



CapMan

Interim Report

1-9 | 2020

*Strong development of the
Management Company
business*

CapMan Plc 29 October 2020

CapMan Plc January–September 2020 Interim Report

– Strong development of the Management Company business

Results and significant events in January–September 2020

- Group turnover was MEUR 29.6 1 Jan–30 Sep 2020 (MEUR 32.4 1 Jan–30 Sep 2019), a decrease of 9 per cent from the comparison period.
- Management Company business turnover was MEUR 20.7 (MEUR 19.8), growth was 5 per cent from the comparison period, and operating profit MEUR 5.5 (MEUR 3.6). Management fees were MEUR 19.2 (MEUR 17.4), growth was 10 per cent.
- Service business turnover was MEUR 8.8 (MEUR 12.5), decrease was 30 per cent from the comparison period, and operating profit MEUR 4.1 (MEUR 8.2).
- Investment business operating profit was MEUR -3.1 (MEUR 8.1) due to fair value changes of own investments.
- Operating profit was MEUR 2.6 (MEUR 16.0).
- Diluted earnings per share were -1.1 cents (6.8 cents).
- CapMan Nordic Real Estate III fund held a first closing at MEUR 313. The fund's target size is MEUR 500 and fundraising for the fund continues.
- CapMan Growth II fund exceeded its target size and has raised MEUR 88 to date.

TURNOVER 1-9 2020

€29.6m

OPERATING PROFIT 1-9 2020

€2.6m

NEW AUM RAISED IN 7-9 2020

€470m

EQUITY RATIO 30 SEP 2020

52%

Joakim Frimodig, CEO:

"We continued to advance our business in the third quarter of 2020. This year, we have completed several new growth and development initiatives that support our chosen strategic direction and help build a foundation for growing results in the coming years. Our fee-based profitability was on a good level and the impact of recurring fees to our earnings mix is growing. The fair values of our fund investments have continued to develop positively in the third quarter following the decrease brought on by the Covid-19 pandemic in the beginning of the spring.

” *During the third quarter, we raised almost MEUR 500 in new capital under management.*

Our Management Company business grew by 5 per cent following new products and funds under management. The operating profit of the Management Company business was MEUR 5.5, growing by more than 50 per cent from the comparison period due to both growth in fees and improved cost efficiency. During the third quarter, we raised almost MEUR 500 in new capital under management, which increased by approx. 15 per cent from the end of the second quarter. We raised MEUR 313 for the first closing of the CapMan Nordic Real Estate fund and expanded the BVK mandate by MEUR 70. In addition, we increased the size of the CapMan Growth II fund and commitments to the fund have exceeded the target size of MEUR 85. These and other fundraising projects continue, and new capital raised will impact turnover and results in full starting from next year.

Our Service business turnover fell by 30 per cent in the review period compared to last year due to lower transaction-based services in all services areas during the second and third quarter of the year. The market situation following the Covid-19 pandemic provided a backdrop to the lower transaction activity. In comparison, recurring service fees grew well by over 10 per cent in total from the corresponding period last year. We have continued to develop our services and created new business. Our procurement service CaPS has expanded to the Baltcis and investor reporting and analytics company JAY Solutions demonstrated continued strong growth of its customer base. We are also launching a new strategy and wealth advisory operations for the CapMan Wealth Services business. These new initiatives will help build a stronger Service business starting from next year when we also expect growth in transaction-based services. The Service business operating profit was MEUR 4.1 in January–September 2020.

” *Recurring fees grew well.*

Fair value changes of our own investments form a significant portion of CapMan's results and account for variability in our earnings model to a large extent. Our reported fair values increased by MEUR 2.6 in the third quarter of the year as valuations continued to correct upward for the second quarter in a row following the steep decline in the early spring. The decrease in fair value of our own investments was as such MEUR 2.6 for the first nine months of the year.

Despite the disturbance brought on by the Covid-19 pandemic, we have successfully maintained our course in developing and growing our business. Results have developed in the right direction in the latest two quarters, fee-based profitability is at a good level and our recurring income

grows steadily. Measures taken now build earnings growth for the coming years, including carried interest and return from own investments. Our objective is to pay an annually increasing dividend to our shareholders.”

Group turnover and result in Jan–Sep 2020

CapMan Group’s turnover totalled MEUR 29.6 in Jan–Sep 2020 (Jan–Sep 2019: MEUR 32.4). The 9 per cent decrease in turnover was mainly due to lower transaction-based fees in the Service business as well as lower carried interest income. Recurring fees of the Management Company and Service business grew by 10 per cent in total.

Operating expenses were MEUR 24.4 (MEUR 26.0) in total. Personnel expenses were MEUR 16.4 (MEUR 16.0). Depreciations and amortisations were MEUR 1.1 (MEUR 1.0). Other operating expenses amounted to MEUR 6.9 (MEUR 9.0) and reflect cost savings realised in the second and third quarter of 2020. Operating expenses also included additional expenses related to the termination of the 2018 performance share plan, expenses related to the reorganisation of the Service business and the establishment of Special Situations as a new investment area – MEUR 1.6 in total. The comparison period included expenses of MEUR 1.4 related to the acquisition of JAM Advisors and donations, which were reported as items affecting comparability.

Fair value changes of investments were MEUR -2.6 (MEUR +9.6) for the first nine months of 2020. Fair values of own investments recovered in the second and third quarter of the year following the sharp decline in the beginning of the year brought on mainly by the global Covid-19 crisis.

The Group’s operating profit was MEUR 2.6 (MEUR 16.0). Operating profit excluding items affecting comparability was MEUR 2.6 (MEUR 17.4).

Financial income and expenses amounted to MEUR -2.0 (MEUR -1.8). Profit before taxes was MEUR 0.6 (MEUR 14.1) and profit after taxes was MEUR -0.9 (MEUR 12.3).

Diluted earnings per share were -1.1 cents (6.8 cents). Diluted earnings per share excluding items affecting comparability were -1.1 cents (7.6 cents).

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

Management Company business

Turnover generated by the Management Company business for the review period totalled MEUR 20.7 (MEUR 19.8), growth was 5 per cent. Several new funds contributed favourably to management fees for the period. The newest CapMan Growth II and CapMan Nordic Real Estate III funds’ full contribution to management fees will be visible in the beginning of 2021. Of the turnover, 97 per cent was based on long term contracts (92 per cent during the comparison period).

Carried interest income for the review period totalled MEUR 0.6 (MEUR 1.5) and was received from Access Capital funds. In the comparison period, CapMan Mezzanine V fund contributed to carried interest.

Operating expenses of the Management Company business amounted to MEUR 15.1 (MEUR 16.1). Operating profit of the Management Company business grew by 53 per cent and totalled MEUR 5.5 (MEUR 3.6), while profit for the year was MEUR 4.3 (MEUR 2.9).

Service business

Turnover generated by Service business totalled MEUR 8.8 (MEUR 12.5) and the 30 per cent decrease year-over-year was mainly due to lower transaction-based fees in the second and third quarter compared to the

corresponding period last year. Losses from exchange rate fluctuations were also included in Service business turnover.

The Service business was reorganised in the third quarter of the year and its service entities are CapMan Wealth Services (previously wealth advisory services provided by JAM Advisors and Scala's investor services), JAY Solutions (previously JAM Advisors' reporting and analytics business) and procurement service CaPS. Recurring fees from services by JAY Solutions and CaPS increased during the review period. JAM Advisors was consolidated as of 27 February 2019. Of the turnover, 73 per cent was based on long term contracts (46 per cent during the comparison period).

Operating expenses of the Service business amounted to MEUR 4.8 (MEUR 4.6). The operating profit of the Service business was MEUR 4.1 (MEUR 8.2). The profit for the review period was MEUR 3.2 (MEUR 6.6).

Investment business

Change in fair value of investments was MEUR -2.6 in Jan-Sep 2020 (MEUR +9.6 in Jan-Sep 2019). The decrease was mainly due to the Covid-19 pandemic and its subsequent impact on valuations in the first quarter. Fair values increased overall during the second and third quarter of the year.

Operating expenses of the Investment Business were MEUR 0.4 for the review period (MEUR 1.5).

Operating profit for the Investment business was MEUR -3.1 (MEUR 8.1). Profit for the Investment business was MEUR -5.0 (MEUR 6.0).

Table 1: CapMan's investments booked at fair value as at 30 September 2020

	Fair value 30 September 2020 (MEUR)
Fund investments	116.4
Other financial assets	1.5
Market portfolio	1.3
Total	119.2

Fair value of **fund investments** was MEUR 116.4 on 30 September 2020 (30 September 2019: MEUR 110.7). Fair value changes of fund investments were MEUR -1.2 in the first nine months of 2020 (MEUR +7.3), representing a 1.0 per cent decrease in value (Jan-Sep 2019: +7.4 per cent). The negative change in the fair value of fund investments was mainly due to the impact of the Covid-19 crisis on the valuation of private equity funds in the beginning of the year. During the second and third quarter of the year, fund value development was predominantly positive. For funds managed by CapMan, Infrastructure funds experienced the largest positive development. Fund investments include mainly funds managed by CapMan.

CapMan invested a total of MEUR 15.9 in the first nine months of 2020 (MEUR 28.5). CapMan received distributions from funds totalling MEUR 13.6 (MEUR 10.1). The amount of remaining commitments that have not yet been called totalled MEUR 100.8 as at 30 September 2020 (30 September 2019: MEUR 105.2) and include commitments to the newest Buyout, Infra, Real Estate and Growth funds. Capital calls, distributions and remaining commitments are detailed in the Tables section of this report.

The fair value of CapMan's remaining **market portfolio** was MEUR 1.3 on 30 September 2020 (30 September 2019: MEUR 10.8) and consisted mainly of bonds.

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

Balance sheet and financial position as at 30 September 2020

CapMan's balance sheet totalled MEUR 206.0 as at 30 September 2020 (30 September 2019: MEUR 211.5). Non-current assets amounted to MEUR 150.8 (MEUR 150.2), of which goodwill totalled MEUR 15.3 (MEUR 19.5). Goodwill was impaired in the end of 2019 following a write-down of CapMan Russia.

As at 30 September 2020, fund investments booked at fair value totalled MEUR 116.4 (MEUR 110.7 as at 30 September 2019).

Other financial assets booked at fair value were MEUR 1.5 (MEUR 2.7).

Long-term receivables amounted to MEUR 10.2 (MEUR 10.4).

Current assets amounted to MEUR 55.2 (MEUR 61.2). Financial assets booked at fair value, i.e. current investments, were MEUR 1.3 (MEUR 10.8) and included the market portfolio. Cash in hand and at banks amounted to MEUR 41.0 (MEUR 38.4).

CapMan's interest-bearing net debt amounted to MEUR 31.3 as at 30 September 2020 (MEUR 14.6). After the comparison period, CapMan drew MEUR 20 of its long-term credit facility in the review period.

CapMan's total interest-bearing debt as at 30 September 2020 is outlined in Table 2.

Table 2: CapMan's interest bearing debt

	Debt amount 30 Sep 2020 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2019 (MEUR)
Senior bond (issued in 2018)	50	Q2 2023	4.13%	50
Long-term credit facility (available)	20 (20)	Q2 2022	2.00%	(40)

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 30 September 2020.

Trade and other payables totalled MEUR 15.9 on 30 September 2020 (30 September 2019: MEUR 19.5).

The Group's cash flow from operations totalled MEUR -7.7 for the review period (MEUR +1.1). The larger negative net cash flow from operations compared to the corresponding period last year included withholding taxes related to the execution of the 2018 performance share plan, among others. CapMan receives management fees from funds semi-annually, in January and July, which is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR +7.2 (MEUR +11.0) 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 -0.4 (MEUR +12.2) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR -2.2 (MEUR -28.3) and included the drawdown of the credit facility and the distribution of dividends and equity repayment.

Capital under management as at 30 September 2020

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

Capital under management was MEUR 3,577 as at 30 September 2020 (30 September 2019: MEUR 3,240). The increase in capital under management was mainly due to the establishment and commitments to CapMan Nordic Real Estate III and CapMan Growth II funds, as well as the expansion of the real estate mandate. The debt for the new hotels real estate fund has been included in capital under management in line with the previous Hotels RE fund. Capital under management per fund type is displayed in Table 3.

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

	30.9.20 (MEUR)	30.9.19 (MEUR)
Real Estate	2,224	1,926
Private Equity & Credit	1,028	995
Infra	296	262
Other	29	58
Total capital under management (incl. Hotels II fund debt)	3,577	3,240

Key figures 30 September 2020

CapMan's return on equity was -1.1 per cent on 30 September 2020 (30 September 2019: +13.3 per cent) and return on investment +1.9 per cent (+11.6 per cent). Comparable return on equity was -1.1 per cent (+14.8 per cent) and comparable return on investment was +1.9 per cent (+12.6 per cent). Equity ratio was 52.0 per cent (59.9 per cent).

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

Table 4: CapMan's key figures

	30.9.20	30.9.19	31.12.19
Earnings per share, cents	-1.1	6.9	9.2
Diluted, cents	-1.1	6.8	9.0
Adjusted earnings per share, diluted, cents	-1.1	7.6	11.6
Shareholders' equity / share, cents	67.5	81.6	85.1
Share issue adjusted number of shares, avg.	155,579,338	151,644,166	152,154,735
Return on equity, %	-1.1	13.3	12.7
Return on equity, comparable, %	-1.1	14.8	16.0
Return on investment, %	1.9	11.6	10.5
Return on investment, comparable, %	1.9	12.6	13.5
Equity ratio, %	52.0	59.9	59.9
Net gearing, %	29.6	11.7	7.2

Decisions of the 2020 Annual General Meeting

Decisions of the AGM regarding distribution of funds

CapMan's 2020 Annual General Meeting (AGM) decided in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.04 per share and an equity repayment of EUR 0.09 per share be paid from the distributable profits and the invested unrestricted equity fund of the company, EUR 0.13 per share in total. The dividend and equity repayment were paid on 20 March 2020. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange releases on the decisions taken by the General Meetings issued on 11 March 2020.

Decisions of the AGM regarding the composition of the Board

The 2020 AGM decided that the Board of Directors comprises seven members. Mr. Andreas Tallberg, Ms. Catarina Fagerholm, Mr. Johan Hammarén, Mr. Eero Heliövaara, Ms. Mammu Kaario, Mr. Olli Liitola and Mr. Peter Ramsay were elected members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. The Board composition and remuneration have been described in greater detail in the stock exchange releases regarding the decisions of the AGM and the organisational meeting of the Board issued on 11 March 2020.

Authorisations given to the Board by the AGM

The 2020 AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's shares. The number of shares concerned shall not exceed 14,000,000, which corresponds to approx. 9.09 per cent of all shares in the company.

The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be

issued shall not exceed 14,000,000 shares, which corresponds to approx. 9.09 per cent of all shares in the company.

The authorisation shall remain in force until the end of the following AGM and 30 June 2021 at the latest.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 11 March 2020.

Shares and shareholders

Shares and share capital

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

Share capital totalled EUR 771,586.98 as at 30 September 2020. CapMan had 156,444,470 shares outstanding as at 30 September 2020 (153,270,056 shares as at 30 September 2019). CapMan issued 2,002,208 shares in a directed share issue without payment to implement the share payments of its Performance Share Plan 2018.

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

Company shares

As at 30 September 2020, CapMan Plc held a total of 26,299 CapMan shares, representing 0.02 % of shares and voting rights. The market value of own shares held by CapMan was EUR 53,124 as at 30 September 2020 (30 September 2019: EUR 51,020). No changes occurred in the number of own shares held by CapMan Plc during the review period.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 2.02 on 30 September 2020 (30 September 2019: EUR 1.94). The trade-weighted average price for the review period was EUR 2.13 (EUR 1.71). The highest price paid was EUR 2.89 (EUR 1.95) and the lowest EUR 1.49 (EUR 1.48). The number of CapMan Plc shares traded totalled 48.6 million (18.3 million), valued at MEUR 103.6 (MEUR 31.4).

The market capitalisation of CapMan Plc shares as at 30 September 2020 was MEUR 315.2 (30 September 2019: MEUR 297.3).

Shareholders

The number of CapMan Plc shareholders increased by 24 per cent from the corresponding period last year and totalled 24,365 as at 30 September 2020 (30 September 2019: 19,616).

Personnel

CapMan employed 145 people on average in the nine months of 2020 (Jan–Sep 2019 average: 146), of whom 112 (108) worked in Finland and the remainder in the other Nordic countries, Luxembourg and the United Kingdom. A breakdown of personnel by country is presented in the Tables section of this report.

Compensation schemes

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

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

The long-term scheme of CapMan consists of an investment based long-term share-based incentive plan (Performance Share Plan) for key employees.

In the investment based long-term share-based incentive plan the participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share. The investment-based long-term incentive plan includes one performance period. The performance period commenced on 1 April 2020 and ends on 31 March 2023. The participants may earn a performance-based reward from the performance period. The prerequisite for receiving reward on the basis of the plan is that a participant acquires company's shares or allocates previously owned company's shares up to the number determined by the Board of Directors. The performance-based reward from the plan is based on the company share's Total Shareholder Return (TSR) and on a participant's employment or service upon reward payment. The rewards from the Plan will be paid fully in the company's shares in 2023. The Board shall resolve whether new Shares or existing Shares held by the Company are given as reward. The target group of the Plan consists of approximately 20 people, including the members of the Management Group. Following the new Performance Share Plan, CapMan's Board of Directors decided to shorten the performance period of the investment-based long-term incentive plan launched in 2018 by one year and correspondingly reduce the reward amount from the 2018 plan by one-third.

As of 30 September 2020, CapMan Plc had one stock option programme, Stock Option Programme 2016, in place as part of its incentive and commitment arrangements for key personnel. Following the long-term

incentive plan, CapMan will not grant new options from the option plan 2016.

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

Other significant events in Jan–Sep 2020

In August, CapMan established CapMan Nordic Real Estate III fund with a target size of MEUR 500. The fund held a first close at MEUR 313. In line with its predecessor funds, CapMan Nordic Real Estate III makes value-add investments in office, necessity-driven retail and select residential real estate in the Nordics.

In July, CapMan established CapMan Growth II fund, which target size of MEUR 85 was exceeded in September. In line with its predecessor fund, CapMan Growth II makes minority investments in growing Nordic companies.

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

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

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

Events after the end of the review period

There were no significant events after the end of the review period.

Significant risks and short-term uncertainties

General risks

Private equity investment is generally subject to a risk of non-liquid investments, among others, which means uncertainty of the realisation of any increase in value, a risk concerning general economic development and market situation and a risk concerning the economy and political situation of target countries. The most significant short-term risk is the Covid-19 pandemic and related restrictions, which impact the general market development and therefore also CapMan's business. Risks related to CapMan's business are detailed below.

Market risks

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

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

Risks related to the success of the business

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

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

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

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

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

Risks related to carried interest and performance-based income

The timing of exits and the magnitude of the potential carried interest income is difficult to foretell. The transaction-based fees of Wealth Services may also vary significantly from period to period.

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

CapMan recognises revenue from carried interest, to the extent carried interest is based on realised cash flows and repayment risk is estimated to be very low, CapMan is entitled to carried interest, a confirmation on the amount has been received and CapMan is relatively close to receiving it in cash. Returned carried interest income based on clawback conditions would in turn have a negative impact on CapMan's result as a potential clawback provision may not be sufficient. CapMan has recorded a MEUR 2.7 clawback provision for the CapMan Real Estate I Ky fund. The clawback provision has been reduced corresponding to the amount of carried interest income returned to the fund. The sufficiency of the provision is reviewed quarterly by the management, but its actual amount will only be known after the fund has been terminated. 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.

The impact of Covid-19 on CapMan's business

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

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

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

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

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

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

Financial objectives

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

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

Outlook estimate for 2020

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, 29 October 2020

CAPMAN PLC

Board of Directors

CapMan Group's 2020 Financial Statements Bulletin is published on Thursday 4 February 2021.

Additional information:

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

Distribution:

Nasdaq Helsinki Ltd

Principal media

www.capman.com

Group Statement of comprehensive income (IFRS)

€ ('000)	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Management fees	6 576	6 048	19 309	17 534	24 851
Sale of services	2 196	2 990	9 644	13 330	17 211
Carried interest	139	687	618	1 506	6 910
Turnover	8 911	9 726	29 571	32 370	48 972
Other operating income	56	-2	56	7	6
Personnel expenses	-4 861	-5 231	-16 404	-15 997	-24 184
Depreciation and amortisation	-347	-348	-1 066	-1 015	-5 583
Other operating expenses	-1 909	-2 462	-6 901	-9 017	-12 069
Fair value changes of investments	2 603	3 790	-2 648	9 619	12 250
Operating profit	4 454	5 473	2 607	15 968	19 392
Financial income and expenses	-704	-553	-1 998	-1 843	-1 783
Result before taxes	3 750	4 919	609	14 125	17 609
Income taxes	-356	-860	-1 557	-1 862	-1 731
Result for the period	3 394	4 059	-948	12 263	15 878
Other comprehensive income:					
Translation differences	-24	-15	-109	-142	-62
Total comprehensive income	3 370	4 044	-1 057	12 121	15 816

€ ('000)	7-9/20	7-9/19	1-9/20	1-9/19	1-12/19
Profit attributable to:					
Equity holders of the company	3 318	3 815	-1 696	10 437	13 963
Non-controlling interest	76	244	748	1 825	1 915
Total comprehensive income attributable to:					
Equity holders of the company	3 294	3 800	-1 805	10 295	13 900
Non-controlling interest	76	244	748	1 825	1 915
Earnings per share for profit attributable to the equity holders of the Company:					
Earnings per share, cents	2,1	2,5	-1,1	6,9	9,2
Diluted, cents	2,1	2,5	-1,1	6,8	9,0

Group balance sheet (IFRS)

€ ('000)	30.9.20	30.9.19	31.12.19
ASSETS			
Non-current assets			
Tangible assets	2 682	3 550	3 428
Goodwill	15 314	19 544	15 314
Other intangible assets	811	958	797
Investments at fair value through profit and loss			
Investments in funds	116 436	110 736	115 918
Other financial assets	1 464	2 683	2 731
Receivables	10 219	10 411	9 395
Deferred income tax assets	3 843	2 360	3 726
	150 770	150 242	151 309
Current assets			
Trade and other receivables	12 937	11 975	10 792
Financial assets at fair value through profit and loss	1 281	10 834	10 768
Cash and bank	41 031	38 435	43 665
	55 249	61 244	65 225
Total assets	206 019	211 486	216 534

€ ('000)	30.9.20	30.9.19	31.12.19
EQUITY AND LIABILITIES			
Capital attributable the Company's equity holders			
Share capital	772	772	772
Share premium account	38 968	38 968	38 968
Other reserves	71 407	84 753	84 823
Translation difference	-456	-427	-348
Retained earnings	-5 490	-578	3 218
Total capital attributable to the Company's equity holders	105 200	123 488	127 433
Non-controlling interests	354	1 608	2 100
Total equity	105 554	125 096	129 533
Non-current liabilities			
Deferred income tax liabilities	2 660	2 882	2 156
Interest-bearing loans and borrowings	51 472	52 200	59 110
Other non-current liabilities	7 071	7 794	167
	61 203	62 876	61 433
Current liabilities			
Trade and other payables	15 920	19 483	20 159
Interest-bearing loans and borrowings	20 849	822	939
Current income tax liabilities	2 203	3 209	4 469
Current provisions	290		
	39 262	23 514	25 567
Total liabilities	100 465	86 390	87 000
Total equity and liabilities	206 019	211 486	216 534

Group Statement of Changes in Equity

Attributable to the equity holders of the Company

€ ('000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests
Equity on 1 January 2019	772	38 968	83 812	-286	-2 728	120 537	433
Result for the year					10 437	10 437	1 825
Other comprehensive income for the year							
Currency translation differences				-142		-142	
Total comprehensive income for the year				-142	10 437	10 295	1 825
Share issue			9 027			9 027	
Equity investment of non-controlling interests					301	301	17
Share subscriptions with options			1 060			1 060	
Options and Performance Share Plan					558	558	
Dividends and return of capital			-9 146		-9 146	-18 291	-668
Equity on 30 September 2019	772	38 968	84 753	-427	-578	123 488	1 608
Equity on 1 January 2020	772	38 968	84 823	-348	3 218	127 433	2 100
Result for the year					-1 696	-1 696	748
Other comprehensive income for the year							
Currency translation differences				-109		-109	
Total comprehensive income for the year				-109	-1 696	-1 805	748
Share subscriptions with options			438			438	
Performance Share Plan					-1 262	-1 262	
Dividends and return of capital			-13 854		-6 282	-20 136	-1 708
Transactions with non-controlling interests					532	532	-786
Equity on 30 September 2020	772	38 968	71 407	-456	-5 490	105 200	354

Statement of cash flow (IFRS)

€ ('000)	1-9/20	1-9/19	1-12/19
Cash flow from operations			
Result for the financial period	-948	12 263	15 878
Adjustments on cash flow statement	9 350	-3 739	-6 540
Change in working capital:			
Change in current non-interest-bearing receivables	-2 600	-3 931	-3 812
Change in current trade payables and other non-interest-bearing liabilities	-7 903	2 117	1 308
Interest paid	-1 681	-1 548	-2 643
Taxes paid	-3 905	-4 015	-4 553
Cash flow from operations	-7 687	1 146	-363
Cash flow from investing activities			
Acquisition of subsidiaries	-255	-540	-540
Proceeds from sale of subsidiaries			5 900
Investments in tangible and intangible assets	-320	-503	-561
Investments at fair value through profit and loss	7 692	14 496	12 390
Long-term loan receivables granted	-366	-2 604	-3 034
Proceeds from long-term receivables	439	139	2 594
Interest received	51	58	158
Cash flow from investing activities	7 241	11 045	16 907
Cash flow from financing activities			
Share issue	438	1 369	1 542
Proceeds from borrowings	20 000		130
Repayment of long-term loan	-110	-10 000	-10 000
Payment of lease liabilities	-661	-711	-924
Dividends paid and return of capital	-21 854	-18 958	-18 958
Cash flow from other financing items			787
Cash flow from financing activities	-2 187	-28 300	-27 423
Change in cash and cash equivalents	-2 634	-16 109	-10 879
Cash and cash equivalents at start of year	43 665	54 544	54 544
Cash and cash equivalents at end of year	41 031	38 435	43 665

Accounting principles

This unaudited interim report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the previous annual financial statements.

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

Items affecting comparability and alternative performance measures

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

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

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

Segment information

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

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

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

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

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

Segment information 7-9/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	6 546	30			6 576
Service fees	317	1 779		100	2 196
Carried interest	139				139
Turnover	7 002	1 809		100	8 911
Other operating income	5	51			56
Personnel expenses, of which	-3 009	-713		-1 139	-4 861
Salaries and bonuses	-3 009	-713		-954	-4 676
Share-based payment				-185	-185
Depreciation, amortisation and impairment	-128	-157		-61	-347
Other operating expenses	-1 066	-301	-26	-515	-1 909
Internal service fees	-722	-40	-4	765	0
Fair value changes of investments			2 603		2 603
Operating profit (loss)	2 080	649	2 573	-849	4 454
Financial items			-704		-704
Income taxes	-552	-137	160	174	-356
Result for the period	1 528	512	2 029	-676	3 394
Earnings per share, cents					2,1
Earnings per share, diluted, cents					2,1
Timing of revenue recognition from customer contracts:					
Services transferred over time	6 863	1 970		100	8 933
Services transferred at a point in time	139	-161			-22
Revenue from customer contracts, external	7 002	1 809		100	8 911

Segment information 7-9/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	5 997	52			6 048
Service fees	299	2 671		21	2 990
Carried interest	687				687
Turnover, external	6 983	2 722		21	9 726
Other operating income	0	0		-2	-2
Personnel expenses, of which	-3 358	-812	26	-1 087	-5 231
Salaries and bonuses	-3 358	-812	26	-915	-5 059
Share-based payment				-172	-172
Depreciation, amortisation and impairment	-155	-128		-66	-348
Other operating expenses	-773	-589	-458	-642	-2 462
Internal service fees	-808	363	-172	617	
Fair value changes of investments			3 790		3 790
Operating profit	1 890	1 556	3 186	-1 159	5 473
Financial items			-553		-553
Income taxes	-378	-311	-403	232	-860
Result for the period	1 512	1 245	2 230	-927	4 059

Segment information 7-9/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Result for the period	1 512	1 245	2 230	-927	4 059
Earnings per share, cents					2,5
Items impacting comparability, cents					0,0
Adjusted earnings per share, cents					2,5
Earnings per share, diluted, cents					2,5
Items impacting comparability, cents					-0,1
Adjusted earnings per share, diluted, cents					2,4
Timing of revenue recognition from customer contracts:					
Services transferred over time	6 295	2 189		21	8 505
Services transferred at a point in time	687	533			1 221
Revenue from customer contracts, external	6 983	2 722		21	9 726

Segment information 1-9/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	19 207	102	0	0	19 309
Service fees	834	8 682	0	128	9 644
Carried interest	618	0	0	0	618
Turnover	20 659	8 784	0	128	29 571
Other operating income	5	51	0	0	56
Personnel expenses, of which	-8 608	-3 075	-338	-4 384	-16 404
Salaries and bonuses	-8 608	-3 075	-338	-2 650	-14 670
Share-based payment	0	0	0	-1 734	-1 734
Depreciation, amortisation and impairment	-419	-462	0	-186	-1 066
Other operating expenses	-3 939	-1 113	-83	-1 766	-6 901
Internal service fees	-2 168	-119	-11	2 298	0
Fair value changes of investments	0	0	-2 648	0	-2 648
Operating profit	5 530	4 067	-3 080	-3 910	2 607
Financial items	0	0	-1 998	0	-1 998
Income taxes	-1 242	-835	44	476	-1 557
Profit for the period	4 288	3 232	-5 034	-3 434	-948

Segment information 1-9/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Earnings per share, cents					-1,1
Earnings per share, diluted, cents					-1,1
Non-current assets	5 712	29 789	117 905	-2 637	150 770
Timing of revenue recognition from customer contracts:					
Services transferred over time	20 041	6 378		128	26 546
Services transferred at a point in time	618	2 407			3 025
Revenue from customer contracts, external	20 659	8 784		128	29 571

Segment information 1-9/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	17 409	125			17 534
Service fees	846	12 404		80	13 330
Carried interest	1 506				1 506
Turnover, external	19 761	12 529		80	32 370
Turnover, internal		302		-302	
Other operating income	1	12		-6	7
Personnel expenses, of which	-9 420	-2 482	-244	-3 851	-15 997
Salaries and bonuses	-9 420	-2 482	-244	-3 292	-15 439
Share-based payment				-558	-558
Depreciation, amortisation and impairment	-472	-345		-198	-1 015
Other operating expenses	-3 531	-1 650	-778	-3 059	-9 017
Internal service fees	-2 726	-172	-516	3 415	
Fair value changes of investments			9 619		9 619
Operating profit	3 613	8 195	8 082	-3 922	15 968
Items impacting comparability					
Acquisition related expenses				1 126	1 126
Donations			200	97	297
Items impacting comparability, total			200	1 223	1 423
Adjusted operating profit	3 613	8 195	8 282	-2 699	17 391
Financial items			-1 843		-1 843
Income taxes	-723	-1 639	-285	784	-1 862
Profit for the period	2 891	6 556	5 953	-3 137	12 263

Segment information 1-9/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Profit for the period	2 891	6 556	5 953	-3 137	12 263
Items impacting comparability					
Acquisition related expenses				991	991
Donations			200	97	297
Items impacting comparability, total			200	1 088	1 288
Adjusted profit for the period	2 891	6 556	6 153	-2 050	13 550
Earnings per share, cents					6,9
Items impacting comparability, cents					0,8
Adjusted earnings per share, cents					7,7
Earnings per share, diluted, cents					6,8
Items impacting comparability, cents					0,8
Adjusted earnings per share, diluted, cents					7,6
Non-current assets	24 265	15 372	123 512	-12 907	150 242
Timing of revenue recognition from customer contracts:					
Services transferred over time	18 256	5 770		80	24 105
Services transferred at a point in time	1 506	6 760			8 265
Revenue from customer contracts, external	19 761	12 529		80	32 370

Segment information 1–12/2019

€ ('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
Result for the period	5 347	7 275	7 980	-4 724	15 878

Segment information 1–12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Profit for the period	5 347	7 275	7 980	-4 724	15 878
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
Timing of revenue recognition from customer contracts:					
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

Acquisitions

In the reporting period, there were no acquisitions. The acquisition made in the comparison period has an impact on the comparability of figures.

Acquisition of JAM Advisors in 2019

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

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

As of the acquisition date, February 27, 2019, JAM Advisors has been consolidated into CapMan's consolidated financial statements in full and reported as part of CapMan's reportable segment Service Business.

Income taxes

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

Dividends

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

A dividend and repayment of equity of EUR 0.12 per share, totalling EUR 18.3 million, was paid for the financial year 2018.

Non-current assets

Fair value hierarchy of financial assets measured at fair value at 30 September 2020

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	738		115 180	115 918
Additions			15 917	15 917
Distributions			-13 584	-13 584
Fair value gains/losses			-1 244	-1 244
Transfers*	-477		-94	-571
at the end of period	261		116 175	116 436
Other investments				
at Jan 1		166	2 564	2 730
Additions			6	6
Fair value gains/losses			-1 272	-1 272
at the end of period		166	1 298	1 464
Current financial assets at FVTPL**	281	1 000		1 281

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

**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

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

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 77.8 million at the end of the reporting period.

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

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1			80 582	80 582
Additions			38 037	38 037
Distributions			-17 543	-17 543
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	2 381	2 547
Fair value gains/losses			184	184
at the end of period		166	2 564	2 730
Investments in joint ventures				
at Jan 1			4 470	4 470
Additions			144	144
Transfers**			-4 581	-4 581
Fair value gains/losses			-33	-33
at the end of period			0	0
Current financial assets at FVTPL**	2 681	8 087		10 768

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

**fair value through profit or loss

The different levels have been defined as follows:

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

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

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

Level 3 - The asset that is not based on observable market data. Investments in joint ventures reported on Level 3 include investments in Maneq Investments Luxembourg S.a.r.l.

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

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

Sensitivity analysis of Level 3 investments at 30 September 2020

Investment area	Fair Value MEUR, 30 September 2020	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth	12.9	Peer group	Peer group earnings multiples	EV/EBITDA LTM 13.5x	+/- 1.5 MEUR
			Discount to peer group multiples	19 %	-/+ 0.3 MEUR
Buyout	7.1	Peer group	Peer group earnings multiples	EV/EBITDA LTM 12.7x	+ /-1.8 MEUR
			Discount to peer group multiples	21 %	-/+ 0.5 MEUR
Real Estate	37.7	Valuation by an independent valuer			
Infra	25.8	Discounted cash flows	Discount rate; market rate and risk premium	12 %	- 1.6 MEUR / + 1.8 MEUR
Russia	3.9	Peer group	Peer group earnings multiples	EV/EBITDA LTM 8.8x	+/- 0.4 MEUR
			Discount to peer group multiples including additional discount due to increased uncertainty following the market turbulence	46 %	-/+ 0.2 MEUR
Credit	2.7	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
Investments in external PE funds	25.8	Reports from PE fund management company			
Investments in Maneqs	1.6	Peer group	Peer group earnings multiples	EV/EBITDA LTM 10.1x	+/- 0.2 MEUR
			Discount to peer group multiples	20 %	-/+ 0.1 MEUR

Sensitivity analysis of Level 3 investments at 31 December 2019

Investment area	Fair Value MEUR, 31 Dec 2019	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth	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			
Infra	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 increase based on a change in the discount rate is not booked
Funds of funds	0.2	Reports from PE fund management company			
Other investment areas	0.8	Discounted cash flows	Discount rate; market rate and risk premium	6 %	- 0.0 MEUR / value increase based on a change in the discount rate is not booked
Investments in external PE funds	22.8	Reports from PE fund management company			
Maneq-investments	3.7	Peer group	Peer group earnings multiples	EV/EBITDA 2019 8.7x	+/- 0.4 MEUR
			Discount to peer group multiples	22 %	-/+ 0.1 MEUR

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

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

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

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

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

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

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

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

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

In the exceptional market situation caused by the COVID-19 pandemic, the increased volatility in the publicly traded peer group market prices, exceptionally uncertain financial situation and future outlook of portfolio companies and properties as well as the fluctuating market capitalisation rates increase the uncertainty inherent in the valuations substantially compared with a normal situation.

Seasonal nature of business

Carried interest income is accrued on an irregular schedule depending on the timing of exits.

An exit may have an appreciable impact on the Group's result for the full financial year.

Average personnel

By country	30.9.20	30.9.19	31.12.19
Finland	112	108	110
Sweden	22	20	20
Denmark	6	5	5
Russia	0	9	8
Luxembourg	2	1	1
United Kingdom	4	3	3
In total	145	146	147

Contingent liabilities

€ ('000)	30.9.20	30.9.19	31.12.19
Securities and other contingent liabilities	62 771	61 498	62 780
Remaining commitments to funds	100 815	105 208	103 785
Remaining commitments by investment area			
Buyout	38 994	39 847	39 451
Credit	1 480	1 352	1 485
Russia	984	1 092	1 114
Real Estate	13 135	5 244	4 249
Other	3 556	7 015	4 199
Funds of funds	246	551	551
Growth equity	14 615	12 201	12 221
Infra	9 480	15 318	18 019
External private equity funds	18 326	22 590	22 496
In total	100 815	105 208	103 785

Related parties

Commitments to related parties

€ ('000)	30.9.20	30.9.19	31.12.19
Commitments to Maneq funds	643	3 355	643

Turnover and profit quarterly

Year 2020

MEUR	1-3/20	4-6/20	7-9/20	1-9/20
Turnover	11,9	8,7	8,9	29,6
Management fees	6,9	5,9	6,6	19,3
Sales of services	5,0	2,5	2,2	9,6
Carried interest	0,1	0,4	0,1	0,6
Other operating income	0,0	0,0	0,1	0,1
Operating expenses	-9,5	-7,8	-7,1	-24,4
Fair value changes of investments	-8,4	3,2	2,6	-2,6
Operating loss	-6,0	4,1	4,5	2,6
Financial income and expenses	-0,6	-0,7	-0,7	-2,0
Result before taxes	-6,5	3,4	3,8	0,6
Result for the period	-7,4	3,1	3,4	-0,9

Year 2019

MEUR	1-3/19	4-6/19	7-9/19	10-12/19	1-12/19
Turnover	9,3	13,4	9,7	16,6	49,0
Management fees	6,1	5,4	6,0	7,3	24,9
Sales of services	3,0	7,3	3,0	3,9	17,2
Carried interest	0,1	0,7	0,7	5,4	6,9
Other operating income	0,0	0,0	0,0	0,0	0,0
Operating expenses	-8,8	-9,2	-8,0	-15,8	-41,8
Fair value changes of investments	4,2	1,7	3,8	2,6	12,1
Operating profit	4,7	5,8	5,5	3,5	19,4
Financial income and expenses	-0,6	-0,7	-0,6	0,1	-1,8
Result before taxes	4,1	5,1	4,9	3,6	17,6
Result for the period	4,0	4,2	4,1	3,7	15,9