

A person in a suit is working at a desk. A laptop is open on the left, and an open notebook with handwritten notes is on the right. The person's hand is visible, typing on the laptop. The background is blurred, showing an office environment.

CapMan

*Financial Statements Bulletin*

1-12 | 2020

*A strong finish to an  
exceptional year:  
operating profit was  
MEUR 10 in Q4*

CapMan Plc 4 February 2021

# CapMan Plc 2020 Financial Statements Bulletin

## – A Strong finish to an exceptional year: operating profit was MEUR 10 in Q4

### Results and significant events in January–December 2020

- Group turnover was MEUR 43.0 1 Jan–31 Dec 2020 (MEUR 49.0 1 Jan–31 Dec 2019), a decrease of 12 per cent from the comparison period.
- Management Company business turnover was MEUR 30.9 (MEUR 32.8), a decrease of 6 per cent from the comparison period. Management fees were MEUR 28.9 (MEUR 24.7), growth was 17 per cent. Operating profit was MEUR 9.1 (reported MEUR 6.0, comparable MEUR 10.2).
- Service business turnover was MEUR 11.4 (MEUR 15.7), decrease was 28 per cent from the comparison period, and operating profit MEUR 5.0 (MEUR 9.1).
- Investment business operating profit was MEUR 4.0 (reported MEUR 10.2, comparable MEUR 10.4).
- Operating profit was MEUR 12.3 (reported MEUR 19.4, comparable MEUR 25.0).
- Diluted earnings per share were 3.3 cents (reported 9.0 cents, comparable 11.6 cents).
- Capital under management was EUR 3.8 billion on 31.12.2020.
- The Board of Directors proposes a total of 14 cents/share to be distributed for 2020, consisting of a dividend of 2 cents/share and equity repayment of 12 cents/share. The distribution of funds would be paid in two equal instalments six months apart.

TURNOVER 2020

€43.0m

OPERATING PROFIT 2020

€12.3m

ASSETS UNDER MANAGEMENT  
31.12.2020

€3.8 bn

BOARD PROPOSAL FOR  
DISTRIBUTION / SHARE

14 ¢

Annually growing dividend  
since 2012

## Joakim Frimodig, CEO:

"We have grown our assets under management and our fee base significantly during 2020. This is also reflected in our fee-based profitability, which is at record levels. At the same time, the significance of recurring fees as a result driver has grown steadily. Our investment income showed strong development in the last quarter of the year and the fair value change was clearly positive for the entire year following the steep decline in the beginning of the year. 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 assets under management reached a record level of EUR 3.8 billion by the end of the year.*

Our assets under management reached a record level of EUR 3.8 billion by the end of the year. In the second half of the year, they grew by more than 20 per cent (MEUR 700). We continued fundraising for CapMan Nordic Real Estate III and the fund has already exceeded its target size. The MEUR 535 in commitments as of January make it the largest fund in CapMan's history. CapMan Growth II fund also exceeded its target size and reached a final close at MEUR 97. Both funds have already made several investments. We expect further growth in assets under management in 2021 following new funds and fundraising projects.

Management Company turnover was MEUR 31. The segment declined by 6 per cent due to lower carried interest compared to the comparison period. Management fees grew by more than 17 per cent following new

funds under management. The operating profit of the Management Company business was MEUR 9 growing by 50 per cent from the comparable comparison period due to both growth in fees and improved cost efficiency.

Our Service business turnover was MEUR 11 and operating profit MEUR 5 in 2020. The turnover decreased by 28 per cent from the comparison year mainly due to lower transaction-based services. Recurring service fees grew by 14 per cent in total from the comparison year.

” *Fee-based profitability has more than quadrupled over the past three years and we expect the positive development to continue over the upcoming years.*

Management and service fee-based profitability exceeded MEUR 13 in 2020, growth of 7 per cent from the comparison year. The growth was almost entirely constituted from recurring fees. Fee-based profitability has more than quadrupled over the past three years and we expect the positive development to continue over the upcoming years.

Fair value changes of our investments have fluctuated over the past year following market development. Our reported fair values increased by approx. MEUR 7 in the last quarter of the year, which reflects the improved outlook for many investments. Funds have developed well following the steep decline in the beginning of the year, and the fair value increase of our investments was MEUR 4.4 for the entire year 2020.

Our fee-base is strong and growing and the recurring income support the development of fee-based profitability. Many of our funds hold significant carried interest potential, which the revival of the exit market should help



realise. The strong result for the end of 2020 provides direction for developments in 2021.

Our balance sheet is strong and our liquidity is very good. At the end of the year, our equity ratio was 52 per cent and liquid assets close to MEUR 60. CapMan's objective is to pay an annually increasing dividend to our shareholders. The Board of Directors proposes 14 cents per share to be distributed as dividend and equity repayment for 2020. This would increase CapMan's distribution to shareholders for eight consecutive years."

## Group turnover and result in 2020

CapMan Group's turnover totalled MEUR 43.0 in the financial year spanning 1 January–31 December 2020 (1 January–31 December 2019: MEUR 49.0). The 12 per cent decrease in turnover was mainly due to lower carried interest income as well as lower transaction-based service fees compared to the comparison year. Recurring fees of the Management Company and Service business grew by 16 per cent in total.

Operating expenses were MEUR 35.1 (MEUR 41.8) in total. Personnel expenses, including incidentals, were MEUR 22.0 (MEUR 23.5). Depreciations and amortisations were MEUR 1.5 (MEUR 5.6). Other operating expenses amounted to MEUR 9.7 (MEUR 12.1) and reflect cost savings realised during the year 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 1.7 in total. The comparison period included expenses of MEUR 5.7 mainly related to the impairment of goodwill related to CapMan's Russia

business, the acquisition of JAM Advisors and donations, which were reported as items affecting comparability.

Fair value changes of investments were MEUR +4.4 (MEUR +12.3) for 2020. Fair values of investments recovered after April 2020 following the sharp decline in the beginning of the year brought on mainly by the global Covid-19 pandemic. The accelerated improvement in the fourth quarter of the year was due to positive fair value changes in funds on a broad scale.

The Group's operating profit was MEUR 12.3 (MEUR 19.4). Operating profit excluding items affecting comparability was MEUR 12.3 (MEUR 25.0).

Financial income and expenses amounted to MEUR -3.1 (MEUR -1.8). Profit before taxes was MEUR 9.2 (MEUR 17.6) and profit after taxes was MEUR 6.3 (MEUR 15.9).

Diluted earnings per share were 3.3 cents (9.0 cents). Diluted earnings per share excluding items affecting comparability were 3.3 cents (11.6 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 year totalled MEUR 30.9 (MEUR 32.8), a decrease of 6 per cent mainly due to lower carried interest income compared to the comparison year.

Management fees were MEUR 28.9 (MEUR 24.7), growth was 17 per cent. Several new funds contributed favourably to management fees for the period. Full contribution to management fees from the newest CapMan Growth II and CapMan Nordic Real Estate III funds will be visible in 2021.

At the same time, management fees decreased in older funds as part of the funds' normal life cycle. Of the turnover, 97 per cent was based on long term contracts (79 per cent during the comparison period).

Carried interest income for the review period totalled MEUR 0.9 and was received mainly from Access Capital funds. In the comparison period, carried interest was MEUR 6.9 mainly due to the sale of assets from the previous hotels real estate fund to the new hotels real estate fund.

Operating expenses of the Management Company business amounted to MEUR 21.9 (MEUR 26.8). Operating profit of the Management Company business was MEUR 9.1 (MEUR 6.0), while profit for the year was MEUR 7.1 (MEUR 5.3). The expenses for the comparison period included the impairment of the goodwill of the Russia business, which was reported as an item affecting comparability.

### Service business

Turnover generated by Service business totalled MEUR 11.4 (MEUR 15.7) and the 28 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 negative exchange rate effects on long-term dollar-denominated receivables were also included in Service business turnover.

The Service business was reorganised in the third quarter of the year and starting from August 2020, 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 service fees increased during the review period. JAM Advisors was consolidated as of 27 February 2019. Of the turnover, 79 per cent was based on long term contracts (50 per cent during the comparison period).

Operating expenses of the Service business amounted to MEUR 6.4 (MEUR 6.9). The operating profit of the Service business was MEUR 5.0 (MEUR 9.1). The profit for the year was MEUR 4.0 (MEUR 7.3).

### Investment business

Change in fair value of investments was MEUR +4.4 in 2020 (MEUR +12.3 in 2019). Valuations increased in general over the second, third and fourth quarters following a decrease in the beginning of the year mainly due to the Covid-19 pandemic. Fair values increased overall during the second and third quarter of the year. The positive development accelerated in the last quarter of the year due to strong development of funds.

Operating expenses of the Investment Business were MEUR 0.4 for the review period (MEUR 2.0).

Operating profit for the Investment business was MEUR 4.0 (MEUR 10.2). Comparable operating profit was MEUR 4.0 (MEUR 10.4). Profit for the Investment business was MEUR 0.8 (MEUR 8.0).

**Table 1: CapMan's investments booked at fair value as at 31 December 2020**

Fair value 31 December 2020 (MEUR)	
Fund investments	116.1
Other long-term investments	0.2
Market portfolio	0.3
<b>Total</b>	<b>116.6</b>

Fair value of **fund investments** was MEUR 116.1 on 31 December 2020 (31 December 2019: MEUR 115.9). Fair value changes of fund investments were MEUR +7.1 in 2020 (MEUR +9.7), representing a 5.6 per cent increase in value (2019: +9.5 per cent). The positive change in

the fair value of fund investments was mainly due to the generally positive development in funds across the board after April 2020. Fair values have increased especially in the last quarter of the year.

CapMan invested a total of MEUR 17.9 in 2020 (MEUR 38.0). CapMan received distributions from funds totalling MEUR 24.7 (MEUR 17.5). The amount of remaining commitments that have not yet been called totalled MEUR 109.1 as at 31 December 2020 (31 December 2019: MEUR 103.8) 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 change of other long-term investments was MEUR -2.5 (MEUR +0.2) during the year mainly due to the write-down of one asset.

The fair value of CapMan's remaining market portfolio was MEUR 0.3 on 31 December 2020 (31 December 2019: MEUR 10.8) and consisted mainly of listed stocks.

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 31 December 2020

CapMan's balance sheet totalled MEUR 218.8 as at 31 December 2020 (31 December 2020: MEUR 216.5). Non-current assets amounted to MEUR 146.4 (MEUR 151.3), of which goodwill totalled MEUR 15.3 (MEUR 15.3). Goodwill was written down in the end of 2019 following an impairment of the CapMan Russia business.

As at 31 December 2020, fund investments booked at fair value totalled MEUR 116.1 (MEUR 115.9 as at 31 December 2019).

Other financial assets booked at fair value were MEUR 0.2 (MEUR 2.7).

Long-term receivables amounted to MEUR 9.1 (MEUR 9.4).

Current assets amounted to MEUR 72.3 (MEUR 65.2). Financial assets booked at fair value, i.e. current investments, were MEUR 0.3 (MEUR 10.8) and included the market portfolio. Cash in hand and at banks amounted to MEUR 58.0 (MEUR 43.7).

CapMan's interest-bearing net debt amounted to MEUR 25.5 as at 31 December 2020 (MEUR 9.3). CapMan drew MEUR 20 of its long-term credit facility and issued a MEUR 50 senior bond in 2020. With the proceeds from the bond, CapMan repaid MEUR 18.5 million of its senior bond issued in 2018 and the drawn long-term credit facility. CapMan's total interest-bearing debt as at 31 December 2020 is outlined in Table 2.

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

	Debt amount 31 Dec 2020 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2019 (MEUR)
Senior bond (issued in 2018)	31.5	Q2 2023	4.13%	50
Senior bond (issued in 2020)	50	Q4 2025	4.00%	-
Long-term credit facility (drawn/available)	0/40	Q2 2022	2.00%	0/40

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 31 December 2020.

Trade and other payables totalled MEUR 11.1 on 31 December 2020 (31 December 2019: MEUR 20.2).

The Group's cash flow from operations totalled MEUR -11.9 for 2020 (MEUR -0.4). The larger negative net cash flow from operations compared to the comparison year included MEUR -7.4 in repayment of carried interest (clawback) and MEUR -3.0 in 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 +17.5 (MEUR +16.9) 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 +5.6 (MEUR +16.5) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR +8.8 (MEUR -27.4) and included the issue of the 2020 senior bond, the partial repayment of the 2018 senior bond and the distribution of dividends and equity repayment.

## Capital under management as at 31 December 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 3,827 as at 31 December 2020 (31 December 2019: MEUR 3,245). 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)**

	31.12.20 (MEUR)	31.12.19 (MEUR)
<b>Real Estate</b>	2,440	1,931
<b>Private Equity &amp; Credit</b>	998	973
<b>Infra</b>	357	293
<b>Other</b>	32	48
<b>Total capital under management (incl. Hotels II fund debt)</b>	<b>3,827</b>	<b>3,245</b>

## Key figures 31 December 2020

CapMan's return on equity was 5.2 per cent on 31 December 2020 (31 December 2019: 12.7 per cent) and return on investment 6.3 per cent (10.5 per cent). Comparable return on equity was 5.2 per cent (16.0 per cent) and comparable return on investment was 6.3 per cent (13.5 per cent). Equity ratio was 51.9 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**

	31.12.20	31.12.19
Earnings per share, cents	3.3	9.2
Diluted, cents	3.3	9.0
Adjusted earnings per share, diluted, cents	3.3	11.6
Shareholders' equity / share, cents	72.7	85.1
Share issue adjusted number of shares, avg.	155,796,829	152,154,735
Return on equity, %	5.2	12.7
Return on equity, comparable, %	5.2	16.0
Return on investment, %	6.3	10.5
Return on investment, comparable, %	6.3	13.5
Equity ratio, %	51.9	59.9
Net gearing, %	22.5	7.2

## 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 17 March 2021 that a total of EUR 0.14 per share would be paid to shareholders, equivalent of a total of MEUR 21.9, from distributable funds for 2020. The distribution of funds would be divided in a dividend of EUR 0.02 per share, equivalent to a total of approx. MEUR 3.1 as well as an equity repayment of EUR 0.12 per share to be returned from the invested unrestricted equity fund, equivalent to a total of approx. MEUR 18.8. CapMan's distributable funds amounted to MEUR 72.2 on 31 December 2020. The dividend and equity repayment would be paid in two equal instalments six months apart.

### Andreas Tallberg, Chairman of the Board of CapMan

"CapMan's Board of Directors proposes that a total of 14 cents per share of dividends and equity repayments be paid out for 2020. In line with increasingly frequent market practice, we propose that the distribution is to be executed in two instalments starting from the year 2021. CapMan's objective is to pay an annually increasing dividend to its shareholders and the company grows its distribution to shareholders for eight consecutive years following this proposal."

## Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2021

CapMan Group's Financial Statements and the Report of the Board of Directors for 2020 will be published as part of the company's Annual



Report for 2020 in February 2021 during week 8. CapMan Plc's 2021 AGM will be held on Wednesday 17 March 2021 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 23 February 2021 the latest.

Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 23 February 2021 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 2020 during week 8 and will be available on the company's website by 23 February 2021 the latest.

## 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 31 December 2020. CapMan had 156,458,970 shares outstanding as at 31 December 2020 (153,754,648 shares as at 31 December 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 31 December 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 61,013 as at 31 December 2020 (31 December 2019: EUR 62,066). 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 2.32 on 31 December 2020 (31 December 2019: EUR 2.36). The trade-weighted average price for the review period was EUR 2.13 (EUR 1.85). The highest price paid was EUR 2.89 (EUR 2.36) and the lowest EUR 1.49 (EUR 1.48). The number of CapMan Plc shares traded totalled 56.6 million (41.5 million), valued at MEUR 120.5 (MEUR 76.6).

The market capitalisation of CapMan Plc shares as at 31 December 2020 was MEUR 362.2 (31 December 2019: MEUR 361.9).

### Shareholders

The number of CapMan Plc shareholders increased by 26 per cent from the corresponding period last year and totalled 25,075 as at 31 December 2020 (31 December 2019: 19,936).

There were no flagging notices issued during 2020.

## Personnel

CapMan employed 146 people on average in 2020 (2019 average: 147), of whom 112 (110) 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 31 December 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](http://www.capman.com).

## Other significant events in 2020

In December, CapMan issued a EUR 50 million senior bond that matures in 2025. The new bond extends the average maturity of CapMan's debt portfolio and is part of its efficient management. The proceeds from the Notes offering have been used to refinance certain existing indebtedness of the Company, including funding the repurchase of a part of the Company's existing notes by way of a tender offer.

CapMan has terminated the CapMan Real Estate I Ky Fund and returned MEUR 7.4 to its investors in 2020 in accordance with a clawback liability

related to the fund. The realisation of this clawback liability had a minor positive effect on CapMan's result for 2020 (MEUR 0.3). CapMan has no further clawback provisions related to the repayment of its carried interest.

CapMan Infra syndicated the investment of CapMan Nordic Infrastructure I Fund in Norled, resulting in a decrease of the fund's share of the asset. CapMan received approx. MEUR 50 in co-investments in the asset from three international institutional investors and CapMan remains as asset manager. The fund reached a final close of approx. MEUR 190 in October and CapMan Infra's assets under management reached approx. MEUR 360 in total including mandates and club deals.

In August, CapMan established CapMan Nordic Real Estate III fund, which has raised MEUR 535 as of January 2021. 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 reached a final close of MEUR 97. The fund exceeded its target size. In line with its predecessor fund, CapMan Growth II makes minority investments in growing Nordic companies.

CapMan has reorganised 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 financial year

There were no significant events after the end of the financial year.

## Significant risks and short-term uncertainties

### General risks

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

### Market risks

Investment operations carried out by CapMan are subject to general market risk. Market values can change, for example, because of

fluctuations in the equity, fixed income, currency and real estate markets. Changes in market values impact the result of CapMan through the appreciations of its investment assets.

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

### Risks related to the success of the business

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

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

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

The values of portfolio companies can vary positively or negatively within short periods if changes occur in the peer group or in the interest in the company of potential buyers. As a result of exit processes, significant return is typically realised on successful investments also in the short term



as the exit price is based on strategic value and synergies created for the buyer, and not directly on peer group multiples.

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

### **Risks related to carried interest and performance-based income**

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

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

CapMan recognises revenue from carried interest, to the extent carried interest is based on realised cash flows and repayment risk is estimated to be very low, CapMan is entitled to carried interest, a confirmation on the amount has been received and CapMan is relatively close to receiving it in cash. Returned carried interest income based on clawback conditions would in turn have a negative impact on CapMan's result as a potential clawback provision may not be sufficient.

### **Risks related to the availability or cost of financing**

The company's financing agreements include financing covenants and other conditions. Violation of covenants related to financing agreements

and a failure to fulfil other contractual terms may cause the cost of financing to increase significantly and even jeopardise continued financing for CapMan.

An unforeseen decrease in inbound cashflow for CapMan or a faster than expected realisation of commitments could have a negative impact on CapMan's liquidity, which in turn would increase the need for additional financing and result in higher financing costs or force the company to dispose of its investments at suboptimal prices.

### **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 2021

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on an annual basis considering the nature of the business. CapMan estimates capital under management to continue growing in 2021. Our objective is to improve the aggregate profitability of Management Company and Service businesses. These estimations do not include possible items affecting comparability.

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

CapMan's objective is to improve results in the longer term, taking into consideration annual fluctuations related to the nature of the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2021.

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

Helsinki, 4 February 2021

CAPMAN PLC

Board of Directors

CapMan Group's Jan-Mar 2021 Interim Report is published on Thursday 29 April 2021.

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**Group Statement of comprehensive income (IFRS)**

€ ('000)	10-12/20	10-12/19	1-12/20	1-12/19
Management fees	9 686	7 316	28 995	24 851
Sale of services	3 478	3 881	13 122	17 211
Carried interest	254	5 404	873	6 910
<b>Turnover</b>	<b>13 418</b>	<b>16 601</b>	<b>42 989</b>	<b>48 972</b>
Other operating income	41	-1	97	6
Personnel expenses	-7 512	-8 187	-23 916	-24 184
Depreciation and amortisation	-436	-4 569	-1 503	-5 583
Other operating expenses	-2 827	-3 052	-9 728	-12 069
Fair value changes of investments	7 047	2 630	4 398	12 250
<b>Operating profit</b>	<b>9 732</b>	<b>3 424</b>	<b>12 339</b>	<b>19 392</b>
Financial income and expenses	-1 122	60	-3 120	-1 783
<b>Result before taxes</b>	<b>8 610</b>	<b>3 484</b>	<b>9 219</b>	<b>17 609</b>
Income taxes	-1 384	131	-2 941	-1 731
<b>Result for the period</b>	<b>7 226</b>	<b>3 616</b>	<b>6 278</b>	<b>15 878</b>
<b>Other comprehensive income:</b>				
Translation differences	209	79	100	-62
<b>Total comprehensive income</b>	<b>7 435</b>	<b>3 695</b>	<b>6 378</b>	<b>15 816</b>



€ ('000)	10-12/20	10-12/19	1-12/20	1-12/19
<b>Profit attributable to:</b>				
Equity holders of the company	6 838	3 526	5 142	13 963
Non-controlling interest	388	90	1 136	1 915
<b>Total comprehensive income attributable to:</b>				
Equity holders of the company	7 047	3 605	5 242	13 900
Non-controlling interest	388	90	1 136	1 915
<b>Earnings per share for profit attributable to the equity holders of the Company:</b>				
Earnings per share, cents	4,4	2,3	3,3	9,2
Diluted, cents	4,4	2,2	3,3	9,0

**Group balance sheet (IFRS)**

€ ('000)	31.12.20	31.12.19
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible assets	2 619	3 428
Goodwill	15 314	15 314
Other intangible assets	725	797
Investments at fair value through profit and loss		
Investments in funds	116 066	115 918
Other financial assets	191	2 731
Receivables	9 084	9 395
Deferred income tax assets	2 439	3 726
	<b>146 438</b>	<b>151 309</b>
<b>Current assets</b>		
Trade and other receivables	14 017	10 792
Financial assets at fair value through profit and loss	312	10 768
Cash and bank	58 002	43 665
	<b>72 331</b>	<b>65 225</b>
<b>Total assets</b>	<b>218 768</b>	<b>216 534</b>

€ ('000)	31.12.20	31.12.19
<b>EQUITY AND LIABILITIES</b>		
<b>Capital attributable the Company's equity holders</b>		
Share capital	772	772
Share premium account	38 968	38 968
Other reserves	71 416	84 823
Translation difference	-247	-348
Retained earnings	1 616	3 218
<b>Total capital attributable to the Company's equity holders</b>	<b>112 524</b>	<b>127 433</b>
Non-controlling interests	742	2 100
<b>Total equity</b>	<b>113 266</b>	<b>129 533</b>
<b>Non-current liabilities</b>		
Deferred income tax liabilities	2 703	2 156
Interest-bearing loans and borrowings	82 612	52 003
Other non-current liabilities	6 936	7 274
	<b>92 250</b>	<b>61 433</b>
<b>Current liabilities</b>		
Trade and other payables	11 075	20 159
Interest-bearing loans and borrowings	908	939
Current income tax liabilities	1 269	4 469
	<b>13 252</b>	<b>25 567</b>
<b>Total liabilities</b>	<b>105 502</b>	<b>87 000</b>
<b>Total equity and liabilities</b>	<b>218 768</b>	<b>216 534</b>

## Group Statement of Changes in Equity

Attributable to the equity holders of the Company

€ ('000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests
Equity on 1 January 2019	772	38 968	83 812	-286	-2 728	120 537	433
Result 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
<b>Equity on 31 December 2019</b>	<b>772</b>	<b>38 968</b>	<b>84 823</b>	<b>-348</b>	<b>3 218</b>	<b>127 433</b>	<b>2 100</b>
Equity on 1 January 2020	772	38 968	84 823	-348	3 218	127 433	2 100
Result for the year					5 142	5 142	1 136
Other comprehensive income for the year							
Currency translation differences				100		100	
Total comprehensive income for the year				100	5 142	5 242	1 136
Share subscriptions with options			447			447	
Performance Share Plan					-994	-994	
Dividends and return of capital			-13 854		-6 282	-20 136	-1 708
Transactions with non-controlling interests					532	532	-786
<b>Equity on 31 December 2020</b>	<b>772</b>	<b>38 968</b>	<b>71 416</b>	<b>-247</b>	<b>1 616</b>	<b>112 524</b>	<b>742</b>



## Statement of cash flow (IFRS)

€ ('000)	1-12/20	1-12/19
<b>Cash flow from operations</b>		
Result for the financial period	6 278	15 878
Adjustments on cash flow statement	5 009	-6 540
Change in working capital:		
Change in current non-interest-bearing receivables	-3 169	-3 812
Change in current trade payables and other non-interest-bearing liabilities	-12 551	1 308
Interest paid	-3 197	-2 643
Taxes paid	-4 277	-4 553
<b>Cash flow from operations</b>	<b>-11 907</b>	<b>-363</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries	-255	-540
Proceeds from sale of subsidiaries	7	5 900
Investments in tangible and intangible assets	-389	-561
Investments at fair value through profit and loss	17 670	12 390
Long-term loan receivables granted	-410	-3 034
Proceeds from long-term receivables	673	2 594
Interest received	166	158
<b>Cash flow from investing activities</b>	<b>17 461</b>	<b>16 907</b>
<b>Cash flow from financing activities</b>		
Share issue	447	1 542
Proceeds from borrowings	69 724	130
Repayment of long-term loan	-38 590	-10 000
Payment of lease liabilities	-942	-924
Dividends paid and return of capital	-21 854	-18 958
Cash flow from other financing items		787
<b>Cash flow from financing activities</b>	<b>8 784</b>	<b>-27 423</b>
<b>Change in cash and cash equivalents</b>	<b>14 337</b>	<b>-10 879</b>
Cash and cash equivalents at start of year	43 665	54 544
<b>Cash and cash equivalents at end of year</b>	<b>58 002</b>	<b>43 665</b>

## Accounting principles

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

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 10-12/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	9 651	35			9 686
Service fees	370	2 540		568	3 478
Carried interest	254				254
<b>Turnover</b>	<b>10 275</b>	<b>2 575</b>		<b>568</b>	<b>13 418</b>
Other operating income	3	39			41
Personnel expenses, of which	-4 257	-1 021		-2 234	-7 512
Salaries and bonuses	-4 257	-1 021		-2 050	-7 327
Share-based payment				-185	-185
Depreciation, amortisation and impairment	-197	-176		-64	-436
Other operating expenses	-1 660	-420	-5	-742	-2 827
Internal service fees	-597	-40	-4	640	0
Fair value changes of investments			7 047		7 047
<b>Operating profit (loss)</b>	<b>3 567</b>	<b>957</b>	<b>7 038</b>	<b>-1 831</b>	<b>9 732</b>
Financial items			-1 122		-1 122
Income taxes	-772	-161	-44	-407	-1 384
<b>Result for the period</b>	<b>2 795</b>	<b>796</b>	<b>5 872</b>	<b>-2 238</b>	<b>7 226</b>
<b>Earnings per share, cents</b>					<b>4,4</b>
<b>Earnings per share, diluted, cents</b>					<b>4,4</b>
Timing of revenue recognition from customer contracts:					
Services transferred over time	10 021	2 589		568	13 178
Services transferred at a point in time	254	-14			241
<b>Revenue from customer contracts, external</b>	<b>10 275</b>	<b>2 575</b>		<b>568</b>	<b>13 418</b>



## Segment information 10-12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	7 275	42			7 316
Service fees	342	3 126		413	3 881
Carried interest	5 404				5 404
<b>Turnover, external</b>	<b>13 021</b>	<b>3 167</b>		<b>413</b>	<b>16 601</b>
Other operating income				-1	-1
Personnel expenses, of which	-4 165	-1 341	3	-2 683	-8 187
Salaries and bonuses	-4 165	-1 341	3	-2 511	-8 014
Share-based payment				-172	-172
Depreciation, amortisation and impairment	-4 376	-126		-66	-4 569
Other operating expenses	-1 201	-747	-319	-784	-3 052
Internal service fees	-913	-54	-172	1 139	
Fair value changes of investments			2 630		2 630
<b>Operating profit</b>	<b>2 366</b>	<b>899</b>	<b>2 142</b>	<b>-1 983</b>	<b>3 424</b>
Items impacting comparability					
Impairment of goodwill	4 230				4 230
Items impacting comparability, total	4 230				4 230
<b>Adjusted operating profit</b>	<b>6 596</b>	<b>899</b>	<b>2 142</b>	<b>-1 983</b>	<b>7 654</b>
Financial items			60		60
Income taxes	90	-180	-175	397	131
<b>Result for the period</b>	<b>2 456</b>	<b>719</b>	<b>2 027</b>	<b>-1 586</b>	<b>3 616</b>

## Segment information 10-12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
<b>Result for the period</b>	<b>2 456</b>	<b>719</b>	<b>2 027</b>	<b>-1 586</b>	<b>3 616</b>
Items impacting comparability					
Impairment of goodwill and other writedowns	2 821				2 821
Items impacting comparability, total	2 821				2 821
<b>Adjusted profit for the period</b>	<b>5 277</b>	<b>719</b>	<b>2 027</b>	<b>-1 586</b>	<b>6 436</b>
<b>Earnings per share, cents</b>					<b>2,3</b>
Items impacting comparability, cents					1,9
<b>Adjusted earnings per share, cents</b>					<b>4,2</b>
<b>Earnings per share, diluted, cents</b>					<b>2,2</b>
Items impacting comparability, cents					1,8
<b>Adjusted earnings per share, diluted, cents</b>					<b>4,0</b>
Timing of revenue recognition from customer contracts:					
Services transferred over time	7 617	2 113		413	10 143
Services transferred at a point in time	5 404	1 055			6 459
<b>Revenue from customer contracts, external</b>	<b>13 021</b>	<b>3 167</b>		<b>413</b>	<b>16 601</b>

## Segment information 1-12/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	28 857	137			28 995
Service fees	1 204	11 222		696	13 122
Carried interest	873				873
<b>Turnover</b>	<b>30 934</b>	<b>11 359</b>		<b>696</b>	<b>42 989</b>
Other operating income	8	90			97
Personnel expenses, of which	-12 864	-4 096	-338	-6 618	-23 916
Salaries and bonuses	-12 864	-4 096	-338	-4 699	-21 997
Share-based payment				-1 919	-1 919
Depreciation, amortisation and impairment	-616	-637		-249	-1 503
Other operating expenses	-5 610	-1 533	-88	-2 496	-9 728
Internal service fees	-2 765	-158	-15	2 939	
Fair value changes of investments			4 398		4 398
<b>Operating profit</b>	<b>9 086</b>	<b>5 024</b>	<b>3 958</b>	<b>-5 729</b>	<b>12 339</b>
Financial items			-3 120		-3 120
Income taxes	-2 014	-996		68	-2 941
<b>Profit for the period</b>	<b>7 072</b>	<b>4 028</b>	<b>838</b>	<b>-5 661</b>	<b>6 278</b>

## Segment information 1-12/2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
<b>Earnings per share, cents</b>					<b>3,3</b>
<b>Earnings per share, diluted, cents</b>					<b>3,3</b>
Non-current assets	5 522	28 530	116 261	-3 999	146 314
Timing of revenue recognition from customer contracts:					
Services transferred over time	30 061	8 966		696	39 724
Services transferred at a point in time	873	2 393			3 266
<b>Revenue from customer contracts, external</b>	<b>30 934</b>	<b>11 359</b>		<b>696</b>	<b>42 989</b>

## 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
<b>Turnover, external</b>	<b>32 782</b>	<b>15 697</b>		<b>493</b>	<b>48 972</b>
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, amortisation and impairment	-4 848	-471	0	-264	-5 583
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
<b>Operating profit</b>	<b>5 979</b>	<b>9 094</b>	<b>10 224</b>	<b>-5 904</b>	<b>19 392</b>
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
<b>Adjusted operating profit</b>	<b>10 209</b>	<b>9 094</b>	<b>10 424</b>	<b>-4 681</b>	<b>25 045</b>
Financial items			-1 783		-1 783
Income taxes	-633	-1 819	-461	1 181	-1 731
<b>Result for the period</b>	<b>5 347</b>	<b>7 275</b>	<b>7 980</b>	<b>-4 724</b>	<b>15 878</b>

## Segment information 1–12/2019

€ ('000)	Management company business	Service business	Investment business	Other	Total
<b>Profit for the period</b>	<b>5 347</b>	<b>7 275</b>	<b>7 980</b>	<b>-4 724</b>	<b>15 878</b>
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
<b>Adjusted profit for the period</b>	<b>8 167</b>	<b>7 275</b>	<b>8 180</b>	<b>-3 636</b>	<b>19 987</b>
<b>Earnings per share, cents</b>					<b>9,2</b>
Items impacting comparability, cents					2,7
<b>Adjusted earnings per share, cents</b>					<b>11,9</b>
<b>Earnings per share, diluted, cents</b>					<b>9,0</b>
Items impacting comparability, cents					2,6
<b>Adjusted earnings per share, diluted, cents</b>					<b>11,6</b>
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
<b>Revenue from customer contracts, external</b>	<b>32 782</b>	<b>15 697</b>		<b>493</b>	<b>48 972</b>

## 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 and repayment of capital

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.

The Board of Directors will propose to the Annual General Meeting to be held on 17 March 2021 that a dividend of EUR 0.02 per share would be paid to shareholders, equivalent to a total of approx. EUR 3.1 million, and a repayment of invested unrestricted equity fund of EUR 0.12 per share, equivalent to a total of approx. EUR 18.8 million, would be paid to the shareholders. The aggregate amount of proposed dividends and repayment of invested unrestricted equity fund would be approx. EUR 21.9 million, and it is proposed to be paid in two equal instalments six months apart.



## Non-current assets

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

	Level 1	Level 2	Level 3	Total
<b>Investments in funds</b>				
at Jan 1	738		115 180	115 918
Additions			17 869	17 869
Distributions			-24 746	-24 746
Fair value gains/losses			7 131	7 131
Transfers*	213		-319	-106
<b>at the end of period</b>	<b>951</b>		<b>115 115</b>	<b>116 066</b>
<b>Other investments</b>				
at Jan 1		166	2 565	2 731
Additions			6	6
Fair value gains/losses			-2 546	-2 546
Transfers	166	-166	0	0
<b>at the end of period</b>	<b>166</b>	<b>0</b>	<b>25</b>	<b>191</b>
<b>Current financial assets at FVTPL</b>	<b>312</b>			<b>312</b>

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

The different levels have been defined as follows:

**Level 1** - Quoted prices (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

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

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

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

	Level 1	Level 2	Level 3	Total
<b>Investments in funds</b>				
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
<b>at the end of period</b>	<b>738</b>		<b>115 180</b>	<b>115 918</b>
<b>Other investments</b>				
at Jan 1		166	2 381	2 547
Fair value gains/losses			184	184
<b>at the end of period</b>		<b>166</b>	<b>2 565</b>	<b>2 731</b>
<b>Investments in joint ventures</b>				
at Jan 1			4 470	4 470
Additions			144	144
Transfers**			-4 581	-4 581
Fair value gains/losses			-33	-33
<b>at the end of period</b>			<b>0</b>	<b>0</b>
<b>Current financial assets at FVTPL</b>	<b>2 681</b>	<b>8 087</b>		<b>10 768</b>

\* Includes the change of cash and cash equivalents of the subsidiary CapMan Fund Investments SICAV-SIF, classified as fund investments, and reclassification of investments made by Maneq Investments Luxembourg S.a.r.l. from joint ventures to fund investments.

\*\* Investment to Maneq Investments Luxembourg S.a.r.l., previously classified as an investment in a joint venture, was reclassified to investments in funds after CapMan acquired all of the shares in the company in Q2 2019. Transfers includes the carrying amount before the acquisition. The company was dissolved in Q4 2019.

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 31 December 2020

Investment area	Fair Value MEUR, 31 December 2020	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	13.9	Peer group	Peer group earnings multiples	EV/EBITDA 2020 13.9x	+/- 10%	+/- 1.6 MEUR
			Discount to peer group multiples	24 %	+/- 10%	-/+ 0.6 MEUR
Buyout	7.2	Peer group	Peer group earnings multiples	EV/EBITDA 2020 11.5x	+/- 10%	+ 2.1 / -2.3 MEUR
			Discount to peer group multiples	21 %	+/- 10%	-/+ 0.5 MEUR
Real Estate	39.3	Valuation by an independent valuer				
Infra	16.4	Discounted cash flows	Terminal value	EV/EBITDA 15.9x	+/- 5%	+/- 1.8 MEUR
			Discount rate; market rate and risk premium	12 %	+/- 100 bps	- 1.0 / + 1.1 MEUR
Russia	4.4	Peer group	Peer group earnings multiples	EV/EBITDA 2020 10.7x	+/- 10%	+/- 0.4 MEUR
			Discount rate; market rate and risk premium	41 %	+/- 10%	-/+ 0.3 MEUR
Credit	2.6	Discounted cash flows	Discount rate; market rate and risk premium	9 %	+/- 100 bps	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Investments in external PE funds	29.8	Reports from PE fund management company				
Investments in Maneqs	1.6	Peer group	Peer group earnings multiples	EV/EBITDA 2020 8.1x	+/- 10%	+ 0.2 / - 0.1 MEUR
			Discount to peer group multiples	22 %	+/- 10%	- 0.0 / + 0.1 MEUR

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

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

In the exceptional market situation caused by the COVID-19 pandemic, the increased volatility in the publicly traded peer group market prices, exceptionally uncertain financial situation and future outlook of portfolio companies and properties as well as the fluctuating market capitalisation rates increase the uncertainty inherent in the valuations substantially compared with a normal situation. Due to the current pandemic situation, management's judgement is reflected in investment recorded at fair value, so that, for example, the discounts rate applied to valuations based on peer group multiples have increased. In addition, the earnings and cash flow forecasts of investee companies have generally been revised downwards, if this has been justified due to pandemic situation. For real estate properties, in addition to revised cash flow projections the independent external appraisers have increased the discount rates especially concerning hotel and retail properties.

## Seasonal nature of business

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

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

## Average personnel

By country	31.12.20	31.12.19
Finland	112	110
Sweden	22	20
Denmark	6	5
Russia	0	8
Luxembourg	2	1
United Kingdom	4	3
In total	146	147



## Contingent liabilities

€ ('000)	31.12.20	31.12.19
Securities and other contingent liabilities	62 771	62 780
Remaining commitments to funds	109 061	103 785
<b>Remaining commitments by investment area</b>		
Buyout	38 895	39 451
Credit	1 476	1 485
Russia	1 117	1 114
Real Estate	12 330	4 249
Other	3 556	4 199
Funds of funds	246	551
Growth equity	14 021	12 221
Infra	19 506	18 019
External private equity funds	17 913	22 496
In total	109 061	103 785

## Related parties

### Commitments to related parties

€ ('000)	31.12.20	31.12.19
Commitments to Maneq funds	643	643

## Turnover and profit quarterly

### Year 2020

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

**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
<b>Operating profit</b>	<b>4,7</b>	<b>5,8</b>	<b>5,5</b>	<b>3,5</b>	<b>19,4</b>
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
<b>Result for the period</b>	<b>4,0</b>	<b>4,2</b>	<b>4,1</b>	<b>3,7</b>	<b>15,9</b>