

CapMan

Interim Report

1-3 | 2021

*Strong result development
continues – operating profit
exceeded MEUR 10*

CapMan Plc 29 April 2021

CapMan Plc 1–3 2021 Interim Report

Strong result development continues – operating profit exceeded MEUR 10

Results and significant events in January–March 2021

- Group turnover was MEUR 11.3 1 Jan–31 Mar 2021 (MEUR 11.9 1 Jan–31 Mar 2020), a decrease of 5 per cent from the comparison period.
- Operating profit was MEUR 10.1 (MEUR -6.0).
- Management Company business turnover was MEUR 9.0 (MEUR 7.9). Operating profit was MEUR 2.5 (MEUR 1.9).*)
- Service business turnover was MEUR 2.3 (MEUR 4.1). Operating profit was MEUR 1.2 (MEUR 2.9).*)
- Investment business operating profit was MEUR 7.9 (MEUR -8.4).
- Diluted earnings per share were 4.7 cents (-5.3 cents).
- Capital under management was EUR 3.9 billion on 31.3.2021 (EUR 3.2 billion).
- The first instalment (7 cents/share) of a total of 14 cents/share, to be distributed for 2020, was paid to shareholders in March. The second instalment is to be paid around September.

TURNOVER 1–3 2021

€11.3m

OPERATING PROFIT 1–3 2021

€10.1m

ASSETS UNDER MANAGEMENT
31.3.2021

€3.9 bn

RETURN ON EQUITY (ROE)
1–3 2021

29.2% p.a.

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

CEO comment:

”Efforts over recent years to grow our fee base and improve value creation of investments are reflected in the strong development over the first months of 2021. Operating profit was MEUR 10 and earnings per share 5 cents for the first quarter of the year.

Our assets under management continued growing and reached a record level of EUR 3.9 billion at the end of March, growing by approx. MEUR 700, or approx. 20 per cent, in the past year. We expect to see continued growth during 2021 due to ongoing fundraising projects and CapMan’s expanding product portfolio. Simultaneously, CapMan’s investor base becomes more diverse and international, providing an excellent foundation for future growth. At the end of March, approx. 50 per cent of our assets under management come from outside the Nordic countries. This percentage has grown significantly over the past three years from when the share of international fund investors was around 10 per cent.

” *CapMan’s investor base grows more diverse and international, providing an excellent foundation for future growth. At the end of March, approx. 50 per cent of our assets under management come from outside the Nordic countries.*

Management Company turnover was MEUR 9 in the first quarter of the year, growing approx. 15 per cent from the comparison period. Turnover grew due to new assets under management. The operating profit of the Management Company business was MEUR 2.5, growing by approx. 30

per cent from the comparison period due to both strong fee growth and cost control.

The remaining Service business turnover was MEUR 2.3 and operating profit MEUR 1.2 in the first quarter of 2021. The Service business includes CapMan’s procurement service CaPS and reporting and analytics service JAY Solutions following the changed segment reporting practice. Both business areas demonstrated strong development during the first quarter of 2021. CaPS’s turnover continued growing and the business was very profitable. The growth in turnover of JAY Solutions was significant.

” *The strong start for 2021 is a continuation of the positive result development achieved in the final quarter of last year.*

The fair value changes of our investments were MEUR +8.2 in the first quarter of 2021. This reflects the accelerated positive development in our funds over the past few quarters, supported by the overall market recovery. In the comparison period, fair values decreased significantly due to the market disruption brought on by the Covid-19 pandemic.

The strong start for 2021 is a continuation of the positive result development in the final quarter of last year. Our fee base is strong and growing and the recurring income support the development of fee-based profitability. Successful value creation in our investment business is reflected in our results as positive fair value development. Following value creation work, many of our funds hold significant carried interest potential. Many funds have ongoing exit processes which, when completed, would help realise this carried interest potential.

Our balance sheet is strong, and our liquidity is good. At the end of the year, our equity ratio was 45 per cent and liquid assets were close to MEUR 50. CapMan’s objective is to pay an annually increasing dividend to our shareholders. The 2021 Annual general Meeting decided to distribute 14 cents/share to shareholders as dividend and equity repayment. The distribution is to be implemented semi-annually and the first instalment was paid in March.”

Sincerely,

Joakim Frimodig

CEO, CapMan Plc

CapMan Plc 1–3 2021 Interim Report

Group turnover and result in 1–3 2021

CapMan Group’s turnover totalled MEUR 11.3 in the period spanning 1 January–31 March 2021 (1 January–31 March 2020: MEUR 11.9). The 5 per cent decrease in turnover was mainly due to lower transaction-based service fees compared to the comparison period. Recurring fees of the Management Company and Service business grew by 19 per cent in total.

Operating expenses were MEUR 9.3 (MEUR 9.5) in total. Personnel expenses, including incidentals, were MEUR 6.3 (MEUR 6.3). Depreciations and amortisations were MEUR 0.4 (MEUR 0.3). Other operating expenses amounted to MEUR 2.7 (MEUR 2.8).

Fair value changes of investments were MEUR +8.2 for January–March 2021 (MEUR -8.4). The fair value increase was pervasive across investments as almost all funds demonstrated strong development during the first quarter. The fair value increase was also supported by the general

market recovery. During the comparison period, fair values decreased sharply mainly following the outbreak of the global Covid-19 pandemic.

The Group’s operating profit was MEUR 10.1 (MEUR -6.0).

Financial income and expenses amounted to MEUR -0.9 (MEUR -0.6). Profit before taxes was MEUR 9.3 (MEUR -6.5) and profit after taxes was MEUR 7.8 (MEUR -7.4).

Diluted earnings per share were 4.7 cents (-5.3 cents).

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

Management Company business

Turnover generated by the Management Company business for the first quarter totalled MEUR 9.0 (MEUR 7.9), an increase of 15 per cent mainly due to an increase in management fees from the comparison period.

Management fees were MEUR 8.0 (MEUR 6.9), growth was 17 per cent. Several new funds, among them CapMan Growth II and CapMan Nordic Real Estate III funds, contributed favourably to management fees for the period. Of the turnover, 98 per cent was based on long term contracts (97 per cent during the comparison period).

Carried interest income for the review period totalled MEUR 0.05 (MEUR 0.1).

Other Management Company fees were MEUR 0.9 (MEUR 0.9). CapMan includes CapMan Wealth Services as part of the Management Company business segment starting from January 2021.

Operating expenses of the Management Company business amounted to MEUR 6.6 (MEUR 6.0). Operating profit of the Management Company business was MEUR 2.5 (MEUR 1.9).

Service business

Turnover generated by Service business totalled MEUR 2.3 (MEUR 4.1) and the 44 per cent decrease from the comparison period was mainly due to lower transaction-based fees.

All turnover, MEUR 2.3, was based on long-term contracts and grew by 33 per cent from turnover based on long-term contracts in the comparison period (MEUR 1.7) due to strong development of CaPS and JAY Solutions. Following an update to segment composition as of 2021, the Service business includes CaPS and JAY Solutions. The updates to segment composition are accounted for also for the comparison period. The comparison period also included a total of MEUR 2.4 in fundraising and advisory service fees from the terminated Scala Fund Advisory fundraising activities.

Operating expenses of the Service business amounted to MEUR 1.3 (MEUR 1.4). The operating profit of the Service business was MEUR 1.2 (MEUR 2.9).

Investment business

Fair value of fund investments was MEUR 129.0 on 31 March 2021 (31 March 2020: MEUR 104.8). Fair value changes of fund investments were MEUR +8.2 in Jan–Mar 2021 (MEUR -8.4), representing a 6.7 per cent increase in value (Jan–Mar 2020: -6.1 per cent). The fair value increase was pervasive across investments as almost all funds demonstrated strong development during the first quarter. The fair value increase was also supported by the general market recovery. Fair values decreased

significantly in the comparison period mainly due to the impact of the global outbreak of Covid-19.

CapMan invested a total of MEUR 11.3 in its funds in the first quarter of 2021 (MEUR 3.2). CapMan received distributions from funds totalling MEUR 6.0 (MEUR 6.7). The amount of remaining commitments that have not yet been called totalled MEUR 102.1 as at 31 March 2021 (31 March 2020: MEUR 102.1) and include commitments to the newest Buyout, Infra, Real Estate and Growth funds, among others. Capital calls, distributions and remaining commitments are detailed in the Tables section of this report.

The fair value of other long-term investments was MEUR 0.2 and remained unchanged during the review period. In the comparison period, the fair value change of other long-term investments was MEUR -1.3.

The fair value of CapMan's remaining market portfolio was MEUR 0.3 on 31 March 2021 (31 March 2020: MEUR 1.5) and consisted mainly of listed stocks.

In total, change in fair value of investments was MEUR +8.2 in Jan–Mar 2021 (Jan–Mar 2020: MEUR -8.4). Operating profit for the Investment business was MEUR 7.9 (MEUR -8.4).

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

	Fair value 31 March 2021 (MEUR)
Fund investments	129.0
Other long-term investments	0.2
Market portfolio	0.3
Total	129.5

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

Balance sheet and financial position as at 31 March 2021

CapMan's balance sheet totalled MEUR 221.3 as at 31 March 2021 (31 March 2020: MEUR 211.4). Non-current assets amounted to MEUR 159.3 (MEUR 141.0), of which goodwill totalled MEUR 15.3 (MEUR 15.3).

As at 31 March 2021, fund investments booked at fair value totalled MEUR 129.0 (MEUR 104.8 as at 31 March 2020).

Other financial assets booked at fair value were MEUR 0.2 (MEUR 1.5).

Long-term receivables amounted to MEUR 9.2 (MEUR 11.5).

Current assets amounted to MEUR 62.0 (MEUR 70.3). Financial assets booked at fair value, i.e. current investments, were MEUR 0.3 (MEUR 1.5) and included the market portfolio. Cash in hand and at banks amounted to MEUR 48.2 (MEUR 53.8).

CapMan's interest-bearing net debt amounted to MEUR 35.1 as at 31 March 2021 (MEUR 19.0). After the comparison period, CapMan issued a MEUR 50.0 senior bond and repaid MEUR 18.5 million of its senior bond issued in 2018 and the long-term credit facility drawn in the beginning of 2020 with the proceeds. CapMan's total interest-bearing debt as at 31 March 2021 is outlined in Table 2. Unpaid dividend and equity repayment is recorded as current debt at the end of the review period.

Table 2: CapMan's interest bearing debt

	Debt amount 31 Mar 2021 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2020 (MEUR)
Senior bond (issued in 2018)	31.5	Q2 2023	4.13%	31.5
Senior bond (issued in 2020)	50.0	Q4 2025	4.00%	50.0
Long-term credit facility (drawn/available)	0/40.0	Q2 2022	2.00%	0/40.0

CapMan Plc's bonds and long-term credit facility include financing covenants, which are conditional on the company's equity ratio and net gearing ratio. CapMan honoured all covenants as at 31 March 2021.

Trade and other payables totalled MEUR 27.3 on 31 March 2021 (31 March 2020: MEUR 28.2).

The Group's cash flow from operations totalled MEUR +5.1 for the first quarter of 2021 (MEUR -4.0). The stronger cash flow from operations compared to the comparison period was due to a stronger result for the period and a larger portion of non-interest-bearing current debt, 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 -4.9 (MEUR +13.5) and includes, *inter alia*, investments and repaid capital received by the Group.

Cash flow before financing totalled MEUR +0.2 (MEUR +9.5) and reflects the development in the Management Company business, Service business

and Investment business. Cash flow from financing was MEUR -10.0 (MEUR +0.6) and included the distribution of dividends and equity repayment. In the comparison period cash flow from financing also included the drawdown of the long-term credit facility.

Capital under management as at 31 March 2021

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

Capital under management was MEUR 3,899 as at 31 March 2021 (31 March 2020: MEUR 3,225). 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, additional infrastructure capital under management, 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)

	31.3.21 (MEUR)	31.3.20 (MEUR)
Real Estate	2,503	1,950
Private Equity & Credit	1,011	950
Infra	352	292
Other	33	32
Total capital under management (incl. Hotels II fund debt)	3,889	3,225

Key figures 31 March 2021

CapMan's return on equity was 29.2 per cent on 31 March 2021 (31 March 2020: -26.0 per cent) and return on investment 20.7 per cent (-13.0 per cent). Equity ratio was 45.5 per cent (47.4 per cent).

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

Table 4: CapMan's key figures

	31.3.21	31.3.20	31.12.20
Earnings per share, cents	4.8	-5.4	3.3
Diluted, cents	4.7	-5.3	3.3
Adjusted earnings per share, diluted, cents	4.7	-5.3	3.3
Shareholders' equity / share, cents	63.2	63.2	72.7
Share issue adjusted number of shares, avg.	156,492,445	154,208,352	155,796,829
Return on equity, %	29.2	-26.0	5.2
Return on equity, comparable, %	29.2	-26.0	5.2
Return on investment, %	20.7	-13.0	6.3
Return on investment, comparable, %	20.7	-13.0	6.3
Equity ratio, %	45.5	47.4	51.9
Net gearing, %	35.5	19.2	22.5

Decisions of the 2021 Annual General Meeting

Decisions of the AGM regarding distribution of funds

CapMan's 2021 Annual General Meeting (AGM) decided in accordance with the proposal of the Board of Directors, that dividend of EUR 0.02 per

share, equivalent to a total of approx. MEUR 3.1 as well as an equity repayment of EUR 0.12 per share to be returned from the invested unrestricted equity fund, equivalent to a total of approx. MEUR 18.8, would be paid to shareholders. In total EUR 0.14 per share would be paid to shareholders, equivalent of a total of MEUR 21.9, from distributable funds for 2020. The dividend and equity repayment would be paid in two equal instalments six months apart. The first instalment was paid on 26 March 2021. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange releases on the decisions taken by the General Meetings issued on 17 March 2021.

Decisions of the AGM regarding the composition of the Board

The 2021 AGM decided that the Board of Directors comprises seven members. Mr. Andreas Tallberg, Mr. Johan Bygge, Ms. Catarina Fagerholm, Mr. Johan Hammarén, Mr. Eero Heliövaara, Ms. Mammu Kaario and Mr. Olli Liitola were elected members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. The Board composition and remuneration have been described in greater detail in the stock exchange releases regarding the decisions of the AGM and the organisational meeting of the Board issued on 17 March 2021.

Authorisations given to the Board by the AGM

The 2021 AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's shares. The number of own shares to be repurchased and/or accepted as pledge on the basis of the authorisation shall not exceed 14,000,000 shares in total, which on the day of the AGM corresponded to approximately 8.94 per cent of all shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation.

The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be issued on the basis of the authorisation shall not exceed 14,000,000 shares in total, which on the day of the AGM corresponded to approximately 8.94 per cent of all shares in the company.

The authorisation shall remain in force until the end of the following AGM and 30 June 2022 at the latest.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 17 March 2021.

Shares and shareholders

Shares and share capital

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

Share capital totalled EUR 771,586.98 as at 31 March 2021. CapMan had 156,572,903 shares outstanding as at 31 March 2021 (155,963,459 shares as at 31 March 2020).

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

Company shares

As at 31 March 2021, CapMan Plc held a total of 26,299 CapMan shares, representing 0.02 % of shares and voting rights. The market value of own shares held by CapMan was EUR 68,903 as at 31 March 2021 (31 March 2020: EUR 45,760). 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 2.62 on 31 March 2021 (31 March 2020: EUR 1.74). The trade-weighted average price for the review period was EUR 2.61 (EUR 1.97). The highest price paid was EUR 2.91 (EUR 2.65) and the lowest EUR 2.24 (EUR 1.49). The number of CapMan Plc shares traded totalled 9.5 million (14.1 million), valued at MEUR 24.7 (MEUR 27.8).

The market capitalisation of CapMan Plc shares as at 31 March 2021 was MEUR 410.2 (31 March 2020: MEUR 271.1).

Shareholders

The number of CapMan Plc shareholders increased by 17 per cent from the corresponding period last year and totalled 27,057 as at 31 March 2021 (31 March 2020: 23 054).

Personnel

CapMan employed 152 people on average in Jan–Mar 2021 (Jan–Mar 2020 average: 146), of whom 118 (112) worked in Finland and the remainder in the other Nordic countries, Luxembourg and the United Kingdom. A breakdown of personnel by country is presented in the Tables section of this report.

Compensation schemes

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

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

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

In the investment based long-term share-based incentive plan the participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share. The investment-based long-term incentive plan includes one performance period. The performance period commenced on 1 April 2020 and ends on 31 March 2023. The participants may earn a performance-based reward from the performance period. The prerequisite for receiving reward on the basis of the plan is that a participant acquires company's shares or allocates previously owned company's shares up to the number determined by the Board of Directors. The performance-based reward from the plan is based on the company share's Total Shareholder Return (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 March 2021, 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 January–March 2021

CapMan Nordic Real Estate III Fund held a final close at MEUR 564, making it the largest fund in CapMan's operating history. In line with its predecessor funds, CapMan Nordic Real Estate III makes value-add investments in office, necessity-driven retail and select residential real estate in the Nordics.

CapMan Buyout XI Fund held a final close at MEUR 190. In line with recent earlier Buyout funds, the fund invests in Nordic mid-market Buyouts.

Events after the end of the review period

CapMan changed the composition of its reportable segments to reflect the current structure of the Group business and its income streams. As of January 1, 2021, CapMan will report the CapMan Wealth Service business as part of the Management Company business segment. Prior, the business was reported as part of Service business. CapMan reports according to the updated segment composition starting from the January–March 2021 interim report.

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.

Fees from wealth advisory services: Fees from wealth advisory services are mainly based on long-term contracts and the impact of the Covid-19 pandemic is limited for the time being. Transaction-based fees are more susceptible to market risk and are therefore more volatile.

Carried interest income: The increased uncertainty, the impact on value creation in the portfolio and delays in exit processes may impact the timing and magnitude of funds to generate carried interest, but it is too

soon to tell what the impact will be. CapMan does not provide guidance regarding carried interest.

Service business fees: Transaction-based fees are more susceptible to market risk and are therefore more volatile.

Investment business income: Investment business income is defined in the income statement as the change in fair value of investments and consists of both realised and unrealised changes. The impact has been hardest felt in the Private Equity portfolio, although what the full short and mid-term impact will be is difficult to determine. 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, 29 April 2021

CAPMAN PLC

Board of Directors

CapMan Group's 1–6 2021 Half-Year Report is published on Thursday 5 August 2021.

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Distribution:

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Principal media

www.capman.com

Group Statement of comprehensive income (IFRS)

€ ('000)	1-3/21	1-3/20	1-12/20
Management fees	8 048	6 875	28 995
Sale of services	3 220	4 985	13 122
Carried interest	46	89	873
Turnover	11 313	11 949	42 989
Other operating income	13	0	97
Personnel expenses	-6 270	-6 321	-23 916
Depreciation and amortisation	-356	-343	-1 503
Other operating expenses	-2 718	-2 832	-9 728
Fair value changes of investments	8 154	-8 438	4 398
Operating profit (loss)	10 137	-5 984	12 339
Financial income and expenses	-851	-563	-3 120
Result before taxes	9 286	-6 548	9 219
Income taxes	-1 533	-875	-2 941
Result for the period	7 752	-7 423	6 278
Other comprehensive income:			
Translation differences	-57	-209	100
Total comprehensive income	7 696	-7 632	6 378

€ ('000)	1-3/21	1-3/20	1-12/20
Profit attributable to:			
Equity holders of the company	7 455	-8 290	5 142
Non-controlling interest	297	867	1 136
Total comprehensive income attributable to:			
Equity holders of the company	7 398	-8 499	5 242
Non-controlling interest	297	867	1 136
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, cents	4,8	-5,4	3,3
Diluted, cents	4,7	-5,3	3,3

Group balance sheet (IFRS)

€ ('000)	31.3.21	31.3.20	31.12.20
ASSETS			
Non-current assets			
Tangible assets	2 377	3 200	2 619
Goodwill	15 314	15 314	15 314
Other intangible assets	697	870	725
Investments at fair value through profit and loss			
Investments in funds	129 010	104 817	116 066
Other financial assets	191	1 458	191
Receivables	9 203	11 489	9 084
Deferred income tax assets	2 469	3 887	2 439
	159 260	141 035	146 438
Current assets			
Trade and other receivables	13 542	15 076	14 017
Financial assets at fair value through profit and loss	297	1 491	312
Cash and bank	48 181	53 753	58 002
	62 021	70 320	72 331
Total assets	221 281	211 355	218 768

€ ('000)	31.3.21	31.3.20	31.12.20
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	52 697	71 117	71 416
Translation difference	-304	-557	-247
Retained earnings	6 121	-12 913	1 616
Total capital attributable to the Company's equity holders	98 254	97 387	112 524
Non-controlling interests	711	1 218	742
Total equity	98 965	98 605	113 266
Non-current liabilities			
Deferred income tax liabilities	2 836	2 404	2 703
Interest-bearing loans and borrowings	82 413	51 950	82 612
Other non-current liabilities	6 985	7 274	6 936
	92 234	61 628	92 250
Current liabilities			
Trade and other payables	27 305	28 179	11 075
Interest-bearing loans and borrowings	913	20 772	908
Current income tax liabilities	1 864	1 958	1 269
Current provisions	0	213	
	30 082	51 122	13 252
Total liabilities	122 316	112 750	105 502
Total equity and liabilities	221 281	211 355	218 768

Group Statement of Changes in Equity

Attributable to the equity holders of the Company

€ ('000)	Share capital	Share premium	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests
Equity on 1 January 2020	772	38 968	84 823	-348	3 218	127 433	2 100
Result for the year					-8 290	-8 290	867
Other comprehensive income for the year							
Currency translation differences				-209		-209	
Total comprehensive income for the year				-209	-8 290	-8 499	867
Share subscriptions with options			151			151	
Performance Share Plan					-1 600	-1 600	
Dividends and return of capital			-13 857		-6 283	-20 140	-1 708
Transactions with non-controlling interests					42	42	-41
Equity on 31 March 2020	772	38 968	71 117	-557	-12 913	97 387	1 218
Equity on 1 January 2021	772	38 968	71 416	-247	1 616	112 524	742
Result for the year					7 455	7 455	297
Other comprehensive income for the year							
Currency translation differences				-57		-57	
Total comprehensive income for the year				-57	7 455	7 398	297
Share subscriptions with options			67			67	
Performance Share Plan					181	181	
Dividends and return of capital			-18 786		-3 131	-21 917	-328
Equity on 31 March 2021	772	38 968	52 697	-304	6 121	98 254	711

Statement of cash flow (IFRS)

€ ('000)	1-3/21	1-3/20	1-12/20
Cash flow from operations			
Result for the financial period	7 752	-7 423	6 278
Adjustments on cash flow statement	-5 126	11 907	5 009
Change in working capital:			
Change in current non-interest-bearing receivables	-26	-7 031	-3 169
Change in current trade payables and other non-interest-bearing liabilities	3 246	1 812	-12 551
Interest paid	-119	-145	-3 197
Taxes paid	-655	-3 094	-4 277
Cash flow from operations	5 072	-3 973	-11 907
Cash flow from investing activities			
Acquisition of subsidiaries			-255
Proceeds from sale of subsidiaries			7
Investments in tangible and intangible assets	-73	-170	-389
Investments at fair value through profit and loss	-4 873	13 511	17 670
Long-term loan receivables granted	-41	-6	-410
Proceeds from long-term receivables	96	91	673
Interest received	1	25	166
Cash flow from investing activities	-4 890	13 450	17 461
Cash flow from financing activities			
Share issue	67	151	447
Proceeds from borrowings		20 000	69 724
Repayment of long-term loan		-130	-38 590
Payment of lease liabilities	-237	-221	-942
Dividends paid and return of capital	-9 833	-19 189	-21 854
Cash flow from financing activities	-10 003	611	8 784
Change in cash and cash equivalents	-9 821	10 088	14 337
Cash and cash equivalents at start of year	58 002	43 665	43 665
Cash and cash equivalents at end of year	48 181	53 753	58 002

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 except for segment information. CapMan has changed the composition of its reportable segments as of January 1, 2021, and restated the comparison year figures respectively. Earlier business unit CapMan Wealth Services was reported in Service Business, but as of 2021 it will be reported in Management Company Business. At the same time, items below operating profit, such as financial income and expenses and income taxes, and non-current assets will no longer be allocated on segment level, as CapMan's chief operating decision maker is not following these items on segment level.

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

Items affecting comparability and alternative performance measures

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

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

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

Segment information

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

In its Management Company business, CapMan manages private equity funds and offers wealth advisory services. Private equity funds are invested by its partnership-based investment teams. Investments are mainly Nordic unlisted companies, real estate and infrastructure assets. CapMan raises capital for the funds from Nordic and international investors. CapMan Wealth Services offer comprehensive wealth advisory services related to the listed and unlisted market to smaller investors, such as family offices, smaller institutions and high net worth individuals. Income from the Management company business is derived from fee income and carried interest received from funds. The fee income include management fees related to CapMan's position as a fund management company, fees from other services closely related to fund management and fees from wealth advisory services.

In the Service business, CapMan offers procurement services to companies in Finland, Sweden and the Baltics, through CapMan Procurement Services (CaPS) and technology-based analytics, reporting and back office services through JAY Solutions to investors. In addition, Service business included discontinued Scala Fund Advisory that offered private equity advisory and fundraising services to private equity fund managers until the first half of 2020. Thereafter, income from the Services business include fees from CapMan Procurement Services (CaPS) and analytics and reporting services (JAY Solutions).

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

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

Segment information 1-3/2021

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

Segment information 1-3/2020

1 000 EUR	Hallinnointi- liiketoiminta	Palvelu- liiketoiminta	Sijoitus- toiminta	Muut ja eliminoinnit	Konserni yhteensä
Management fees	6 875				6 875
Service fees	907	4 071		7	4 985
Carried interest	89				89
Turnover	7 872	4 071	0	7	11 949
Turnover, internal		208		-208	
Personnel expenses, of which	-3 152	-867		-2 303	-6 321
Salaries and bonuses	-3 152	-867		-906	-4 924
Share-based payment				-1 397	-1 397
Depreciation, amortisation and impairment	-189	-93		-62	-343
Other operating expenses	-1 684	-367	-4	-776	-2 832
Internal service fees	-931	-40	-4	974	0
Fair value changes of investments			-8 438		-8 438
Operating profit (loss)	1 917	2 912	-8 446	-2 367	-5 984
Financial items					-563
Income taxes					-875
Result for the period					-7 423
Earnings per share, cents					-5,4
Earnings per share, diluted, cents					-5,3
Timing of revenue recognition from customer contracts:					
Services transferred over time	7 647	1 700		7	9 353
Services transferred at a point in time	225	2 371			2 596
Revenue from customer contracts, external	7 872	4 071		7	11 949

Segment information 1-12/2020

1 000 EUR	Hallinnointi- liiketoiminta	Palvelu- liiketoiminta	Sijoitus- toiminta	Muut ja eliminoinnit	Konserni yhteensä
Management fees	28 995				28 995
Service fees	3 862	8 564		696	13 122
Carried interest	873				873
Turnover	33 730	8 564		696	42 989
Turnover, internal		780		-780	
Other operating income	8	90			97
Personnel expenses, of which	-13 922	-3 038	-338	-6 618	-23 916
Salaries and bonuses	-13 922	-3 038	-338	-4 699	-21 997
Share-based payment				-1 919	-1 919
Depreciation, amortisation and impairment	-820	-433		-249	-1 503
Other operating expenses	-5 948	-1 196	-88	-2 496	-9 728
Internal service fees	-3 545	-158	-15	3 718	
Fair value changes of investments			4 398		4 398
Operating profit	9 502	4 608	3 958	-5 729	12 339
Financial items					-3 120
Income taxes					-2 941
Result for the period					6 278
Earnings per share, cents					3,3
Earnings per share, diluted, cents					3,3
Timing of revenue recognition from customer contracts:					
Services transferred over time	32 274	6 754		696	39 724
Services transferred at a point in time	1 456	1 810			3 266
Revenue from customer contracts, external	33 730	8 564		696	42 989

Income taxes

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

Dividends and repayment of capital

The Annual General Meeting, held on 17 March 2021, decided that a dividend of EUR 0.02 per share and an equity repayment of EUR 0.12 per share from the invested unrestricted equity fund, totalling EUR 21.9 million, be paid for the financial year 2020 in two equal instalments. The first instalment of EUR 11.0 million was paid on 26 March 21 and the second instalment will be paid in September 2021.

For the financial year 2019, 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 on 20 March 2020.

Non-current assets

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

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	951		115 115	116 066
Additions			11 300	11 300
Distributions			-5 972	-5 972
Fair value gains/losses			8 216	8 216
Transfers*	-600		0	-600
at the end of period	351		128 659	129 010
Other investments				
at Jan 1	166	0	25	191
at the end of period	166	0	25	191
Current financial assets at FVTPL	297			297

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

The different levels have been defined as follows:

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

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

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

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 84.7 million at the end of the reporting period.

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

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

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

The different levels have been defined as follows:

Level 1 - Quoted prices (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 3 - The asset that is not based on observable market data.

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

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

Sensitivity analysis of Level 3 investments at 31 March 2021

Investment area	Fair Value MEUR, 31 March 2021	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	16.4	Peer group	Peer group earnings multiples	EV/EBITDA 2021 12.8x	+/- 10%	+/- 1.7 MEUR
			Discount to peer group multiples	30 %	+/- 10%	-/+ 0.7 MEUR
Buyout	10.3	Peer group	Peer group earnings multiples	EV/EBITDA 2021 9.8x	+/- 10%	+ /-2.4 MEUR
			Discount to peer group multiples	24 %	+/- 10%	-0.8/+ 0.7 MEUR
Real Estate	39.8	Valuation by an independent valuer				
Infra	19.7	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	4.2	Peer group	Peer group earnings multiples	EV/EBITDA 2021 11.9x	+/- 10%	+/- 0.4 MEUR
			Discount rate; market rate and risk premium	41 %	+/- 10%	-/+ 0.3 MEUR
Credit	2.2	Discounted cash flows	Discount rate; market rate and risk premium	9 %	+/- 100 bps	- 0.0 MEUR / value increase based on a change in the discount rate is not booked
Special Situations	3.4	Peer group	Peer group earnings multiples	EV/EBITDA 2021 24.2x	+/- 10%	+/- 0.4 MEUR
			Discount to peer group multiples	23 %	+/- 10%	-/+ 0.1 MEUR
Investments in external PE funds	30.9	Reports from PE fund management company				
Investments in Maneqs	1.7	Peer group	Peer group earnings multiples	EV/EBITDA 2021 7.5x	+/- 10%	+ 0.2 /- 0.1 MEUR
			Discount to peer group multiples	26 %	+/- 10%	- 0.0 / + 0.1 MEUR

Sensitivity analysis of Level 3 investments at 31 December 2020

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

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

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

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

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

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

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

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

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

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

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

Seasonal nature of business

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

Average personnel

By country	31.3.21	31.12.20
Finland	118	112
Sweden	23	22
Denmark	6	6
Luxembourg	1	2
United Kingdom	4	4
In total	152	146

Contingent liabilities

€ ('000)	31.3.21	31.12.20
Securities and other contingent liabilities	62 887	62 771
Remaining commitments to funds	102 066	109 061
Remaining commitments by investment area		
Buyout	36 217	38 895
Credit	1 451	1 476
Russia	1 117	1 117
Real Estate	12 384	12 330
Other	3 556	3 556
Funds of funds	245	246
Growth equity	13 356	14 021
Infra	15 925	19 506
Special Situations	1 501	
External private equity funds	16 315	17 913
In total	102 066	109 061

Related parties

Loans to related parties

CapMan has a long-term loan receivable of EUR 6 thousand from a management group member's controlling interest. The loan receivable has a fixed interest rate.

Commitments to related parties

€ ('000)	31.3.21	31.12.20
Investment commitments to Maneq funds	643	643
Loan commitment to a management group member's controlling interest	69	0

Turnover and profit quarterly

Year 2021

MEUR	1-3/21
Turnover	11,3
Management fees	8,0
Sales of services	3,2
Carried interest	0,0
Other operating income	0,0
Operating expenses	-9,3
Fair value changes of investments	8,2
Operating profit	10,1
Financial income and expenses	-0,9
Result before taxes	9,3
Result for the period	7,8

Year 2020

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