair value gains/losses			9,692	9,692
Transfers	738		4,410	5,148
at the end of period	738		115,180	115,918
Other investments				
at Jan 1		166	2,382	2,548
Fair value gains/losses			183	183
at the end of period		166	2,565	2,731
Investments in joint ventures				
at Jan 1			4,471	4,471
Additions			144	144
Disposals			-4,581	-4,581
Fair value gains/losses			-34	-34
at the end of period			0	0

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

Fair value hierarchy of financial assets measured at fair value at 31 December 2018

EUR 1,000	Fair value	Level 1	Level 2	Level 3
Investments in funds	**80,582**	0	0	80,582
Joint ventures	**4,470**	0	0	4,471
Other non-current investments	**2,548**	0	166	2,382
Current financial assets at FVTPL*	**39,006**	28,960	10,046	0

*Fair value through profit or loss

The different levels have been defined as follows:

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

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

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

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

Non-current investments at fair value through profit or loss

EUR 1,000	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1		19	58,245	58,264
Additions			31,868	31,868
Distributions		-19	-17,417	-17,436
Fair value gains/losses			8,073	8,073
Transfers			-187	-187
at the end of period		0	80,582	80,582
Growth equity investments				
at Jan 1			28,840	28,840
Disposals			-26,626	-26,626
Transfers			-2,214	-2,214
at the end of period			0	0
Other investments				
at Jan 1		124	18	142
Additions		42		42
Fair value gains/losses			2,213	2,213
at the end of period			151	151
		166	2,382	2,548
Investments in joint ventures				
at Jan 1			4,917	4,917
Additions			106	106
Disposals			-832	-832
Fair value gains/losses			280	280
at the end of period			4,471	4,471

Fund investments in Level 2 are investments in the CapMan Public Market fund. All other fund investments are included in Level 3.

Investments in joint ventures reported in Level 3 include investments in Maneq Investments Luxembourg S.a.r.l.

There were no transfers from one level to another during the review period.

Sensitivity analysis of Level 3 investments at 31 December 2019

Investment area	Fair value MEUR 31.12.2019	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth investments	16.1	Peer group	Peer group earnings multiples	EV / EBITDA 2019 12.2x	+/- 1.6 MEUR
			Discount to peer group multiples	20%	-/+ 0.4 MEUR
Buyout	9.6	Peer group	Peer group earnings multiples	EV / EBITDA 2019 8.9x	+ 2.3 MEUR / - 2.1 MEUR
			Discount to peer group multiples	22%	-0.7 MEUR / + 0.6 MEUR
Real Estate	40.0	Valuation by an independent valuer			
Investments in external PE funds	22.8	Reports from PE fund management company			
Investments in Maneqs	3.7	Peer group	Peer group earnings multiples	EV/EBITDA 2019 8.7x	+/- 0.4 MEUR
			Discount to peer group multiples	22%	-/+ 0.1 MEUR
Infrastructure	17.6	Discounted cash flows	Discount rate; market rate and risk premium	12%	-0.8 MEUR / + 0.9 MEUR
Russia	4.3	Peer group	Peer group earnings multiples	EV/EBITDA 2019 11.4x	+/- 0.4 MEUR
			Discount to peer group multiples	36%	-/+ 0.2 MEUR
Credit	2.6	Discounted cash flows	Discount rate; market rate and risk premium	10%	-0.1 MEUR / value increases based on a change in the discount rate is not booked
Funds of funds	0.2	Reports from PE fund management company			
Other investment areas	0.8	Discounted cash flows	Discount rate; market rate and risk premium	6%	-0.0 MEUR / value increases based on a change in the discount rate is not booked

Sensitivity analysis of Level 3 investments at 31 December 2018

Investment area	Fair value MEUR 31.12.2018	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth investments	13.7	Peer group	Peer group earnings multiples	EV/EBITDA 2018 10.8x	-/+ 0.9 MEUR
			Discount to peer group multiples	26%	-/+ 0.3 MEUR
Buyout	13.5	Peer group	Peer group earnings multiples	EV/EBITDA 2018 8.5x	-2.5 MEUR / + 2.3 MEUR
			Discount to peer group multiples	20%	+/- 0.6 MEUR
Real Estate	27.1	Valuation by an independent valuer			
Investments in external PE funds	14.3	Reports from PE fund management company			
Investments in joint ventures	4.5	Peer group	Peer group earnings multiples	EV/EBITDA 2018 7.9x	- 0.4 MEUR / + 0.3 MEUR
			Discount to peer group multiples	20%	-/+ 0.1 MEUR
Infrastructure	5.5	Price of recent investment			
Russia	3.9	Peer group	Peer group earnings multiples	EV/EBITDA 2018 10.3x	-/+ 0.3 MEUR
			Discount to peer group multiples	33%	-/+ 0.1 MEUR
Credit	2.3	Discounted cash flows	Discount rate; market rate and risk premium	10%	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Funds of funds	0.3	Reports from PE fund management company			
Other investment areas	2.4	Peer group	Peer group earnings multiples	EV/EBITDA 2018 7.8x	-/+ 0.1 MEUR
			Discount to peer group multiples	10%	-/+ 0.0 MEUR

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

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

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

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

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

Different methodologies may be considered. The most applied methodologies at CapMan include the price of recent investments, which is typically applied in the case of new investments, and the earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment. CapMan always applies a discount to peer group multiples, due to e.g. limited liquidity of the investments. Due to the qualitative nature of the valuation methodologies, the fair values are to a considerable degree based on CapMan's judgment.

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

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

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

Parent Company Income Statement (FAS)

EUR	Note	1.1.–31.12.2019	1.1.–31.12.2018
Turnover	1	**37,952,487.50**	**44,843,794.44**
Other operating income	2	5,427,368.52	0.00
Raw materials and services	3	**-27,531,107.71**	**-37,283,042.68**
Employee benefit expenses	4	-5,344,773.84	-5,049,602.55
Depreciation	5	-57,628.65	-45,416.20
Other operating expenses	6	-3,811,613.54	-3,605,168.36
Operating loss		**6,634,732.28**	**-1,139,435.35**
Finance income and costs	7	-561,211.57	-15,757,994.31
Profit before appropriations and taxes		**6,073,520.71**	**-16,897,429.66**
Appropriations	8	2,893,704.00	14,150,000.00
Income taxes		-2,288,730.17	-3,873,735.23
Loss for the financial year		**6,678,494.54**	**-6,621,164.89**

Parent Company Balance Sheet (FAS)

EUR	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Intangible assets	9	130,428.53	168,319.73
Tangible assets	10	215,449.35	189,073.47
Investments	11		
Shares in subsidiaries		120,247,203.02	90,793,613.53
Investments in associated companies		118,820.05	1,108,700.60
Other investments		12,615,700.44	10,681,614.14
Investments total		132,981,723.51	102,583,928.27
Non-current assets, total		**133,327,601.39**	**102,941,321.47**
Current assets			
Inventories	12	10,570,009.20	37,855,455.86
Long-term receivables	13	4,015,779.69	6,410,006.11
Short-term receivables	14	22,734,785.28	28,187,943.50
Cash and bank		26,921,979.93	41,512,108.94
Current assets, total		**64,242,554.10**	**113,965,514.41**
Total assets		**197,570,155.49**	**216,906,835.88**

EUR	Note	31.12.2019	31.12.2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	15		
Share capital		771,586.98	771,586.98
Share premium account		38,968,186.24	38,968,186.24
Invested unrestricted shareholders' equity		81,776,241.45	80,766,422.88
Retained earnings		400,446.53	16,167,271.44
Profit for the financial year		6,678,494.54	-6,621,164.89
Shareholders' equity, total		**128,594,955.74**	**130,052,302.65**
Liabilities			
Non-current liabilities	16	51 214 709,10	51,239,839.69
Current liabilities	17	17 760 490,65	35,614,693.54
Liabilities, total		**68 975 199,75**	**86,854,533.23**
Total shareholders' equity and liabilities		**197 570 155,49**	**216,906,835.88**

Parent Company Cash Flow Statement (FAS)

EUR	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from operations		
Profit before extraordinary items	6,073,521	-16,897,430
Finance income and costs	561,212	15,757,994
Adjustments to cash flow statement		
Depreciation, amortisation and impairment	154,567	45,416
Depreciation of merger loss	4,201,107	10,917,044
Gain on sale of subsidiary shares	-5,427,369	
Other non-monetary items	96,938	
Change in net working capital		
Change in current assets, non-interest-bearing	16,009,464	587,706
Change in inventories	23,084,340	20,908,927
Change in current liabilities, non-interest-bearing	-115,090	-1,575,680
Interest paid	-2,367,519	-2,376,901
Interest received	126,487	47,917
Dividends received	10,800,536	100,000
Direct taxes paid	-3,871,864	-1,287,603
Cash flow from operations	**49,326,328**	**26,227,391**
Cash flow from investments		
Acquisition of subsidiaries	-1,500,000	-8,267,062
Cash of a dissolved or merged subsidiary	1,677,096	9,976,738
Investments in subsidiaries	-33 664,149	-23,875,933
Sale of subsidiary shares	5,941,857	0
Capital reduction of subsidiaries	5,838,000	12,650,000
Investments in tangible and intangible assets	-143,051	-42,601
Investments in other placements, net	161,084	-4,911,409
Loan receivables granted	-9,339,248	-4,631,780
Repayment of loan receivables	1,346,539	1,972,247
Cash flow from investments	**-29,681,872**	**-17,129,800**

EUR	1.1.–31.12.2019	1.1.–31.12.2018
Cash flow from financing activities		
Share issue	1,129,571	1,139,424
Repayment of capital	-9,154,232	0
Proceeds from short-term debt	6,073,724	26,200,000
Repayment of short-term debt	-13,845,724	-4,800,000
Proceeds from loans from financial institutions	0	49,748,000
Repayment of loans from financial institutions	-10,000,000	-38,542,747
Dividends paid	-9,135,636	-16,077,266
Change in group liabilities	697,712	2,074,312
Group contributions received	0	2,849,000
Cash flow from financing activities	**-34,234,586**	**22,590,723**
Change in cash and cash equivalents	**-14,590,129**	**31,688,314**
Cash and cash equivalents at beginning of year	41,512,109	9,823,795
Cash and cash equivalents at end of year	**26,921,979**	**41,512,109**

Notes to the Parent Company Financial Statements (FAS)

Basis of preparation for parent company financial statements

CapMan Plc's financial statements for 2019 have been prepared in accordance with the Finnish Accounting Act.

Foreign currency translation

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

Investments

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

Intangible and tangible assets

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

Inventories

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

Receivables

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

Non-current liabilities

The financial risk management of CapMan Group is centralised with the parent company. The financial risk management principles are provided in the Notes to the Group financial statements under 32. Financial risk management.

Senior bonds maturing later than one year after the balance sheet date are recorded as non-current liabilities at nominal value.

Leases

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

Provisions

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

Pensions

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

Revenue

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

Income taxes

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

Appropriations

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

1. Turnover by area

EUR	2019	2018
Sale of services		
Finland	3,580,299	5,925,605
Foreign	3,780,779	2,482,026
Sale of securities in inventories	30,591,409	36,436,163
Total	**37,952,488**	**44,843,794**

2. Other operating income

EUR	2019	2018
Gain on sale of subsidiary shares	5,427,369	0
Total	**5,427,369**	**0**

3. Raw materials and services

EUR	2019	2018
Purchases during the period	-245,661	-5,444,149
Change in inventories	-23,084,340	-20,921,849
Depreciation of the merger loss*	-4,201,107	-10,917,044
Total	**-27,531,108**	**-37,283,043**

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

4. Personnel

EUR	2019	2018
Salaries and wages	4,511,685	4,276,459
Pension expenses	734,670	939,303
Other personnel expenses	98,419	-166,160
Total	**5,344,774**	**5,049,603**
Management remuneration		
Salaries and other remuneration of the CEO		
Joakim Frimodig	376,060	376,392
Board members	292,781	267,100
Average number of employees	39	35

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

5. Depreciation

EUR	2019	2018
Depreciation according to plan		
Other long-term expenditure	37,891	37,891
Machinery and equipment	19,737	7,525
Total	**57,629**	**45,416**

6. Other operating expenses

EUR	2019	2018
Other personnel expenses	481,631	334,054
Office expenses	602,900	652,455
Travelling and entertainment	205,543	290,288
External services	2,082,451	2 203,529
Other operating expenses	439,088	124,843
Total	**3,811,614**	**3 605,168**
Audit fees		
Audit	92,656	93,305
Tax advices	53,047	0
Other fees and services	41,465	20,428
Total	**187,169**	**113,733**

7. Finance income and costs

EUR	2019	2018
Dividend income		
Group companies	9,800,536	1,100,000
Total	9,800,536	1,100,000
Other interest and finance income		
Group companies	394,827	229,891
Others	539,256	451,486
Total	934,082	681,377
Interest and other finance costs		
Impairment of shares and interests	-8,112,627	-862,411
Depreciation of the merger loss*	-294,304	-13,197,954
Group companies	-203,858	-557,620
Others	-2,685,041	-2,921,386
Total	-11,295,829	-17,539,372
Finance income and costs total	**-561,212**	**-15,757,994**

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

8. Appropriations

EUR	2019	2018
Group contributions received	2,893,704	14,150,000

9. Intangible assets

EUR	2019	2018
Intangible rights		
Acquisition cost at 1 January	828,188	828,188
Acquisition cost at 31 December	828,188	828,188
Accumulated depreciation at 1 January	-828,188	-828,188
Accumulated depreciation at 31 December	-828,188	-828,188
Book value on 31 December	0	0
Other long-term expenditure		
Acquisition cost at 1 January	2,622,692	2,578,449
Transferred in a merger*	0	44,243
Acquisition cost at 31 December	2,622,692	2,622,692
Accumulated depreciation at 1 January	-2,454,373	-2,374,799
Transferred in a merger*	0	-41,682
Depreciation for the financial period	-37,891	-37,891
Accumulated depreciation at 31 December	-2,492,264	-2,454,373
Book value on 31 December	130,429	168,320
Intangible rights total	**130,429**	**168,320**

* Norvestia Plc, subsidiary of CapMan Plc, merged to CapMan Plc on March 1, 2018.

10. Tangible assets

EUR	2019	2018
Machinery and equipment		
Acquisition cost at 1 January	1,055,535	935,958
Transferred in a merger*	0	76,976
Additions	143,051	42,601
Acquisition cost at 31 December	1,198,587	1,055,535
Accumulated depreciation at 1 January	-986,139	-904,347
Transferred in a merger*	0	-74,267
Depreciation for the financial period	-19,737	-7,525
Accumulated depreciation at 31 December	-1,005,877	-986,139
Book value on 31 December	192,710	69,396
Other tangible assets		
Acquisition cost at 1 January	119,677	119,677
Disposals	-96,938	0
Book value on 31 December	22,739	119,677
Tangible assets total	**215,449**	**189,073**

* Norvestia Plc, subsidiary of CapMan Plc, merged to CapMan Plc on March 1, 2018.

11. Investments

EUR	2019	2018
Shares in subsidiaries		
Acquisition cost at 1 January	89,793,613	198,884,614
Transferred in a merger[c]	0	2,223,988
Additions	45,596,708	24,543,665
Merger loss*		15,256,478
Depreciation of the merger loss*	-294,304	-13,197,954
Disposals*	-8,842,369	-137,917,178
Impairments	-7,046,445	0
Acquisition cost at 31 December	119,207,203	89,793,613
Shares in associated companies		
Acquisition cost at 1 January	1,108,701	1,108,701
Disposals	-989,881	0
Acquisition cost at 31 December	118,820	1,108,701
Shares, other		
Acquisition cost at 1 January	10,681,614	6,669,773
Additions	7,352,244	5,000,187
Disposals	-5,418,158	-988,346
Acquisition cost at 31 December	12,615,700	10,681,614
Investments total	**131,941,723**	**101,583,928**

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

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

12. Inventories

EUR	2019	2018
Shares in listed companies	3,869	18,405,864
Options	0	44,080
Bonds	7,747,500	8,631,500
Funds	2,226,064	5,980,329
Merger loss*	592,576	4,793,683
Inventories, total	10,570,009	37,855,456
Market value of financial assets in inventories	10,767,926	38,706,094
Difference	197,917	850,638

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

13. Long-term receivables

EUR	2018	2017
Receivables from Group companies		
Capital loan receivables	1,040,000	1,000,000
Loan receivables	561,362	0
Receivables from associated companies		
Loan receivables	0	3,596,767
Other loan receivables	3,135,418	2,456,651
Accounts receivable	319,000	356,588
Long-term receivables total	**5,055,780**	**7,410,006**

14. Short-term receivables

EUR	2019	2018
Accounts receivable	121,759	997,564
Receivables from Group companies		
Accounts receivable	50,741	43,675
Dividend receivables	0	1,000,000
Accrued income	6,725	0
Loan receivables	17,341,045	9,557,537
Other receivables	3,913,108	14,916,565
Total	**21,311,618**	**25,517,777**
Receivables from associated companies		
Accrued income	0	14,040
Total	**0**	**14,040**
Loan receivables	7,451	52,451
Other receivables	169,432	599,489
Accrued income	1,124,524	1,006,622
Short-term receivables total	**22,734,785**	**28,187,944**

15. Shareholders' equity

EUR	2019	2018
Share capital at 1 January	771,587	771,587
Share capital at 31 December	771,587	771,587
Share premium account at 1 January	38,968,186	38,968,186
Share premium account at 31 December	38,968,186	38,968,186
Invested unrestricted shareholders' equity at 1 January	80,766,423	79,627,000
Invested unrestricted shareholders' equity, additions	9,034,480	0
Invested unrestricted shareholders' equity, disposals	-9,154,232	0
Share subscriptions with options	1,129,570	1,139,423
Invested unrestricted shareholders' equity at 31 December	81,776,241	80,766,423
Retained earnings at 1 January	9,546,107	32,246,590
Dividend payment	-9,145,660	-16,079,319
Retained earnings at 31 December	400,447	16,167,271
Profit for the financial year	6,678,495	-6,621,165
Shareholders' equity, total	**128,594,956**	**130,052,303**

Calculation of distributable funds

EUR	2019	2018
Retained earnings	400,447	16,167,271
Profit for the financial year	6,678,495	-6,621,165
Invested unrestricted shareholders' equity	81,776,241	80,766,423
Total	**88,855,182**	**90,312,530**

CapMan Plc´s share capital is divided as follows:

Number of shares	2019	2018
Series B share (1 vote/share)	153,754,648	147,142,163

16. Non-current liabilities

EUR	2019	2018
Senior bond	49,748,000	49,748,000
Other non-current liabilities	1,466,709	1,491,840
Non-current liabilities total	**51,214,709**	**51,239,840**

17. Current liabilities

EUR	2019	2018
Accounts payable	134,771	537,820
Liabilities to Group companies		
Pohjola Bank plc; Group account	5,082,578	4,384,866
Accounts payable	8,270	70,941
Other liabilities	5,810,000	13,582,000
Accrued interests	1,384,903	421,078
Accrued expenses	85,229	78,846
Total	**12,370,979**	**18,537,731**
Multi-issuer bond	0	9,989,100
Other liabilities	965,710	305,611
Accrued expenses	4,289,031	6,244,432
Current liabilities total	**17,760,491**	**35,614,694**

18. Contingent liabilities

Leasing agreements

EUR	2019	2018
Operating lease commitments		
Within one year	31,875	47,449
After one but not more than five years	5,819	28,562
Total	**37,694**	**76,011**
Other hire purchase commitments*		
Within one year	494,446	489,737
After one but not more than five years	1,524,542	1,958,947
After five years		40,811
Total	**2,018,988**	**2,489,495**

*Comparison period figures have been restated

Securities and other contingent liabilities

EUR	2019	2018
Contingencies for own commitment		
Enterprise mortgages	60,000,000	30,000,000
Pledged securities	0	2,486,892
Pledged cash and bank	0	5,499,129
Investment commitments to Maneq funds	643,372	3,797,056
Other contingent liabilities	2,250,000	0
Remaining commitments to funds		
Equity funds	0	168,967
Fund of funds	78,691	276,221
Total	**78,691**	**445,188**

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

Helsinki 2020

Andreas Tallberg
Chairman

Mammu Kaario

Catarina Fagerholm

Eero Heliövaara

Olli Liitola

Peter Ramsay

Joakim Frimodig
CEO

The Auditor's Note

Our report has been issued today.

Helsinki 2020

Ernst & Young Oy
Audit firm

Ulla Nykky
Authorised Public Accountant

Auditor's Report (Translation of the Finnish original)

To the Annual General Meeting of CapMan Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CapMan Plc (business identity code 0922445-7) for the year ended 31 December, 2019. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

Basis for Opinion

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

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

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

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

Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition and claw back liability	
We refer to the accounting policies in the financial statements and the Notes 4 and 26. CapMan's turnover in consolidated group accounts amounted to 49,0 million euros. It consists of management fees, sale of services, carried interest income as well as dividend and interest income. In certain circumstances, pursuant to the terms of the fund agreement, the carried interest income has to be returned (so called claw back). The claw back provision recorded 31.12.2019 amounted to 7,7 million euros. The timing of revenue recognition can be judgmental as revenue may be recognized either over time or at the point in time depending on the circumstances and provided services. The assessment of recognized revenue and claw back includes management assumptions and estimates. *Revenue recognition and claw back liability was determined to be a key audit matter and a significant risk of of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2) in respect of its timely recognition and at a proper amount.*	Our audit procedures to address the risk of material misstatement included, among other things, assessing that the revenue recognition principles comply to applicable accounting standards. We also identified and tested key controls relating to revenue recognition. We tested the sales cutoff with analytical procedures. We supplemented our procedures with test of details on a transaction level in order to ensure that the revenue has been recognized in a correct accounting period and it's based on the corresponding agreements. We also analyzed the basis of assumptions and estimates relating to the defining the amount claw back liability. In addition, we also assessed the adequacy of disclosures relating to the fee and commission income of the group.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of non-liquid investments	
We refer to the accounting policies in the financial statements and the Notes 18 and 32. The Group's investment portfolio 31.12.2019 amounts to 118,6 million euros. The investment portfolio includes mainly investments to the funds managed by CapMan group companies. Determining the fair value of funds and direct investments to portfolio companies is carried out using International Private Equity and Venture Capital valuation guidelines (IPEV) and IFRS and the fair values are based on estimated cash-flows or peer-group multiples. Fair value measurement includes subjective estimations by management, specifically in areas where fair value is based on a model based valuation. Valuation techniques for private equity funds involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could lead to different estimates of fair value. *Valuation of non-liquid investments was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2).*	Our audit procedures to address the risk of material misstatement relating to valuation of non-liquid investments included, among others, identifying and testing the controls in place over recording fair values of non-liquid investment. We performed additional procedures for areas of higher risk and estimation, involving our valuation specialists. Our audit procedures included: • Developing an understanding of the private equity and real estate portfolios. • Reviewing the price of recent transactions and investments. • Assessing assumptions used in the valuations and corroborating that the valuation appropriately reflects the risks of the portfolios. • Comparing the assumptions against established policies and determining if they have been applied appropriately. • Reviewing and assessing the valuations determined by CapMan or other party. • Verifying that the International Private Equity and Venture Capital Valuation Guidelines and valuation methodology of IFRS have been applied correctly. In addition, we also assessed the adequacy of disclosures relating to the non-liquid investments.

Key Audit Matter	How our audit addressed the Key Audit Matter
Acquisition of JAM Advisors Oy *We refer to the accounting policies in the financial statements and the Note 3.* The company acquired 60% of the shares of JAM Advisors Oy during the financial year. In addition CapMan has a call option and the sellers have a put option for the remaining 40 per cent minority stake. The options are exercisable in 2023. Due to the options, JAM Advisors Oy has been treated like a fully owned subsidiary in CapMan's consolidated accounts. The business combination is a key audit matter as it involves valuation methods and estimates made by management. Management's estimates relate specifically to determining the fair value of acquired assets and liabilities. In addition, the put and call options are valued at fair value at the year end.	Our audit procedures to address the risk in respect of the purchase price allocation and financial reporting of the acquisition included among others: • Assessing group's accounting principles against Business Combinations -reporting standard. • Assessing the valuation processes and methodologies used, in order to identify acquired assets and liabilities and to determine the fair value of these. Our valuation expert was involved to the audit as a specialist and assisted us in evaluating the assumptions and methodologies used. • Assessing the disclosures in respect of business combinations.

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

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures,

and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Requirements

Information on our audit engagement

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

Other information

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

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

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

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

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

Helsinki 29 January 2020

Ernst & Young Oy
Authorized Public Accountant Firm

Ulla Nykky
Authorized Public Accountant

Shares and shareholders

CapMan is a Nordic listed private equity asset management and investment company. The parent company CapMan Plc's share has been listed on the Helsinki Stock Exchange (Nasdaq Helsinki) since 2001. CapMan had 19,936 shareholders as of the end of 2019.

CapMan shares

CapMan's shares are quoted on the main list of Nasdaq Helsinki. All shares generate equal voting rights and rights to a dividend and other distribution to shareholders. CapMan had a total of 153,754,648 shares as of 31 December 2019. CapMan's shares are included in the book-entry securities register and have no nominal value. CapMan's share capital as of 31 December 2019 was 771,586.98.

Nominee-registered shareholders

CapMan Plc's foreign shareholders can register their holdings in nominee-registered book-entry accounts, for which a custodian is registered in the company's list of shareholders rather than the ultimate owner. Foreign and nominee-registered shareholders held a total of 5% of CapMan's shares as of the end of 2019. A breakdown by sector and size of holding can be found on the Notes to the Financial Statements.

Dividend policy and dividend payable for 2019

CapMan's objective is to pay an annually increasing dividend to its shareholders. The Board of Directors will propose to the Annual General Meeting that a distribution of € 0.13 per share be paid to shareholders.

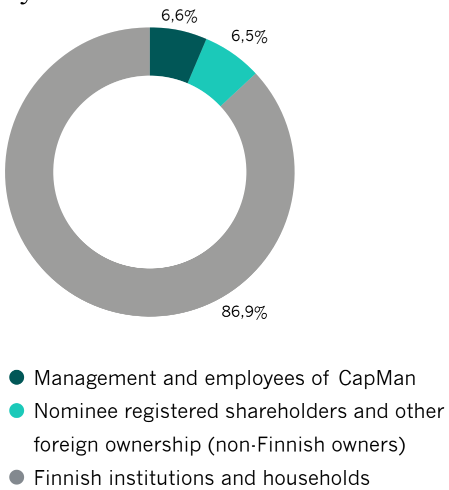
IR contacts

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

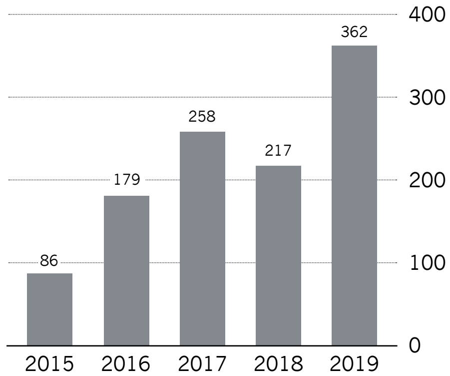
Read more

www.capman.com/shareholders/

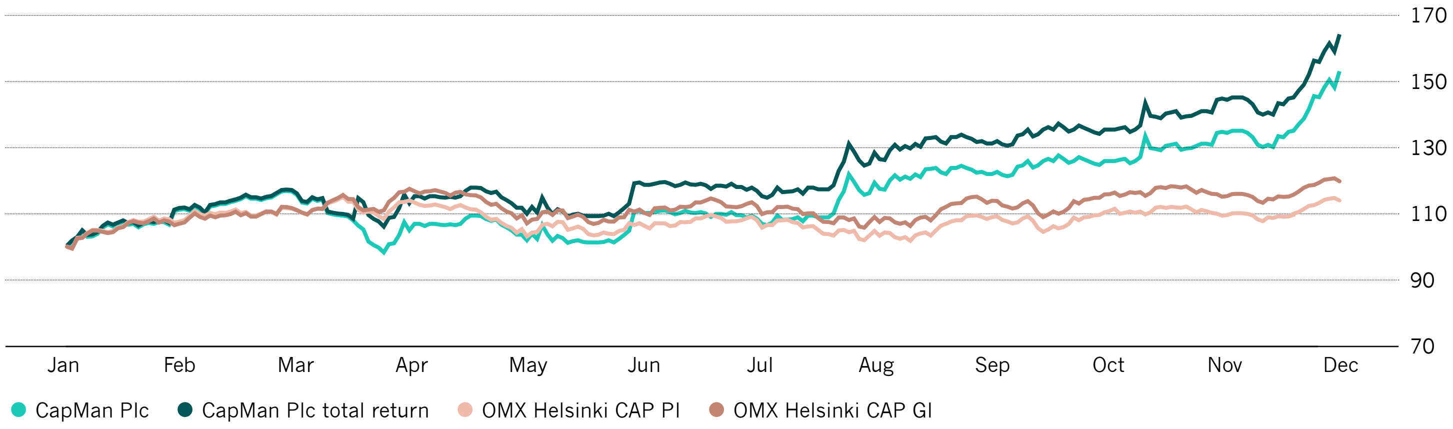
Holding and voting rights by shareholder class



Market capitalisation, M€



Share price and index development in 2019



Information for shareholders

Annual General Meeting 2020

CapMan Plc's Annual General Meeting 2020 will be held on Wednesday, 11 March 2020 at 10.00 a.m. EET at Glo Hotel Art at the address Lönnrotinkatu 29, Helsinki. All shareholders registered with the company's list of shareholders maintained by Euroclear Finland Oy on Friday, 28 February 2020 are entitled to attend.

Shareholders wishing to attend the AGM should inform the company by 10.00 am EET on Friday 6 March 2020 at the latest. Registration can be made electronically by utilizing Euroclear's electronic general meeting service at www.capman.com/shareholders/general-meetings/, by e-mail to the address agm@capman.com, or by sending a written notification to the company's address (CapMan Plc/ AGM, Ludviginkatu 6, 00130 Helsinki). Registrations must reach the company by the date and time specified above. Any proxy for exercising voting rights must be delivered to CapMan at the aforementioned postal address before expiry of the registration period.

Dividend and equity repayment

The Board of Directors will propose to the AGM that a total distribution of €0.13 per share, consisting of a dividend of €0.04 per share and equity repayment of €0.09 per share, will be paid for 2019.

CapMan Plc's financial reporting in 2020

CapMan Plc will publish one half-year report and two interim reports during 2020:

- Interim Report for the period 1 January - 31 March 2020 on 23 April 2020
- Half-Year Financial Report for the period 1 January - 30 June 2020 on 6 August 2020
- Interim Report for the period 1 January - 30 September 2020 on 29 October 2020

Financial reports are published in Finnish and English. The company's Annual Reports, Interim Reports, and stock exchange releases and press releases can be obtained electronically at the company's website www.capman.com. The company's website also includes other IR material. Please subscribe to CapMan's publications by email by joinig the mailing list.

Analysts following CapMan Plc

Evli Jerker Salokivi, tel. +358 (0)45 133 2229
Inderes Sauli Vilén, tel. +358 (0)44 025 8908
Nordea Svante Kokfors, tel. +358 (0)9 5300 5337
OP Anssi Raussi, tel. +358 (0)10 252 4392


CapMan
30
30 YEARS OF
VALUE CREATION
WWW.CAPMAN.COM