CapMan

Annual Report 2021

Table of contents

CAPMAN SNAPSHOT

CapMan in brief

CapMan is a leading Nordic private asset expert with an active approach to value creation. As one of the private equity pioneers in the Nordics, we have built value in unlisted businesses, real estate, and infrastructure for over three decades. Our objective is to provide attractive returns and innovative solutions to investors. We are dedicated to setting science-based targets to reduce our greenhouse gas emissions in line with the Paris Agreement. We have a broad presence in the unlisted market through our local and specialised teams. Our investment strategies cover minority and majority investments in portfolio companies and real estate, and infrastructure assets. We also provide wealth management solutions. Our service business includes procurement and analysis, reporting, and back-office services. Altogether, CapMan employs approximately 160 professionals in Helsinki, Stockholm, Copenhagen, Oslo, London and Luxembourg. We have been listed on Nasdaq Helsinki since 2001.

We support growth and success by investing broadly in the unlisted market.

Our roots are Nordic but our handprint and our networks are global.

4.5 mrd €
BILLION ASSETS UNDER MANAGEMENT

OVER
30
YEARS OF EXPERIENCE FROM THE UNLISTED MARKETS.

COMMITTED TO
1.5°C
DEGREES ALIGNED SCIENCE-BASED TARGETS

20
NUMBER OF FUNDS

CAPMAN SNAPSHOT

Our mission, vision and values

CapMan is a leading Nordic private assets management and investment company. Our roots are Nordic but our handprint and our networks are global.

We build value for the enrichment of society

We build better organised, managed, and financially stable companies, contributing to overall economic well-being. More jobs and innovations equal better conditions for societal development. Similarly, we invest in real estate and infrastructure because we believe that high-quality environments, and utilities and services are cornerstones for functioning societies. We consider the environmental and social impacts of our business. As active owners, funds managed by CapMan can drive change on a broad scale.

Our work is guided by our values

- **Active ownership**
  Active ownership is the basis for all our operations. We deliver innovative solutions proactively and with a hands-on approach. We create lasting value by working closely with all our stakeholders.
- **Dedication**
  We are committed to entrepreneurial drive. We are hungry but humble and encourage continuous development and learning.
- **High ethics**
  We believe in integrity and transparency. We are a reliable partner and responsible owner respecting all our stakeholders. We always consider the long-term impacts of our actions.

MISSION

We build value for the enrichment of society.

VISION

Our vision is to be the top player in the Nordic unlisted market.

Highlights 2021

Two new Growth investments and one exit

CapMan Growth's second fund, established in 2020, invested in business technology transformation company Sofigate and leading Finnish personal assistance service Suomen Avustajapalvelut. The team's first fund exited Finnish full-service machinery company Real-Machinery Oy. The transaction was the fifth exit of the fund.

Growth portfolio company was listed on stock-exchange

Digital Workforce, a portfolio company of CapMan Growth's first fund, was listed on the Nasdaq First North Growth Market. The IPO enables the company to invest in the growth and expansion of operations, in line with its strategy. Digital Workforce is a Finnish Intelligent Automation (IA) and Robotic Process Automation (RPA) services specialist that CapMan Growth invested in in 2018.

Multiple awards for Growth portfolio company

Finnish IT media Tivi awarded CapMan Growth's portfolio company Unikie Tivi-company of the year. The company was also selected growth company of the year in the mid-size company category by Finnish business mentorship organisation Kasvu Open. Unikie develops technologies for protected real-time processes and its clients include pioneers of real-time data utilisation in the automotive industry as well as other industries and telecommunication companies worldwide. The company has grown rapidly and has been profitable from the beginning.

Infra invested in energy and traffic

CapMan Infra's fund established in 2018 invested in the energy and traffic sectors in line with its strategy. The fund agreed to co-operate with St1 to accelerate ground source heat plant investments in Finland. As part of the arrangement, the fund added a ground source heat plant portfolio owned by St1 Lähienergia Oy to its portfolio company Loviisan Lämpö Group, and finances nation-wide investments in new heating plants generating sustainably produced energy.

In December the fund agreed to acquire Koiviston Auto, Finland's leading bus operator. Through the acquisition, CapMan is driving the rapid electrification of urban bus transportation. Electric buses currently account for only 6 per cent of Koiviston Auto's contracted fleet. CapMan plans to increase the company's contracted electric bus fleet to more than 220 buses by 2026, which would represent over 33 per cent of the contracted bus fleet. The acquisition was completed in 2022.

New investments and exits in Buyout funds

CapMan Buyout XI, CapMan's newest Buyout fund established in 2019, invested in several new companies in 2021. The fund acquired a majority share in food supplement and medical devices specialist Pharmia. The acquisition seeks to accelerate the company's growth organically and through add-on acquisitions. The fund also invested in Swedish sports nutrition and equipment company MMSports. Together with the MMSports team CapMan Buyout will continue to support the accelerating growth and internationalisation of the company. The fund has also made several add-on investments.

CapMan Buyout IX fund exited Solera Beverage Group to Royal Unibrew and Bright Group to the international event technology firm NEP Group. The fund has two remaining assets.

Buyout linked its fund capital call bridge facility to ESG-metrics

CapMan Buyout continued aligning its business towards long-term sustainable value creation by linking its capital call bridge facility to ESG-metrics, which are related to GHG emissions, diversity of the management teams and establishment of governance policies. This action is part of an established strategy to follow up on and drive change by developing ESG matters, with equal focus on risk mitigation and value creation throughout the business. The linkage is the first of its kind at CapMan.

Special Situations -fund made two investments

The CapMan Special Situations I fund, established in 2021, invests in event-driven opportunities across economic cycles and industry sectors. In spring 2021, the fund acquired 100 per cent of the equity and debt capital of HopLop Group. HopLop operates a chain of adventure parks and playgrounds for children. The company is a market leader in Finland and has taken its first steps to expand internationally. The company has taken many actions during 2021 to increase efficiency and adapt to the changing market situation. With the support of CapMan, the business is well-positioned to focus on its core business and foster new growth.

At the end of the year, the fund made its second investment in Marinetek, a leading supplier of high-quality floating solutions. Marinetek specialises in marinas, floating breakwaters, yacht docks and other commercial floating solutions. The fund acquired majority ownership in the company and will invest new capital in developing the business, seeking to develop the company as the leading supplier of premium marinas and modern floating solutions.

New real estate assets to value-add fund

CapMan Real Estate's third value-add fund, the largest in CapMan's history at €564 million in equity, made four investments in Sweden throughout 2021. The fund invested in three well-located mixed-use office properties in the Stockholm region that are planned to be refurbished further to fit modern standards, and in one industrial property in Köping.

€52.8 million

TURNOVER 2021 (2020: €43.0 million)

€44.6 million

OPERATING PROFIT 2021 (2020: €12.3 million)

Wealth Services broadened its offering

CapMan Wealth Services launched a new programme investing in private equity funds together with international private equity asset manager AlpInvest Partners. The program, established in the form of CapMan Wealth Services Investment Partners Fund (CWSIP), invests in sought after US mid-market buyout funds alongside AlpInvest. The tailored product is part of CapMan's strategy to expand and diversify its product portfolio by offering local investors access to the unlisted market also outside the Nordic region. CWSIP makes investments in private equity funds that invest in unlisted mid-sized companies in the US. This is the first CapMan Wealth Services programme that invests in private markets with approx. USD 90 million raised.

New fund investing in residential real estate launched

CapMan Real Estate established a new fund investing in Nordic residential real estate which has raised over €500 million in equity in 2021. At establishment, the fund also signed an agreement to acquire a portfolio of properties in Helsinki for over €500 million. The portfolio consists of 29 modern rental residential properties with a combined net leasable area of 88,279 m2. The properties are located in different growth centres in and around the Helsinki Metropolitan Area with good access to commuter connections. At the end of October, the fund also invested in a portfolio consisting of 12 centrally located properties in Copenhagen. 77 per cent of CapMan Residential fund investments are in Finnish properties and 23 per cent are in Danish properties. The average apartment size in the portfolio is 51 square meters.

Norleds MS Hydra is Ship of The Year 2021

CapMan Infra's portfolio company Norled received recognition for its innovative work when Skipsrevyen rewarded MS Hydra, Norled's ferry launched in 2021, as the ship of the year. MS Hydra is the world's first hydrogen powered ferry. The Ship of The Year award is the most prestigious recognition given to Norwegian shipping technology and innovation. It is given annually to a Norwegian built ship on a Norwegian shipyard. Skipsrevyen's readers nominate the candidates for the award and a jury of professionals select the winner.

Several exits from value-add real estate

CapMan Nordic Real Estate Fund, CapMan's first real estate fund investing with a Nordic value-add strategy, made several successful exits throughout 2021 and is approaching carry. The fund sold a vacant office building located in central Oslo, to the Norwegian student organisation SiO. Before the sale the property was stripped of its structure and prepared for a complete renovation. The fund also exited a residential portfolio of up to 33,000 sqm in Copenhagen as well as a mixed-use property in central Copenhagen. Both assets were comprehensively refurbished and developed during the fund's ownership. In addition, the fund has agreed on another exit and will start distributing carried interest after the completion of the exit.

CapMan's second Nordic value-add real estate fund completed its largest exit from an office building in Södra Värtan, Stockholm in February 2022.

¢21.4

EPS 2021
(2020: ¢3.3)

Focus on sustainable development

In 2021 CapMan strengthened its commitment to sustainable development on several fronts. CapMan has actively developed its sustainable investment framework since the Group became a signatory of the PRI in 2012 and CapMan appointed its first ESG Director. This new appointment gives an increased focus and resources to further develop CapMan's sustainable investment practices. At the core of the ESG Directors role is further developing the Group's approach to sustainability and implementing a sustainable investment framework in collaboration with CapMan's investment teams and other group functions. In addition to this, CapMan has throughout the year launched its first funds which are aligned with the European Unions framework of sustainable finance, promoting environmental and/or social factors.

CapMan for Good

CapMan for Good is a foundation that supports causes and projects that work to improve the well-being of people and society. The purpose of the foundation is to support entrepreneurship, education and other activities in order to increase well-being in disadvantaged parts of society. In 2021 the Christmas fundraising and charity seminar organized by CapMan for Good together with CaPS's and CapMan's network raised €199,000 for the Tukikummit foundation and for work to prevent marginalisation of children and youth. CapMan for Good also continued as a partner of the Eskilstuna United's Girls United initiative in 2021. Through the initiative young girls, mainly with immigrant backgrounds, develop new skills and self-esteem through football. Further, the foundation launched a mentorship programme for small businesses and entrepreneurs. Eight companies and entrepreneurs were selected for the programme and matched with mentors. The mentors were long-term private equity investors involved in the CapMan for Good foundation.

CEO REVIEW

A record year based on sustainable development

Our vision is to be a Nordic private assets powerhouse. Our strategy based on this vision has progressed on many fronts during 2021. We have expanded our fund investor base, diversified our product offering in the unlisted market and focused on active and sustainable value creation.

2021 was CapMan's strongest year as a listed company, measured by turnover and operating profit. Turnover for the year was €53 million and operating profit was €45 million. Assets under management reached €4.5 billion record levels. Key drivers behind the record result are strong international fundraising, successful value creation work and well executed exits.

Sustainable development as a foundation for value creation

Our mission guides our strong results to build value for the enrichment of society. CapMan's societal impact is significant. Our portfolio companies employ a total of 13,000 people with a combined turnover of €2.2 billion. We also manage real estate with a combined area of approx. 1,300,000 square meters and a total of approx. 6,300 tenants, including large corporations and institutions as well as thousands of households. We have an opportunity and a strong drive to develop our portfolio companies and real estate into more environmentally friendly, socially responsible, and well-governed assets, thereby contributing to a more sustainable society.
Our ability to offer good returns while taking sustainability aspects into account is a central reason for why we are the primary choice of a private markets partner in the Nordics for so many clients.

Clear sustainability targets for operations

During the past year, we have increased our resources for sustainability work, developed the systematic integration of sustainability factors into our business and focused on assessing the sustainability impacts of our investments.

An outcome of the sustainability work conducted during the year was a new strategy to integrate sustainability objectives. As part of this work, we have established sustainability targets for CapMan Group as well as for funds managed by CapMan. In terms of environmental targets, CapMan commits to setting Science Based Targets (SBT) for its activities that mitigate climate change in line with the Paris Agreement. Long-term, our objective is to be a fully carbon-neutral company. From

Strong international fundraising, successful value creation and well executed exits drive record results.

a social perspective we commit to promote diverse and inclusive work communities and maintain employee satisfaction at a measurably high level. We also focus on promoting the gender division of decision makers so that one gender would not be clearly overrepresented. Furthermore, we are planning to integrate sustainability objectives into executive remuneration. By setting clear targets and monitoring of progress towards those targets, we can ensure that we promote those areas that we can influence directly through active ownership.

A record year by many measures

We were successful during 2021 over the lifecycles of our funds, from the fundraising phase to exits.

Our assets under management increased by €700 million, or close to 20 per cent as a result of the establishment of new funds. In 2021, we established a new residential real estate fund, a fund that invests in businesses undergoing transformations and a new private credit fund, among others. Increasing the share of international investors is one of the cornerstones of our fundraising strategy. We successfully attracted several new large international institutions as investors in our new funds. Investors outside the Nordic countries now contribute to approx. 60 per cent of our assets under management. This share has grown from approx. 10 per cent in 2017. In addition, the number of smaller local investors has grown steadily.

We have found plenty of suitable investment opportunities in an active transactions market. We invested a total of 660 million through our funds in 2021.

Future returns are based on value creation today

Value creation in our portfolio companies and real estate has been successful, which is reflected in fair value changes of investments made from our own balance sheet. In 2021, fair values increased by 27 per cent and included returns from exits as well as still unrealised fair value gain. Net cash flow to CapMan from investments was a solid €18 million.

During the past year, we have completed several successful exits, which have returned capital and distributed returns to investors at a total of €250 million. We exited a total of 11 companies and real estate assets. Successful value creation is also demonstrated by funds that have been transferred to carry or that are approaching this milestone. When a fund transfer to carry, also the fund General Partner, i.e. CapMan, receives a share of the returns.

Growing fees

Fund management fees and fees from services are an important part of CapMan's income mix. Fee-based profitability has continued its positive trend for several years. We focus on the long-term growth of fee-based profitability and expect this development to continue strong also this year.

We have developed our service concepts during the year. As an example, CapMan's wealth management arm CapMan Wealth Services launched its first international co-investment solution together with international private assets manager AlpInvest. This fund-based solution invests in sought after US mid-market buyout funds alongside AlpInvest. The tailored product is part of CapMan's strategy to expand and diversify its product portfolio by offering local investors access to the unlisted market also outside the Nordic region.

CaPS continues to grow in Finland and Sweden while operations have started also in the Baltics. JAY Solutions has acquired new customers for their reporting and analytics service offering also among B2B clients.

Top professionals enable future growth

CapMan's growth and positive development is driven by the best professionals in the industry. During 2021 we have strengthened our ranks by recruiting new talent. This provides a solid foundation for future growth. Our knowledgeable staff is our most important asset and we have invested in improving employee satisfaction by increasing flexibility regarding work location and hours, for example. Despite two years of exceptional circumstances due to the pandemic, I am happy to note that the work community is highly appreciated and that it is one of the reasons why people want to work at CapMan and why they thrive.

We have raised the bar for our business and results during 2021. In the coming years, we will maintain our focus on growth and especially on the internationalisation of our business. Active and sustainable value creation is at the core of our activities. This combination of growth and value creation improves our financial performance and helps us execute our vision to be a Nordic private assets powerhouse.

Joakim Frimodig
CEO

STRATEGY

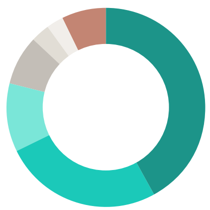
Strategic objectives and milestones 2017–2021

CapMan updated its strategy in 2017. The Group's main objectives are to broaden access to capital, introduce new and flexible products, provide a broader offering of strategies in the private markets space and to focus on active value creation. The objectives are supported by global trends.

During the past four years, we have successfully increased assets under management among large international investors and smaller local institutions, alongside Nordic institutional investors. In addition to offering closed-end funds, we have significantly increased the share of open-ended funds and mandates. We have also introduced new private markets strategies alongside traditional buyout and real estate investments. The expanded offering will help us with active value creation for our fund investors and shareholders.

Megatrends & value drivers:

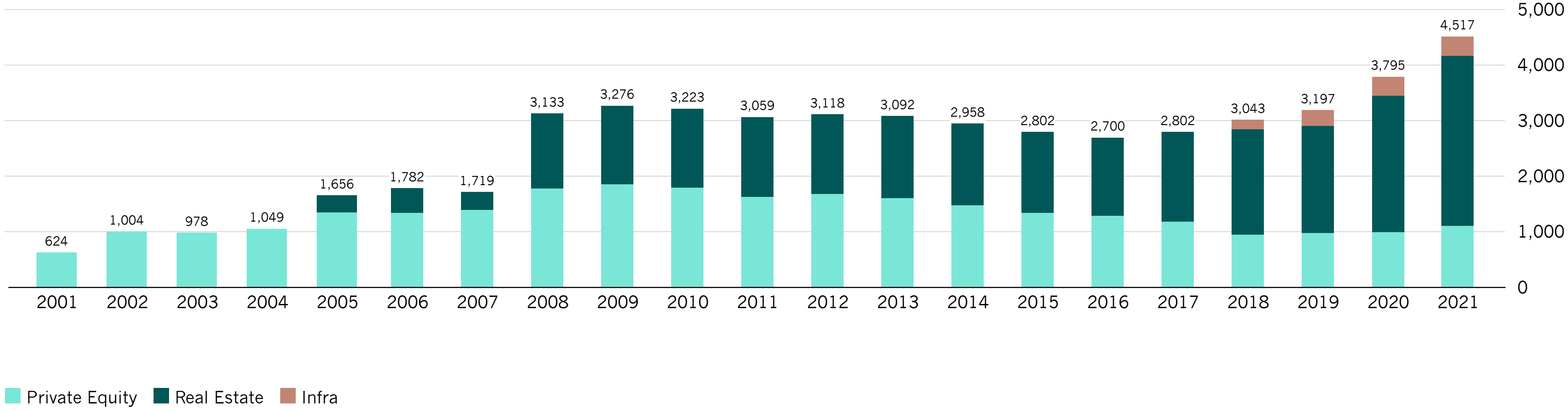
1. Growing market
2. Broader interest in private assets
3. Diversification and flexible products
4. Attractive returns

Strategic objective:	2016 AUM (€2.7 bn)		2021 AUM (€4.5 bn)	
1. Broaden access to capital		International 10% Smaller local institutions 5% Local Tier I 85%		International 57% Smaller local institutions 12% Local Tier I 31%
2. Introduce new & flexible products		Closed-end 96% Other 4%		Closed-end 47% Other 53%
3. Develop broad offering in the private assets space 4. Focus on active value creation		Buyout 25% Real Estate 59% Other 16%		Income Real Estate 42% Value-Add Real Estate 26% Buyout 11% Infra 8% Credit 3% Growth 3% Other 7%

STRATEGY

Assets under management and key milestones

Assets under management (M€)



FOUNDATION 1989–2000

Pioneer
- Founded in 1989 in Finland
- MBO in 1995

PHASE 2: 2001–2008

Expansion into new markets
- Listed in 2001
- Nordic expansion 2002
- Real Estate in 2005
- Russia in 2008

PHASE 3: 2009–2015

Post-financial crisis era
- Multiproduct house with Private Equity & Real Assets strategies
- PRI signatory in 2012
- Private equity related services

PHASE 4: 2016–2019

Re-focus on growth
- Norvestia acquisition in 2016 expands balance sheet and enables faster establishment of new funds
- Growth Equity in 2016
- Infra in 2017

PHASE 5: 2020–

Acceleration
- Large successor funds to successful strategies
- New strategies: Special Situations 2020, Residential 2021
- New products in the private assets space
- Activities across Nordics

STRATEGY

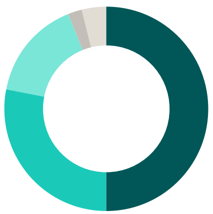
CapMan Group operations

The CapMan Group is comprised of CapMan Plc and its subsidiaries and associated companies. The subsidiaries act as fund management and/or advisory companies for the Group's funds that in turn make direct investments in portfolio companies or in real estate assets, or as investment companies. Investors in CapMan's funds are predominantly institutional investors.

Ownership in CapMan Plc

SHAREHOLDERS

Shareholders per type



- Finnish Private Individuals 50%
- Other 28%
- Finnish Institutional Owners 16%
- Foreign Institutional Owners 2%
- Anonymous ownership 4%

CapMan Plc

Group functions Balance Sheet

Investment operations

Fund management

Service businesses

CapMan Group:
160 employees
6 offices

Direct stake in funds through balance sheet

Fair value changes & returns

Fund management responsibility

Management fees

Carried interest

Services

Service fees

Limited partnership in funds

FUNDS

20 funds

Capital calls

Returns

A total of 13,000 employees in portfolio companies

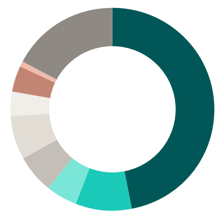
A total of 1,300,000 m² in lettable area

Reporting & analytics customers

Procurement service members

LIMITED PARTNERS (fund investors)

LPs per type



- Pension funds 47%
- Fund of funds 9%
- Insurance companies 5%
- Corporate investors 6%
- Government agencies 7%
- CapMan 4%
- Trusts 4%
- Family offices & private individuals 1%
- Others 17%

STRATEGY

Long-term financial objectives

Growth of the Management Company and Services business[1]

>10%

Average annual growth objective

2017–2021 CAGR:

17%

2021:

19%

Return on equity

>20%

Average annual growth objective

2017–2021 AVERAGE:

14%[2]

2021:

29%

Equity ratio

>60%

Average annual growth objective

2017–2021 AVERAGE:

57%[3]

2021:

53%

Dividend distribution objective

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

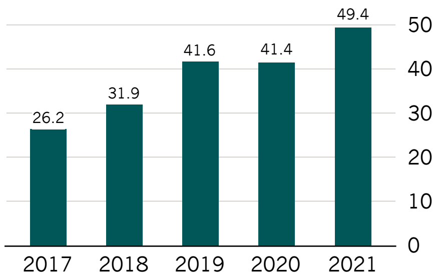
2017–2021 AVERAGE:

13 cents per share
Distribution has grown every year since 2012

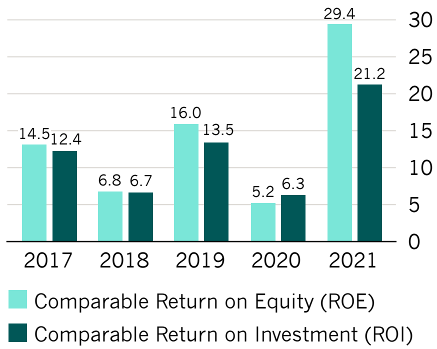
2021:

15
cents per share

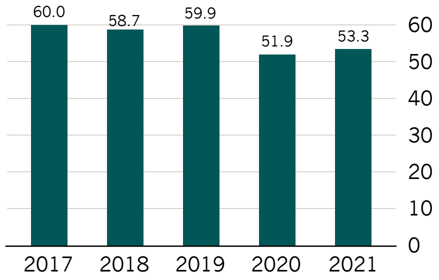
Fees from Management Company business and Services, M€



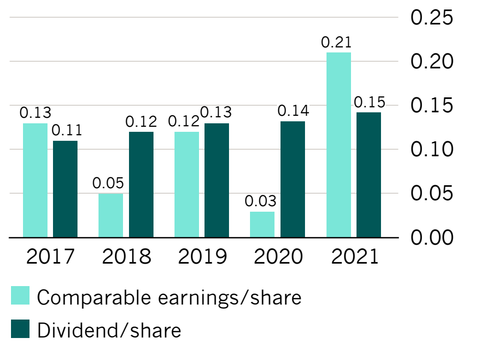
Comparable ROI and ROE, %



Equity ratio, %



Comparable earnings/share and dividend/share*, €



[1] Management Company & Service business excluding carry
[2] Average calculated as average return divided by average equity
[3] Average calculated as the average of annual ratios

[4] CapMan's objective is to distribute an annually growing dividend to its shareholders. The Board of Directors proposes that a total distribution of EUR 0.15/share to be paid for 2021.

Financial objectives and figures exclude items affecting comparability.

BUSINESS

CapMan's investment and service teams

REAL ESTATE

CapMan REAL ESTATE

CapMan Real Estate executes both value add and stable income-focused investment strategies across all major property sectors in Sweden, Finland, Denmark and Norway. The team's active value-add funds seek to acquire transitional properties in the most liquid Nordic markets where an asset can be enhanced by active rental and cost management, investments in redevelopment, change of use, or repositioning. The funds and mandates targeting stable income generation seek well-located, high-quality investments that generate attractive risk-adjusted returns for our investors across market cycles. CapMan's Nordic Real Estate operations include close to 60 committed real estate investment professionals. CapMan's real estate funds hold approx. 50 assets comprising 150 individual properties.

Team size: 55
Team location: Finland, Sweden, Denmark, Norway, United Kingdom
Investment focus: Finland, Sweden, Denmark, Norway
Value-add strategy
- Funds: 3
- AUM: €1,070 million

Income-focused strategy*
- Funds and mandates: 5
- AUM: €1,910 million

*Including hotel and residential real estate funds

INFRASTRUCTURE

CapMan INFRA

CapMan Infra invests in energy, transportation and digital infrastructure assets generating predictable cash flows. CapMan Infra is a dedicated and active owner seeking to drive operational improvements and offers tailored solutions to local infrastructure asset owners and partners in the Nordic countries. The team of ten infrastructure professionals is based in Helsinki and Stockholm. The first fund by CapMan Infra was established in 2018. In addition to the fund, the team also manages two investment mandates.

Team size: 10
Team location: Finland, Sweden
Investment focus: Finland, Sweden, Denmark, Norway
Funds
- Funds: 1
- AUM: €190 million

Mandates and other
- Mandates: 2
- AUM: €170 million

PRIVATE EQUITY AND CREDIT

CapMan BUYOUT

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

Team size: 11
Team location: Finland, Sweden
Investment focus: Finland, Sweden
Funds: 4
AUM: €510 million

CapMan GROWTH

CapMan Growth makes significant minority investments in Nordic growth stage companies that have ambitious growth and expansion goals. As active investors, the team works closely with management and owners to help realize their growth ambitions. Through its funds, CapMan Growth can provide capital for recruiting, M&A, internationalisation, and other growth initiatives. In addition, the funds can acquire shares from owners helping realize some value from their business while maintaining control. The funds managed by CapMan Growth have invested in 17 companies.

Team size: 8
Team location: Finland, Sweden
Investment focus: Finland
Funds: 2
AUM: €140 million

CapMan SPECIAL SITUATIONS

CapMan Special Situations pursues event-driven investment situations by providing flexible capital solutions and strong operational capability to deliver step-change performance improvements. The team specializes in demanding strategic and operational turnarounds, financial restructurings, and corporate carve-outs in which executional certainty can be assured with substantial value creation and controlled risks. The focus is on mid-sized private and public companies that are headquartered in Finland. CapMan Special Situations is CapMan's newest investment strategy that was launched in 2020.

Team size: 4
Team location: Finland
Investment focus: Finland
Funds: 1
AUM: €53 million

CapMan CREDIT

CapMan's Credit's investment activities are managed by Nest Capital, an independent partnership of CapMan Group. Nest Capital provides private debt, mainly in the form of senior and subordinated loans, to small and medium-sized companies across the Nordic countries. Nest Capital has raised three funds with total commitments of c. €300 million.

Team size: 4
Team location: Sweden
Investment focus: Finland, Sweden, Denmark, Norway
Funds: 2
AUM: €150 million

CapMan serves actors in the financial industry that want to simplify and improve their client reporting and analytics, as well as growing companies that want to make their procurement more effective.

WEALTH MANAGEMENT

CapMan Wealth Services (CWS) offers comprehensive wealth management services for public and private markets, providing investors unparalleled access to the best solutions through their independent Manager Selection process. The team serves mainly family offices, institutional investors, and high net worth individuals. In 2021, CWS launched its first program that invests in private equity.

Team size: 12
Team location: Finland, Sweden

SERVICE BUSINESS

CaPS (CapMan Procurement Services) is a service driving down costs on non-strategic products and services for our member companies in Finland, Sweden, and the Baltics. The service tenders out the procurement of its member companies achieving significant savings and benefits. Each year, nearly 300 member companies use CaPS procurement services. In addition to volume deals, CaPS services include a digital employee benefit scheme and an ESG-reporting system.

Team size: 11
Team location: Finland, Sweden, Estonia, Latvia, Lithuania

JAY Solutions is a technology driven forerunner in analytics and reporting services that also offer securities management to its customers. The J-Ray platform visualises a portfolio's wealth at any given moment and provides clients with an objective, reliable and up-to-date view of their entire wealth, regardless of asset location and type.

Team size: 22
Team location: Finland

BUSINESS

Overview of strategies and functions

Management company business

PRIVATE EQUITY AND CREDIT

BUYOUT
Nordic pioneer in majority investments

GROWTH
Significant minority investor

SPECIAL SITUATIONS
Investor pursuing event-driven investment situations

CREDIT
Mezzanine in the Nordics

REAL ESTATE

VALUE ADD
Active value-add manager

RESIDENTIAL
Stable rental returns from Nordic growth centres

HOTELS
Stable long-term income from Nordic hotels with strong operators

INCOME
Light industrial and other commercial properties with attractive income profile

INFRA-STRUCTURE

FUNDS
Nordic mid-market infrastructure investor

MANDATES
Tailored structures and individual assets

WEALTH SERVICES

CAPMAN WEALTH SERVICES
Wealth advisory service

Service business

CaPS
Procurement service

JAY SOLUTIONS
Reporting & analytics service

Investment business

INVESTMENTS
Investments from balance sheet

GROUP FUNCTIONS:

GROUP MANAGEMENT · FINANCE · LEGAL AND COMPLIANCE · BACK OFFICE · ESG · FUND IR · HR · COMMUNICATIONS · IT

PERSONNEL

Results are created together

People strategy themes

Our people strategy is based on four themes rooted in our values. These themes define how we work, collaborate, and pursue our goals. We aim to be an inspiring workplace where our employees are dedicated and that motivates them to do their best. We foster a culture where high professionalism and low hierarchy unite. We acknowledge that all success is based on good leadership and support our employees as they develop as leaders. We aim to attract, engage, and retain top performers and promote a healthy and motivating work environment while seeking to offer competitive, rewarding, and fair total remuneration.

Throughout 2021 the pandemic and remote work challenged us like many other companies, especially in terms of creating a sense of community. During the year, we focused on the special characteristics of our company culture and are happy that many of our employees have quickly found agile and creative ways of sharing information and building team spirit, despite face-to-face meetings being restricted.

CAPMAN PEOPLE STRATEGY THEMES

One CapMan Family	Active Leadership	Home of Top Performers	Effective Remuneration

161
CAPMANIANS*

10%
GROWTH OF PERSONNEL* IN 2021

Based on the FTE number, which describes the full-time equivalent number of employees.

Diversity at CapMan

In a multidimensional world, diverse skills and backgrounds are a strength. CapManians are professionals of different ages, who represent different nationalities, educational backgrounds and career paths. Diverse backgrounds and experiences expand perspectives in teams and create new solutions. Research also shows that diversity affects organisational innovation and performance positively. When recruiting, we aim to consider different backgrounds and strengths while challenging our ideas of ideal candidates, to utilise the whole competence potential to its best extent. Discussions regarding personnel diversity and creating a strategy for its development, are taking place throughout the organisation and also on leadership team level. Managers are aware of the importance of the subject. Our goal is to increase diversity, especially on a decision-making level.

Leadership at CapMan

We believe all success is based on good leadership. To us, good leadership equals leadership that is based on honesty, fairness, high ethics and trust. We value the entrepreneurial way of work where everyone is a leader and does their best, uses their talent for development, and takes ownership.

Our leadership style is guided by "CapMan Way of Leadership", a four-step leadership model that we have developed in co-operation with our employees and leadership. It defines the principles of CapMan leadership and is applied broadly to manager roles, team leadership and even self-leadership. Regular trainings are held to support employees in developing their leadership skills and help build a unified leadership culture on the company level.

Parental leaves held in 2021

MEN	WOMEN
8	6
PARENTAL LEAVES	PARENTAL LEAVES

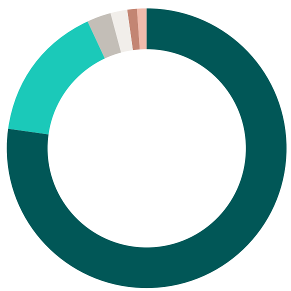
CapMan – All employees

Women 39%
Men 61%

CapManians – Investment professionals

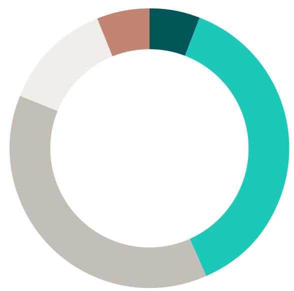
Women 20%
Men 80%

CapManians – By geography



Finland 76%
Sweden 15%
Denmark 4%
UK 3%
Luxembourg 1%
Norway 1%

CapManians – By age



–25yr 7%
26–35yr 37%
36–45yr 37%
46–55yr 12%
Over 55yr 6%

Continuous learning and development

Trainings to new managers

In 2021 CapMan offered new managers trainings in online form. The trainings were carried out in groups where managers from different parts of the organisation acquainted themselves in the leadership principles and best practices together with their colleagues. This supported networking and information sharing across teams and worked to prevent organisation-wide silos.

Manager briefs

Throughout the year, managers were provided with opportunities to see each other and share information in manager brief events. The briefs were organised online by HR. In 2021 all-together 10 such briefs took place. The manager briefs were a popular way for managers to stay up to date and they also offered a forum for common discussions.

We value the entrepreneurial way of work where everyone is a leader and does their best, uses their talent for development, and takes ownership.

Negotiation and presentation skills

In spring 2021, CapMan launched a negotiation & presentation skills training programme. The programme, targeted to employees with roles in investment and commercial negotiations, aims to develop negotiations skills, selling and presenting. In 2021 two groups performed the training. A third training is planned for 2022.

Project management trainings

CapMan launched its project management trainings in fall 2021 when two groups performed the trainings. The goal of the trainings was to improve project leadership skills amongst CapManians, have discussions about different styles of project work and create a better understanding of the project management tools available. The next training is planned for spring 2022.

Fostering our culture

In 2021 several internal events that aimed to increase communication and networking possibilities were held at CapMan. The ”Friday Academy” -events are an example of a concept where different teams present their operations or share a case example, to the whole company. The annual CapMan Day, where the whole company comes together around common themes, was held earlier in the fall as a live event, which received plenty of positive feedback from employees.

Pandemic effects and key takeaways

Remote and hybrid work models

In 2021 remote work was recommended broadly to all CapMan employees. Still all offices were kept open and office work has been possible considering health and safety guidelines. We have continuously followed up on the development of the pandemic situation and considered local health and safety guidelines. Group policies have been adjusted on country-level as needed. In the fall we incorporated a hybrid work model which enables employees to work at home and at the office considering team needs and the pandemic situation.

Employee surveys

In 2021 we performed two surveys aiming to survey the well-being of our employees as well as their attitudes and preferences towards office and remote work. Based on the responses, we see that hybrid work is here to stay, while office work with real encounters amongst colleagues is also experienced as very valuable and motivating. CapManians value each other’s expertise broadly and face-to-face meetings have been missed during the pandemic. As a whole, work well-being and the balance between work and free time are on a relatively good level at CapMan.

SUSTAINABILITY

ESG strategy and commitments

We build a sustainable tomorrow through active ownership

CapMan strives to be a positive force in society and a role model for our investors and portfolio companies. Having a positive impact on our stakeholders is the essence of being sustainable. We see that as a Nordic active and significant owner, we are ideally positioned to drive the change towards well-governed, environmentally and socially sustainable businesses and assets. We steer our investments towards clear sustainability targets and are actively looking to invest in opportunities that mitigate societal and environmental challenges.

At CapMan, we can make a positive impact through our ability to influence decision-making and activities across the CapMan Group and the funds' portfolio companies and assets. We strive to lead by example for the entire ecosystem consisting of our funds, their portfolio companies and assets as well as value chains. For us as a private assets manager and investor, sustainability is about helping our portfolio become more sustainable. We make the most significant impact through the companies and properties that we own.

Together, we build value for the enrichment of society

During 2021, CapMan has invested significantly into strengthening and developing ESG throughout our organisation. We hired the first dedicated ESG Director to update our ESG efforts and ensure that CapMan is at the forefront of creating a sustainable future through our portfolio companies and properties. To this end, we are creating a new ESG strategy, where we are moving from data collection and reporting on ESG metrics to also creating and making public our real impact through our portfolio companies and property investments. In order to be successful in this regard, we are setting ambitious ESG improvement targets throughout our operations.

We are also working on solidifying our foundation. We are updating and streamlining the ESG data collection from all portfolio companies and properties in order to provide our fund investors with improved transparency on the sustainability metrics of their portfolio. In addition, we are updating our ESG processes throughout the organisation.

For us as a private assets manager and investor, sustainability is about helping our portfolio become more sustainable.

Environment
- We drive climate action based in science & promote life cycle stewardship

Social
- We create strong and equitable businesses & provide meaningful work

Governance
- We are diverse, transparent & accountable for our actions

Three focus areas for the sustainability strategy

CapMan's sustainability strategy is built around three tracks that define our approach and focus within each area.

Within these three tracks, we have identified the areas that have the largest societal impact and that we want to pursue across our investments. We also monitor other relevant areas for particular portfolio companies or real estate in terms of their sustainability work. We help our portfolio companies develop in a sustainable way.

Climate action based in science

Regarding **climate**, our target is to commit to and set Science-Based Targets (SBT) and from there commit to net-zero emissions. By doing so, we align our business with the Paris Agreement, a treaty with the goal of limiting the rise in global temperatures to preferably 1.5 degrees. This commitment puts our investments on a path towards net-zero by linking the greenhouse gas (GHG) emission reduction plan to the latest climate science. Setting SBT and getting them validated by the SBT initiative is considered best practice. By driving this initiative, we help our portfolio and ultimately our stakeholders transition towards a carbon-neutral society through positioning our portfolio companies and assets on a path towards net-zero GHG emissions.

Longer-term, we are looking into how to systematically include **life cycle analysis** throughout CapMan and our portfolio companies and properties and to adopt a circular economy approach. This will promote the use of resources in our activities effectively and for as long as possible, ultimately saving both scarce resources as well as operational inputs. By introducing and incentivizing a systematic approach to recycling, reusing and sharing, we can utilise economies of scale to drive change.

Fair and equitable work environments

At CapMan, we want to be part of building companies to be proud of, that employees are proud to work at and that customers want to frequent and promote, as well as real estate that attracts tenants. We believe that this makes the companies and properties more valuable–not only for us but for future owners and the community as well. To this end, we monitor employee satisfaction. As a Nordic company investing in the Nordics, we are relatively well-positioned in terms of labour and human rights legislation and standards. To solidify our approach and protect workers, we seek to ensure that all new companies have set Human & Labour Rights policies and processes within a year of acquisition.

Transparent, inclusive and accountable decision-making

Creating a **diverse and inclusive** business is a way to ensure that we broaden our competence and that we, in addition to our portfolio companies, do not miss out on valuable opportunities. Different backgrounds contribute to more diverse insights around aspirations and priorities to be considered. It makes more voices in the organisation heard. We focus especially on diversity within decision-makers both at CapMan and in our portfolio companies, and in the adequacy of training and development opportunities throughout the CapMan organisation.

We also seek to integrate sustainability targets into executive remuneration for all companies where CapMan has board representation within a year of acquisition. This strongly aligns the incentives of decision makers with sustainability targets and ensures actions that prioritise ESG matters, which ultimately leads to the achievement of Group level sustainability targets

CapMan's sustainability targets

We outline sustainability targets for CapMan Group as well as for the funds managed by CapMan investing in portfolio companies and properties. These annual targets are the tools we use to ensure that we meet our commitment to build value for the enrichment of society. Please see our targets for 2022 on the next page. We are in the process of establishing long-term ESG targets. For Real Estate, the targets beyond the commitment to the Science Based Targets initiative will be finalised during the spring.

Our handprint

35 COMPANIES WITH **13,000** EMPLOYEES IN AGGREGATE

1,300,000 SQM OF REAL ESTATE WITH **6,300** TENANTS IN AGGREGATE

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

What is the Science Based Targets initiative?

The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. The SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. SBTs how companies how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change. The initiative mobilizes industry leaders and companies to set net-zero targets in line with curbing global warming to 1.5 °C on average, which is widely recognised as the limit at which the effects on climate are still sustainable.

SUSTAINABILITY

CapMan's sustainability targets for 2022

CapMan Group	CapMan Private Equity & Infra	CapMan Real Estate
Environment – Science-Based Targets & net-zero commitment • Commit to 1.5-degree SBT, followed by a net-zero commitment	**Environment – Science-Based Targets & net-zero commitment** • Commit to 1.5-degree SBT, followed by a net-zero commitment	**Environment – Science-Based Targets, net-zero commitment, green leases & water consumption** • Commit to 1,5-degree SBT, followed by a net-zero commitment • Increase nr of Sustainable Building Certifications • Increase nr of green leases (for new larger leases) • Reduce water consumption
Social – Employee satisfaction • Employee satisfaction eNPS survey above 40 • Create policy & process for diversity & inclusion	**Social – Employee satisfaction** • Employee satisfaction survey above 3,5 out of 5 for all companies • Metric to follow: Job creation	**Social – Tenant engagement** • Yearly tenant engagement on social and environmental matters with focus on commercial tenants • Improve tenant satisfaction
Governance – Executive level diversity & accountability • Develop employee remuneration to include ESG targets • Develop a process to reach equal gender representation in the management group, at partner level and throughout the organisation	**Governance – Executive level diversity & accountability** • Appoint max 70% of any gender to boards & management teams • Sustainability objectives integrated into executive remuneration in all new majority owned companies within a year of acquisition	**Governance – Increased transparency** • GRESB reporting for the following funds: CMNRE II, CMNRE III, CMNPI, CMHRE and CMRF

CAPMAN PLC

Corporate Governance Statement 2021

CapMan Plc ("CapMan") complies with the Finnish Corporate Governance Code 2020 for listed companies issued by the Securities Market Association which entered into force on 1 January 2020 (the "Code"). CapMan complies with all of the recommendations of the Code. This Corporate Governance Statement (the "Statement") has been prepared in compliance with the Code's Corporate Governance reporting guidelines, it has been reviewed by the Audit Committee of CapMan's Board of Directors (the "Board") and it is issued separately from the report by the Board. CapMan's corporate governance model also follows the Finnish laws, the articles of association of the company and the rules and directions of Nasdaq Helsinki Ltd.

The Code is publicly available on the website of the Securities Market Association at www.cgfinland.fi/en. For further information regarding CapMan's corporate governance, please visit the company's website at https://www.capman.com/shareholders/governance/.

1 CapMan's governance model

CapMan is a Finnish limited liability company headquartered in Helsinki, Finland. The parent company CapMan Plc and its subsidiaries form CapMan group. CapMan's shares are publicly listed in Nasdaq Helsinki. CapMan's governance model consists of the general meeting of shareholders, the Board of Directors and the CEO. In the operative management of the company the CEO is assisted by the management group.

2 General Meeting of the shareholders and the Articles of Association

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

In 2021, CapMan's annual general meeting was held on 17 March in Helsinki. In order to curb the spread of the Covid-19 pandemic, the General Meeting was organized without shareholders' and their proxy representatives' presence at the General Meeting venue. Shareholders were able to participate in the meeting and use their shareholder rights only by voting in advance, by submitting counterproposals in advance and by asking questions in advance. In total 84 shareholders representing approximately 26 % of the registered share capital and voting rights voted in advance. The decisions are available on the company's website at https://www.capman.com/shareholders/general-meetings/.

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

3 Shareholders' Nomination Board

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

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

The following members were nominated to the Shareholders' Nomination Board in September 2021: Stefan Björkman (Managing Director of Föreningen Konstsamfundet r.f., representative of Silvertärnan Ab) (Chairman of the Nomination Board), Mikko Mursula (Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company), Ari Tolppanen (Chairman of the Board of Oy Inventiainvest Ab) and Mikko Kalervo Laakkonen. Additionally, Andreas Tallberg, the Chairman of the Board of Directors of CapMan Plc, served as the expert member on the Shareholders' Nomination Board.

The Nomination Board convened twice in 2021. The Nomination Board conducted an evaluation of the Board work, discussed, in particular the size, composition and diversity of the Board of Directors and the areas of expertise that are deemed most beneficial for the company. The Nomination Board also reviewed the remuneration of the Board and gave its proposals to the Annual General Meeting on 25 January 2021. The proposals were published as a stock exchange release.

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

4 Board of Directors

4.1 Composition of the Board of Directors

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

The Annual General Meeting held on 17 March 2021 elected seven members to the Board of Directors. Ms. Catarina Fagerholm, Mr. Eero Heliövaara, Ms. Mammu Kaario, Mr. Olli Liitola, Mr. Johan Hammarén and Mr. Andreas Tallberg were re-elected to the Board. Mr. Johan Bygge was elected to the Board of Directors as a new member. At its organizing meeting on 17 March 2021, the Board elected from among its members Andreas Tallberg as its Chair and Mammu Kaario as Vice Chair.

The biographical details of the Board members are presented in the table on page 27.

4.2 Diversity of the Board of Directors

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

The company considers that the composition of its Board is in its current form sufficiently aligned with the objectives set for the diversity of the Board composition. In 2021 both genders were represented in the Board (29 % female, 71 % male), the members were between 52 and 65 years of age, their educational backgrounds were relevant to the company's operations, and they had experience on both international and local operating environments.

4.3 Independence of the Board members

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

The Board made an assessment on the independence of the board members in its organizing meeting on 17 March 2021. According to the assessment Johan Bygge, Catarina Fagerholm, Eero Heliövaara, Mammu Kaario, Olli Liitola and Andreas Tallberg were independent of both the company and its significant shareholders. Johan Hammarén was non-independent of company's significant shareholder Silvertärnan Ab through board membership, and non-independent of the company due to his employment with a group company until 2019.

Shares and share-based rights of each Board member and corporations over which he/she exercises control in the company and its group companies are presented in the table on page 27.

4.4 Duties and responsibilities of the Board

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

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

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

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

4.5 Work of the Board in 2021

In 2021, the Board of Directors met eight times. The Board had seven meetings in the composition as elected by the 2021 AGM and one meeting in the composition as elected by the 2020 AGM.

The table on page 27 presents Board members' attendance at the meetings in 2021.

Board of Directors in 2021

Name	Personal information	Shares and share-based rights as of 31 Dec 2021	Attendance at the Board meetings	Attendance at the Committee meetings
Andreas Tallberg	Chairman of the Board since 2017 Member of the Board since 2017 Born: 1963 Education: M.Sc. (Econ.). Main occupation: CEO of Oy G.W. Sohlberg Ab Chairman of the Remuneration Committee Expert member of the Shareholders' Nomination Board Independent of the company and significant shareholders	804,530	8/8	Remuneration Committee: 3/3 Nomination Board: 2/2
Johan Bygge*	Member of the board since 2021 Born: 1956 Education: BA (Econ.) Main occupation: Board professional Member of the Audit Committee Independent of the company and significant shareholders	28,500	7/7	Audit committee: 4/4
Catarina Fagerholm	Member of the board since 2018 Born: 1963 Education: M. Sc. (Econ.) Main occupation: Board professional Member of the Audit and Remuneration Committees Independent of the company and significant shareholders	73,011	8/8	Audit committee: 5/5 Remuneration Committee: 3/3
Johan Hammarén*	Member of the Board since 2020 Born: 1969 Education: LL.M., Bachelor of Science (Econ.) Main occupation: Managing Director, Oy Hammarén & Co Ab, board professional Non-independent of the significant shareholders and non-independent of the company	0	8/8	
Eero Heliövaara	Member of the board since 2018 Born: 1956 Education: M.Sc. (Eng.), M.Sc. (Business Admin.) Main occupation: Board professional Member of the Remuneration Committee Independent of the company and significant shareholders	92,000	8/8	Remuneration Committee: 2/2
Mammu Kaario	Member of the Board since 2017 Born: 1963 Education: LL.M., MBA Main occupation: Board professional Chairman of the Audit Committee Independent of the company and significant shareholders	38,071	8/8	Audit Committee: 5/5
Olli Liitola	Member of the Board since 2019 Born: 1957 Education: M.Sc. (Tech.). Main occupation: Board professional Independent of the company and significant shareholders	2,150,000	8/8	
Peter Ramsay**	Member of the Board since 2019 Born: 1967 Education: M. Sc. (Econ.) Main occupation during Board service: CFO and chief investment director of Veikko Laine Group Member of the Audit Committee Independent of the company and significant Shareholders	10,000	1/1	Audit Committee: 1/1

* Elected as a new member at the AGM held on 17 March 2021

** A member of the Board of Directors until the AGM held on 17 March 2021

5 Board Committees

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

In its organizing meeting held on 17 March 2021, CapMan's Board of Directors established an Audit and Remuneration Committee.

5.1 Audit Committee

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

The duties of the Audit Committee included:

- monitoring the financial position of the Company
- monitoring and assessment of the financial reporting process
- supervising the financial reporting process
- monitoring and assessment of the company's internal control and risk management systems and compliance processes
- monitoring and assessment of the most significant financial and tax risks
- review of the Company's Corporate Government Statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit company, particularly the provision of related services
- other communications with the auditor
- preparing the proposal for resolution on the election of the auditor
- defining the principles concerning the monitoring and assessment of related party transactions
- monitoring and assessment of the processes and risks relating to IT security
- evaluation of the use and presentation of alternative performance measures
- monitoring and assessment of any special issues allocated by the Board and falling within the competence of the audit committee.

The Board has in its organizing meeting on 17 March 2021 elected Mammu Kaario (chairman), Catarina Fagerholm and Johan Bygge as members of the Audit Committee. In 2021, the Committee met five times. The table on page 27 presents the Committee members' attendance at the meetings.

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

5.2 Remuneration Committee

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

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

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

The Committee further contributed to:

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

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

The Board has in its organizing meeting on 17 March 2021 elected Andreas Tallberg (Chairman), Catarina Fagerholm and Eero Heliövaara as members of the Remuneration Committee. The Committee convened three times in 2021. The table on page 27 presents the Committee members' attendance at the meetings.

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

6 Chief Executive Officer (CEO)

In 2021, CapMan's CEO was Joakim Frimodig (born 1978, BA (Oxon)). Frimodig's shares and share-based rights and those of the companies over which he exercises control are presented in the table on page 9.

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

7 Management Group

The main tasks of the Management Group consist of
(i) coordination of team strategy, fundraising, resources as well as marketing and brand issues,
(ii) implementation of decisions by the Board and the CEO/ Management Group,
(iii) giving input by providing information for the decision-making and participating in discussion, and
(iv) spreading information within the teams as agreed in the Management Group.
The composition of the Management Group, responsibilities and the shares and share-based rights of the members of the Management Group and of the companies over which they exercise control at the end of the financial year of 2021 are presented in the table below.

8 Internal control and risk management

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

Management Group in 2021

Name	Responsibilities	Personal information	Shares and share-based rights on 31 Dec 2021
Joakim Frimodig*	CEO	Born: 1978 Education: BA (Oxon)	Shares: 1,015,500
Anna Berglind	Head of People and Culture	Born: 1974 Education: M.Sc. (Soc.)	Shares: 140,940
Niko Haavisto	CFO	Born: 1972 Education: M. Sc. (Business)	Shares: 399,510
Heidi Sulin from 11/2021	COO	Born: 1979 Education: LL.M.	Shares: 35,000
Christian Borgström	Head of CapMan Wealth Services	Born: 1971 Education: M.Sc. (Econ.)	Shares: 843,000
Antti Kummu from 08/2021	Head of CapMan Growth Equity	Born: 1976 Education: M.Sc. (Econ.), CFA	Shares: 18,206
Pia Kåll	Head of CapMan Buyout	Born: 1980 Education: M.Sc. (Tech.)	Shares: 100,200
Maximilian Marschan	Head of CaPS	Born: 1974 Education: M.Sc. (Econ.)	Shares:134,700
Mika Matikainen	Head of CapMan Real Estate	Born: 1975 Education: M. Sc. (Econ), M.Soc.Sc	Shares: 113,850
Juha Mikkola until 08/2021	Head of CapMan Growth Equity	Born: 1961 Education: M.Sc. (Econ.)	Shares: 212,213
Ville Poukka	Head of CapMan Infra	Born: 1981 Education: M.Sc. (Econ)	Shares: 131,466
Mari Simula	Head of Fund Investor Relations	Born: 1982 Education: M.Sc. (Tech.)	Shares: 277,392

* In addition, Joakim Frimodig's holding company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 10.36% of all shares in CapMan Plc

9 Internal control and risk management pertaining to the financial reporting

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

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

9.1 General description of the financial reporting process

CapMan's operating model is based on having a local presence in Finland, Sweden, Denmark, Norway, Estonia, Luxembourg and the UK, and operating the organisation across national borders. CapMan's subsidiaries and branches in eight countries report their results on a monthly or quarterly basis to the parent company. The bookkeeping function is mainly outsourced.

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

9.2 Control and risk management of the financial reporting process

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

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

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

9.3 Risk assessment and control activities

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

In the annual strategy process of the group, the identified risks are reviewed, the risk management control activities are mapped and effects of potential new identified risks on the strategy are evaluated. The objectives and responsibilities of the risk management process as well as the determination of the risk-appetite were updated during 2021.

9.4 Information and communication pertaining to the financial reporting

CapMan has defined the roles and responsibilities pertaining to financial reporting as a part of the group's information and communication practices. External and internal information regarding financial reporting and its internal control is gathered systematically, and relevant information on the group's transactions is provided to the management. Up-to-date information relevant for the financial reporting is presented in a timely manner to the relevant functions such as the Board and management group. All external communications are carried out in accordance with the group disclosure policy, which is available on the company's website: https://www.capman.com/shareholders/statements-policies/disclosure/

9.5 The organisation and monitoring of internal control activities

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

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

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

CapMan's subsidiaries holding a license to act as alternative investment fund manager or investment firm granted by the Finnish Financial Supervisory Authority, have separate risk management and internal audit functions as required by applicable laws.

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

10 Other information

10.1 Procedures related to insider administration

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

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

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

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

10.2 Principles regarding Related Party Transactions

The company does not customarily enter into transactions with its related parties which would be significant for the company and deviate from the ordinary course of business or would be conducted in deviation from customary market terms. Possible significant and out of ordinary transaction deviating from market terms would be discussed in the Board meeting. The Board also confirms the company's principles regarding related party transactions. The related party transactions are monitored by the financial administration and the legal function as part of the company's customary reporting and control processes and the relevant persons are instructed of the related party matters. The company maintains a list of its related parties, and related-party transactions are reported in the financial statements, and significant related-party transactions are published as stock exchange releases, in accordance with applicable rules and regulations.

10.3 Audit fees

Ernst & Young Oy, authorised public accountants, acted as auditor of the company in 2021. Ms. Ulla Nykky, APA, acted as the lead auditor. The audit fees paid to the auditor amounted to 293,000 euros (283,000 euros 2020) and the fees related to other non-audit services amounted to 10,000 euros (28,000 in 2020).

10.4 Internal audit

Taking into account the nature and extent of the company's business, CapMan has not considered it necessary to organise internal audit as a separate function. The internal audit of the licensed operation has been outsourced to an external service provider.

2 February 2022
CAPMAN Plc
Board of Directors

Board of Directors

Andreas Tallberg

Chairman of the Board of Directors

Born: 1963
Independence: Independent board member
Board Committees: Remuneration Committee (Chairman)
Education: M.Sc. (Econ.)
Holdings in CapMan Plc (31 December 2021): 804,530 shares
Main Occupation: CEO at Oy G.W. Sohlberg AB
Key Board Memberships:
CapMan Plc (Chair, 2017-)
Nissala Oy (Chair)
Mehiläinen (Chair)
Realia Group (Chair)
Rothschild Nordic AB (Member)
Altor (Senior Advisor)

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

Mammu Kaario

Deputy Chairman of the Board of Directors

Born: 1963
Independence: Independent board member
Board Committees: Audit Committee (Chairman)
Education: Master of Laws (LL.M.), MBA
Holdings in CapMan Plc (31 December 2021): 38,071 shares
Main occupation: Board professional
Key Board memberships:
CapMan Plc (Deputy Chair, 2017-)
Ponsse Oyj
Aspo Oyj
Robit Oyj
Lapti Oy
Gofore Oy
Puuilo Oyj
SAKA Finland Group Oyj

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

Johan Bygge

Member of the board

Born: 1956
Independence: Independent board member
Board Committees: Audit Committee
Education: BA (Econ.)
Holdings in CapMan Plc (31 December 2021): 28,500 shares
Main occupation: Board professional
Key board memberships:
CapMan Plc (Member, 2021-)
Guard Therapeutics (Chair, 2021-)
Scandi Standard (Chair, 2021-)
Praktikertjänst (Member, 2021-)
Getinge AB (Member, 2007-)
AP3, Swedish National Pension fund (Member, 2019-)
Nobina AB (Chair, 2020-)
Lantmännen Ek För (Member, 2019-)
SNS Förtroenderåd (Member 2015-)

Key employment history:
Johan Bygge was COO and held several senior advisory positions in EQT AB in 2011–2019. He was CFO at Investor AB in 2007–2011. In 2007, he was Acting CFO and EVP at Capio. He held several leadership positions, including EVP, CFO and Controller, at AB Electrolux in 1987–2006. He was Deputy Group Treasurer and Deputy Group Controller at Ericsson in 1983–1987. Bygge started his career as Auditor at Arthur Andersen & Co, where he worked 1982–1983.

Catarina Fagerholm

Member of the board

Born: 1963
Independence: Independent board member
Board Committees: Audit Committee (Member), Remuneration Committee (Member)
Education: M.Sc. (Econ.)
Holdings in CapMan Plc (31 December 2021): 73,011 shares
Main Occupation: Board professional
Key Board Memberships:
CapMan Plc (2018-)
Attendo AB (publ)
Restel Oy
Byggmax Group AB (publ)
Lekolar Group AB

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

Johan Hammarén

Member of the board

Born: 1969
Independence: Non-independent of the company's largest shareholders, non-independent of the company
Education: LL.M., B.Sc. (Econ.)
Holdings in CapMan Plc (31 December 2021): –
Main occupation: Managing Director at Oy Hammarén & Co Ab, Board Professional
Key board memberships:
CapMan Plc (2020-)
Fondia Oyj
Aktia Bank Oyj
Silvertärnan Ab
Pieni Kirahvi Oy Ab (Kanniston Leipomo)
Naava Group Oy,
Livränteanstalten Hereditas Ab
Oy Hammarén & Co Ab

Key employment history:
Johan Hammarén is Managing Director at Oy Hammarén & Co Ab. He was the founding partner of JAM Advisors and has held several managerial positions between 2012 and 2018. He was the founding partner of Fondia Oyj and has held several managerial positions between 2006 and 2012. He has held several legal team positions at Nokia Corporation between 2000 and 2006.

Eero Heliövaara

Member of the board

Born: 1956
Independence: Independent board member
Board Committees: Remuneration Committee (Member)
Education: M.Sc. (Eng.), M.Sc. (Business Admin.)
Holdings in CapMan Plc (31 December 2021): 92,000 shares
Main Occupation: Board professional
Key Board Memberships:
CapMan Plc (2018-)
Sitowise Oy (Chair)
YIT Oyj (Deputy Chair)
Finnish Foundation of Economic Education
Lympha Touch Ltd
Foundation of the Finnish Cancer Institute
Saastamoinen Foundation

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

Olli Liitola

Member of the board

Born: 1957
Independence: Independent board member
Education: M.Sc. (Eng.)
Holdings in CapMan Plc (31 December 2021): 2,150,000 shares
Main occupation: Board professional
Key board memberships:
CapMan Plc (2019-)
Harvia Group Oyj (Chair)

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

Management Group

Joakim Frimodig

CEO

Education: BA, Oxon
At CapMan since: 2016
Holdings in CapMan Plc (31 December 2021):
1,015,500 shares directly*

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

* In addition, Joakim Frimodig's holding company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 10.36% of all shares in CapMan Plc

Anna Berglind

Head of People and Culture

Education: M.Sc. (Soc.), Certified Business Coach®
At CapMan since: 2018
Holdings in CapMan Plc (31 December 2021):
140,940 shares

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

Christian Borgström

Managing Partner, CapMan Wealth Services

Education: M.Sc. (Econ.)
At CapMan since: 2019
Holdings in CapMan Plc (31 December 2021):
843,000 shares

Christian Borgström is the Managing Partner of CapMan Wealth Services. He has more than 25 years of working experience on financial markets working with asset management as well as corporate analysis tasks in Finland and abroad.

Niko Haavisto

CFO

Education: M.Sc. (Business)
At CapMan since: 2010
Holdings in CapMan Plc (31 December 2021): 399,510 shares

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

Pia Kåll

Managing Partner, CapMan Buyout

Education: M.Sc. (Eng.)
At CapMan since: 2016
Holdings in CapMan Plc (31 December 2021): 100,200 shares

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

Maximilian Marschan

Managing Partner, CaPS

Education: M.Sc. (Econ.)
At CapMan since: 2009
Holdings in CapMan Plc (31 December 2021): 134,700 shares

Maximilian Marschan is the founder of CaPS. Maximilian is responsible for the overall management of CaPS. Prior to joining CapMan in 2009, Maximilian has managed different sales and procurement organisations for more than 20 years both in Finland and abroad. Maximilian has also played football as a goalkeeper at the highest level in Finland and he has competed in several Ironman events.

Mika Matikainen

Managing Partner, CapMan Real Estate

Education: M.Sc. (Econ.), M.Sc. (Soc.)
At CapMan since: 2006
Holdings in CapMan Plc (31 December 2021): 113,850 shares

Mika Matikainen joined CapMan in 2006, one year after the inception of CapMan Real Estate, and became the head of CapMan Real Estate and a management group member of CapMan in 2010. Matikainen has together with his team been responsible for the expansion of CapMan Real Estate from a local Finnish player into a pan-Nordic asset manager. Simultaneously the investor base of CapMan Real Estate has internationalized substantially, now including international institutional investors from Europe, North America and Asia. Prior to CapMan, he worked for UBS Investment Bank in London.

Antti Kummu

Managing Partner, CapMan Growth

Education: M.Sc. (Econ.), CFA
At CapMan since: 2017
Holdings in CapMan Plc (31 December 2021): 18,206 shares

Antti has 20 years of experience in working with successful growth companies. Before joining CapMan in 2017, he has over 10 years of experience in Private Equity at Tesi and earlier experience in financing growth companies at Finnvera. In addition, he has worked in operative roles in growth companies as M&A director and as CFO.

Ville Poukka

Managing Partner, CapMan Infra

Education: M.Sc. (Econ.)
At CapMan since: 2017
Holdings in CapMan Plc (31 December 2021): 131,466 shares

Ville Poukka has more than 16 years of experience in private equity and investment banking. Poukka is chair at CapMan Infras investment and ownership management committees.
Poukka has been leading CapMan Infra's investments in leading Finnish bus operator Koiviston Auto, Norwegian ferry operator Norled, and district heating companies in both Norway and Finland. He is currently board member in Norled and chairman of the board in Nydalen Energi. Before CapMan Poukka worked at Danske Bank as Managing Director and was responsible for Nordic Energy and Infrastructure sector team in M&A advisory.

Mari Simula

Head of Fund Investor Relations

Education: M.Sc. (Eng.)
At CapMan since: 2007
Holdings in CapMan Plc (31 December 2021): 277,392 shares

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

Heidi Sulin

COO

Education: LL.M.
At CapMan since: 2021
Holdings in CapMan Plc (31 December 2021): 35,000 shares

Heidi Sulin has been COO of CapMan and member of the Management Group since November 2021. Prior to joining CapMan she worked at Hartwall Capital, where she was since 2016, most recently as COO. She has previously worked as General Counsel at CapMan.

Report of the Board of Directors

Group turnover and result in 2021

CapMan Group's turnover totalled MEUR 52,8 in the period spanning 1 January–31 December 2021 (1 January–31 December 2020: MEUR 43.0). The 23 per cent increase in turnover was mainly due to an increase in management fees and carried interest compared to 2020.

Operating expenses were MEUR 42.1 (MEUR 35.1) in total. Personnel expenses, including employer contributions, were MEUR 30.6 (MEUR 23.9). The growth was mainly due to higher earnings-based bonus accruals. The previous year included cost savings measures undertaken due to the exceptional pandemic situation in total of MEUR 1.5. Depreciations and amortisations were MEUR 1.5 (MEUR 1.5). Other operating expenses amounted to MEUR 10.0 (MEUR 9.7).

Fair value changes of investments were MEUR +33.9 in 2021 (MEUR +4.4). The fair value change was positive across all investment strategies. Net cash flow from investments booked at fair value generated by exits was MEUR 17.5 (MEUR 17.7). Fund investments have developed favourably and funds have completed several exits, which is reflected as a positive fair value change. Funds also have several investments from which they are ready to exit or where an exit has already been agreed, which has increased fair values. During 2020, fair values increased significantly more moderately mainly following the outbreak of the Covid-19 pandemic.

The Group's operating profit was MEUR 44.6 (MEUR 12.3) following strongly positive fair value changes, turnover growth and controlled cost base development.

Financial income and expenses amounted to MEUR -4.0 (MEUR -3.1). Financial expenses increased due to the issuance of a senior bond in December 2020. Profit before taxes was MEUR 40.6 (MEUR 9.2) and profit after taxes was MEUR 35.4 (MEUR 6.3).

Diluted earnings per share were 21.4 cents (3.3 cents).

Turnover and results per quarter and turnover, operating profit and results per segment are described in the Notes to the Financial Statements in section 2 Segment information.

Management Company business

Turnover generated by the Management Company business for 2021 totalled MEUR 43.6 (MEUR 33.7). The 29 per cent increase was mainly due to an increase in management fees and carried interest from 2020.

Management fees were MEUR 36.6 (MEUR 29.0), growth was 26 per cent. Several new funds, among them Nest Capital III, CapMan Special Situations, CapMan Nordic Real Estate III and CapMan Residential funds, contributed favourably to management fees for the period. The new funds will have a positive effect on management fees also in 2022.

Carried interest income for the financial year totalled MEUR 2.9 (MEUR 0.9) mainly from the CapMan Mezzanine V fund. The fund was terminated in 2021.

Other Management Company fees, mainly from wealth advisory services, were MEUR 4.2 (MEUR 3.9). CapMan includes CapMan Wealth Services as part of the Management Company business segment starting from January 2021 and 2020 figures have been restated accordingly.

Of the turnover, 91 per cent was based on long-term contracts (96 per cent in 2020). The comparatively lower share of turnover based on long-term contracts was due to a higher share of carried interest in 2021.

Operating expenses of the Management Company business amounted to MEUR 30.7 (MEUR 24.2). Operating profit of the Management Company business was MEUR 13.2 (MEUR 9.5).

Service business

Turnover generated by Service business totalled MEUR 8.6 (MEUR 8.6). The steady development was due to growth in service businesses and higher fees based on long-term contracts combined with lower transaction-based fees compared to 2020.

All turnover during 2021 was based on long-term contracts and grew by 28 per cent from turnover based on long-term contracts in 2020 mainly due to strong growth of CaPS and JAY Solutions. Starting from 2021, the Service business includes CaPS and JAY Solutions, and the corresponding reporting segments for 2020 have been restated accordingly. The year 2020 also included a total of MEUR 1.8 of transaction-based fees from the discontinued Scala Fund Advisory services.

Operating expenses of the Service business amounted to MEUR 5.1 (MEUR 4.8). The operating profit of the Service business was MEUR 4.2 (MEUR 4.6).

Investment business

Fair value of fund investments was MEUR 130.0 on 31 December 2021 (31 December 2020: MEUR 116.1). Fair value changes of fund investments were MEUR +33.9 in 2021 (MEUR +7.1), corresponding to a 26.9 per cent increase in value (2020: 5.6 per cent). The fair value change was positive across all investment strategies. Net cash flow from fund investments booked at fair value generated by exits was MEUR 17.0 (MEUR 6.9). Fund investments have developed favourably and funds have completed several exits, which is reflected as a positive fair value change. Funds also have several investments ready for exit or where an exit has already been agreed, which has increased fair values. During 2020, fair values increased significantly more moderately mainly following the outbreak of the Covid-19 pandemic.

CapMan invested a total of MEUR 20.9 in its funds in 2021 (MEUR 17.9). CapMan received distributions from funds totalling MEUR 23.5 (MEUR 24.7). In addition, CapMan sold part of its investments in its Infra fund and external funds for MEUR 14. The amount of remaining commitments that have not yet been called totalled MEUR 90.3 as at 31 December 2021 (31 December

2020: MEUR 109.1) and include commitments to CapMan's newest funds, among others. Commitments have decreased as capital has been called to the funds. Total commitments also decreased due to commitments associated with the sold Infra fund portions. Capital calls, distributions and remaining commitments are detailed in the Notes to the Financial Statements in Section 17 Investments at fair value through profit and loss.

The fair value of other long-term investments was MEUR 0.4 (MEUR 0.2). In 2020, the fair value change of other long-term investments was MEUR -2.5.

CapMan realised the remainder of its market portfolio, consisting of listed stocks, which had a minor positive effect on results for 2021. The fair value of CapMan's market portfolio was MEUR 0.3 on 31 December 2020. Cash flow from the divestment of the market portfolio was MEUR 0.6 in 2021 compared to MEUR 10.8 in 2020.

In total, the change in fair value of investments was MEUR +33.9 in 2021 (2020: MEUR +4.4). Operating profit for the Investment business was MEUR 32.7 (MEUR 4.0).

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

	Fair value 31 December 2021 (MEUR)
Fund investments	130.0
Other long-term investments	0.4
Total	**130.4**

The majority of invested capital is in funds managed by CapMan. In addition to own funds, CapMan invests selectively in private market funds managed by external fund managers. This strategy provides diversification benefits as external funds are a complement to CapMan's investments into own funds in terms of strategy and/or geography. CapMan strives to have a business connection between CapMan and external funds that CapMan invests in.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG). Fair values of investments, sensitivity analysis by investment area and remaining commitments are presented in sections 28 and 31.

Balance sheet and financial position as at 31 December 2021

CapMan's balance sheet totalled MEUR 240.3 as at 31 December 2021 (31 December 2020: MEUR 218.8). Non-current assets amounted to MEUR 159.8 (MEUR 146.4), of which goodwill totalled MEUR 15.3 (MEUR 15.3).

As at 31 December 2021, fund investments booked at fair value totalled MEUR 130.0 (MEUR 116.1 as at 31 December 2020).

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

Long-term receivables amounted to MEUR 11.9 (MEUR 11.5).

Current assets amounted to MEUR 80.4 (MEUR 72.3). Financial assets booked at fair value, i.e. current investments, were MEUR 0.0 (MEUR 0.3). Cash in hand and at banks amounted to MEUR 65.2 (MEUR 58.0).

CapMan's interest-bearing net debt amounted to MEUR 17.8 as at 31 December 2021 (MEUR 25.5). In 2021, CapMan reduced the amount of its long-term credit facility from MEUR 40 to MEUR 20. CapMan's total interest-bearing debt as at 31 December 2021 is outlined in Table 2.

Table 2: CapMan's interest bearing debt

	Debt amount 31 Dec 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)	0/20.0	Q3 2024	1.75 - 2.70%	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 December 2021.

Trade and other payables totalled MEUR 16.7 on 31 December 2021 (31 December 2020: MEUR 11.1).

The Group's cash flow from operations totalled MEUR +11.0 for the financial year 2021 (MEUR -11.9). The stronger cash flow from operations compared to 2020 was due to a stronger result for the year and the change in working capital, 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 +19.2 (MEUR +17.5) and includes, among other things, investments and repaid capital received by the Group.

Cash flow before financing totalled MEUR +30.2 (MEUR +5.6) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was

MEUR -23.0 (MEUR +8.8) and included the distribution of dividends and equity repayment. In 2020, cash flow from financing also included the drawdown of the long-term credit facility and the senior bond as well as the repayment of the senior bond.

Sustainability

Sustainability factors have a central position in CapMan's fund management and investment activities. During 2021, CapMan has substantially increased its focus on sustainability. We have hired our first ESG Director responsible for the systematic implementation of sustainability work in the Group. During the year, we have established a new sustainability strategy for the Group and set targets for both CapMan Plc and for our funds under management.

CapMan has made an environmental commitment to set Science Based Targets in line with a 1.5°C scenario. CapMan's social target relates to employee satisfaction. CapMan's governance target relates to the diversity of CapMan Plc's management group, managerial positions and throughout the organisation, as well as the diversity of persons appointed by CapMan to management teams and boards of portfolio companies.

In addition, we have engaged a data management platform that enables us to follow up on developments on an asset and fund level and support portfolio companies in establishing their own sustainability strategy and targets. We will continue our efforts in this area in 2022.

Capital under management as at 31 December 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 4,517 as at 31 December 2021 (31 December 2020: MEUR 3,825). The increase in capital under management was mainly due to the establishment and commitments to new funds. Capital under management per fund type is displayed in Table 3.

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

	31.12.2021 (MEUR)	31.12.2020 (MEUR)
Real Estate	3,060	2,440
Private Equity & Credit	991	998
Infra	355	357
Other	110	32
Total capital under management	**4,517**	**3,827**

Key figures 31 December 2021

CapMan's return on equity was 29.4 per cent on 31 December 2021 (31 December 2020: 5.2 per cent) and return on investment 21.2 per cent (6.3 per cent). Equity ratio was 53.3 per cent (51.9 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

	31.12.2021	31.12.2020
Earnings per share, cents	21.9	3.3
Diluted, cents	21.4	3.3
Shareholders' equity / share, cents	81.4	72.7
Share issue adjusted number of shares, avg.	156,579,585	155,796,829
Return on equity, %	29.4	5.2
Return on investment, %	21.2	6.3
Equity ratio, %	53.3	51.9
Net gearing, %	14.0	22.5

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 16 March 2022 that a total of EUR 0.15 per share would be paid to shareholders, equivalent of a total of MEUR 23.5, from distributable funds for 2021. The distribution of funds would be divided into a dividend of EUR 0.04 per share, equivalent to a total of approx. MEUR 6.3 as well as an equity repayment of EUR 0.11 per share to be returned from the invested unrestricted equity fund, equivalent to a total of approx. MEUR 17.2. CapMan's distributable funds amounted to MEUR 56.9 on 31 December 2021. The dividend would be paid in two instalments.

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2022

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 2021 in February 2022 during week 8. CapMan Plc's 2022 AGM will be held on Wednesday 16 March 2022 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 22 February 2022 at the latest.

Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 22 February 2022 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 2021 during week 8 and will be available on the company's website by 22 February 2022 the latest.

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 to a total of MEUR 21.9, from distributable funds for 2020. The dividend and equity repayment will be paid in two equal instalments six months apart. The first instalment was paid on 26 March 2021 and the second instalment was paid on 27 September 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 and the record and payment date of the second instalment issued on 16 September 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 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 2021.

Share capital totalled EUR 771,586.98 as at 31 December 2021. CapMan had 156,617,293 shares outstanding as at 31 December 2021 (156,458,970 shares as at 31 December 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 December 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 79,949 as at 31 December 2021 (31 December 2020: EUR 61,013). No changes occurred in the number of own shares held by CapMan Plc during the financial year.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 3.04 on 31 December 2021 (31 December 2020: EUR 2.32). The trade-weighted average price for 2021 was EUR 2.78 (EUR 2.13). The highest price paid was EUR 3.27 (EUR 2.89) and the lowest EUR 2.24 (EUR 1.49). The number of CapMan Plc shares traded totalled 31.3 million (56.6 million), valued at MEUR 87.0 (MEUR 120.5).

The market capitalisation of CapMan Plc shares as at 31 December 2021 was MEUR 475.3 (31 December 2020: MEUR 362.2).

Shareholders

The number of CapMan Plc shareholders increased by 12 per cent from the corresponding period last year and totalled 28,137 as at 31 December 2021 (31 December 2020: 25,075).

There were no flagging notices issued during 2021.

As at 31 December 2021, Members of the Board of Directors and the CEO owned, directly or indirectly as beneficiary holders, a total of 4,201,612 shares, which represented 2.7 per cent of all shares and votes.

Details on CapMan Plc's owners by sector and size, together with the company's major shareholders, nominee-registered shares, and redemption obligation clauses covering company shares are presented in section 23 Own capital and shares.

Personnel

CapMan employed 161 people on average in 2021 (2020 average: 146), of whom 125 (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 section 5 Employee benefit expenses.

Compensation schemes

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

The short-term scheme covers all CapMan employees, excluding the 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 and on a participant's employment or service upon reward payment. The rewards from the plan will be paid fully in company 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.

More information about the share-based incentive plan can be found on CapMan's website at www.capman.com. Additional information about compensation schemes is presented in section 29 Share-based payments.

Other significant events in 2021

In October, CapMan Wealth Services launched its first international solution for co-investing in co-operation with international fund management company AlpInvest Partners B.V. The programme, CWS Investment Partners Fund, invests in mid-sized US buyout funds alongside AlpInvest. The fund has raised approx. MUSD 90 (approx. MEUR 78). CapMan's commitment to the fund was MUSD 10 (approx. MEUR 9).

Atte Rissanen was appointed CFO of CapMan Plc and member of the Management Group starting from January 2022. Heidi Sulin was appointed COO of CapMan Plc and member of the Management Group starting from November 2021.

The last investment of CapMan Mezzanine V fund, which is in carry, was sold in September, and as a result CapMan received carried interest income of MEUR 2.1. The fund was terminated at the end of 2021.

In June, CapMan established a Nordic open-ended residential real estate fund, CapMan Residential. The fund has received MEUR 524 in equity commitments by the end of 2021 and targets EUR 1 billion in equity by the end of 2023.

In May, CapMan established Nest Capital III, a Nordic private debt fund as part of its Credit strategy. Fundraising continues for the fund, which has raised MEUR 100 in commitments by the end of 2021.

CapMan changed the composition of its reportable segments to reflect the current structure of the Group business and its income streams. As of 1 January, 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 reported according to the updated segment composition starting from the January–March 2021 interim report.

In March, CapMan established a Special Situations fund that invests in the restructuring and turnaround of companies. Fundraising continues for the fund, which has raised MEUR 53 in commitments by the end of 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 financial year

The 2013 vintage CapMan Nordic Real Estate fund has agreed on an exit, which at completion would transfer the fund to carry. The transaction is expected to close in the next few months.

Significant risks and short-term uncertainties

General risks

Private equity investment is generally subject to a risk of nonliquid 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 directly 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, among other things, 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 cash flow for CapMan or a faster than expected realisation of commitments could have a negative impact on CapMan's liquidity, which in turn would increase the need for additional financing and result in higher financing costs or force the company to dispose of its investments at suboptimal prices.

Other risks related to operations and the development of business areas

Other sources of uncertainty related to CapMan's operations and business areas are related to structural changes in the business environment and other potential events that, when realised, may trigger the materialisation of such risks. Such changes and events may be, for example, technological development, digitalisation, sustainability risks, and cyber security risks that may lead to inability to adequately meet customer expectations, downtime of services, interrupted processes, losses as a consequence of, for example, criminal activity and/or reputational damages.

Risks related to the change in the regulatory environment

Changes in the 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-term.

Future management fees are affected mainly by new fundraisings 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 reduce 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. 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. Sector-specific variations are considerable. 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 2022

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on an annual basis considering the nature of the business. CapMan estimates capital under management to continue growing in 2022. Our objective is to improve the aggregate profitability of Management Company and Service businesses. These estimations do not include possible items affecting comparability.

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

CapMan's objective is to improve results in the longer term, taking into consideration annual fluctuations related to the nature of the business. For these and other reasons mentioned above, CapMan does not provide numeric estimates for 2022.

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

Helsinki, 3 February 2022

CAPMAN PLC
Board of Directors

Key figures

Key Performance Indicators for CapMan Group

M€	2017	2018	2019	2020	2021
Turnover [1]	31.1	33.5	49.0	43.0	52.8
Management fees	19.6	22.1	24.9	29.0	36.6
Sale of services	7.1	10.3	17.2	13.1	13.3
Carried interest	4.4	1.0	6.9	0.9	2.9
Other operating income	0.0	0.0	0.0	0.1	0.0
Operating expenses	-33.0	-29.1	-41.8	-35.1	-42.1
Fair value gains/losses of investments [1]	21.3	7.6	12.2	4.4	33.9
Operating profit	19.5	12.0	19.4	12.3	44.6
Operating profit, comparable	23.9	12.0	25.0	12.3	44.6
Financial income and expenses	-3.2	-2.7	-1.8	-3.1	-4.0
Share of the income of investments accounted for using the equity method	-0.1	0.0	0.0	0.0	0.0
Profit before taxes	16.2	9.3	17.6	9.2	40.6
Profit for the financial year	15.5	8.5	15.9	6.3	35.4
Return on equity (ROE), % [2]	11.5	6.8	12.7	5.2	29.4
Return on equity (ROE), comparable, % [2]	14.5	6.8	16.0	5.2	29.4
Return on investment (ROI), %	10.1	6.7	10.5	6.3	21.2
Return on investment (ROI), comparable, %	12.4	6.7	13.5	6.3	21.2
Equity ratio, %	60.0	58.7	59.9	51.9	53.3
Net gearing, %	19.4	4.3	7.2	22.5	14.0
Dividends and return of capital paid [3]	16.1	17.7	20.0	21.9	23.5
Personnel	113	117	148	146	161

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

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

[3] Proposal of the Board of Directors to the Annual General Meeting for year 2021.

Key Ratios Per Share

	2017	2018	2019	2020	2021
Earnings per share, cents [1]	10.4	5.5	9.2	3.3	21.9
Diluted earnings per share, cents [1]	10.2	5.4	9.0	3.3	21.4
Comparable diluted earnings per share, cents [1]	13.0	5.4	11.6	3.3	21.4
Shareholders' equity/share, cents	87.3	82.6	85.1	72.7	81.4
Dividend/share, cents [2]	11.0	12.0	13.0	14.0	15.0
Dividend/earnings, % [2]	105.8	218.2	141.3	424.2	68.5
Average share issue adjusted number of shares during the financial year ('000)	145,179	146,522	152,155	155,797	156,580
Share issue adjusted number of shares at year-end ('000)	145,626	147,142	153,755	156,459	156,617
Number of shares outstanding ('000)	145,600	147,116	153,728	156,433	156,591
Own shares ('000)	26	26	26	26	26

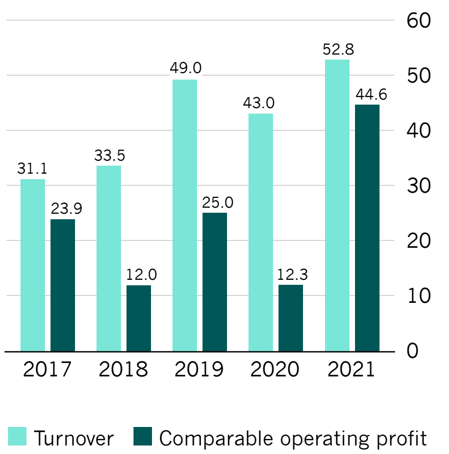
[1] Under IFRS, the EUR 15 million (2011-2012: EUR 29 million, 2013-2015: EUR 15 million) hybrid bond was included in equity, also when calculating equity per share. The interest on the hybrid bond (net of tax) for the financial year was deducted when calculating earnings per share. The hybrid bond was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

[2] Proposal of the Board of Directors to the Annual General Meeting for year 2021.

Key figures - CapMan Group

CapMan's turnover and operating profit was at record levels in 2021. The company's objective is to pay an annually increasing dividend to its shareholders. 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.

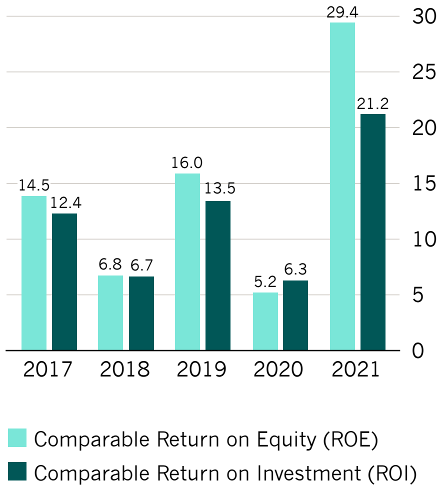
Turnover and comparable operating profit, M€



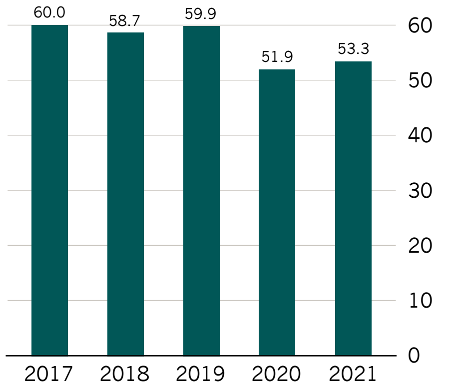
Comparable earnings/share and dividend/share*, €

CapMan's objective is to distribute an annually growing dividend to its shareholders. The Board of Directors propose that a total distribution of EUR 0.15/share to be paid for 2021.

Comparable ROI and ROE, %



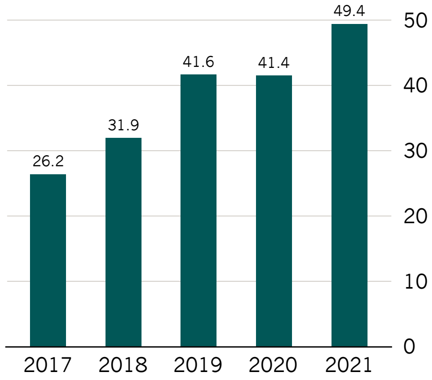
Equity ratio, %



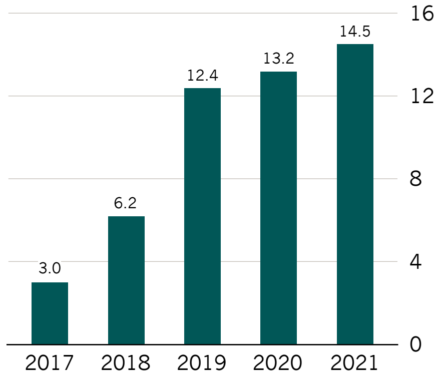
Fees and carry

The combined growth objective for the Management Company and Service businesses is more than 10 per cent p.a. on average. Fees have increased by approx. 17 per cent p.a. Fee profitability has increased five consecutive years. The year-to-year variation in the realisation of carried interest is significant.

Fees from Management Company business and Services, M€

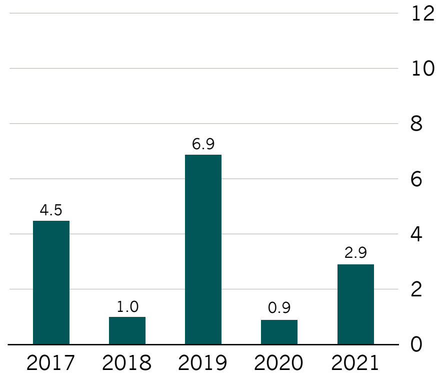


Comparable fee-based profitability*, M€



** Comparable operating profit of Management Company and Service Business excl. carried interest. Figure for 2016, preceding the change in reportable segments, is based on comparable operating profit on group level, excluding carried interest income and Investment Business.*

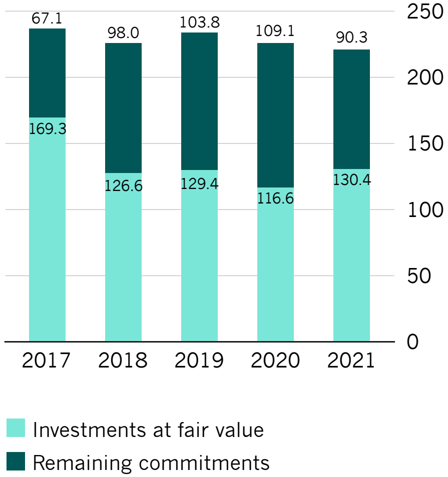
Comparable carried interest income, M€



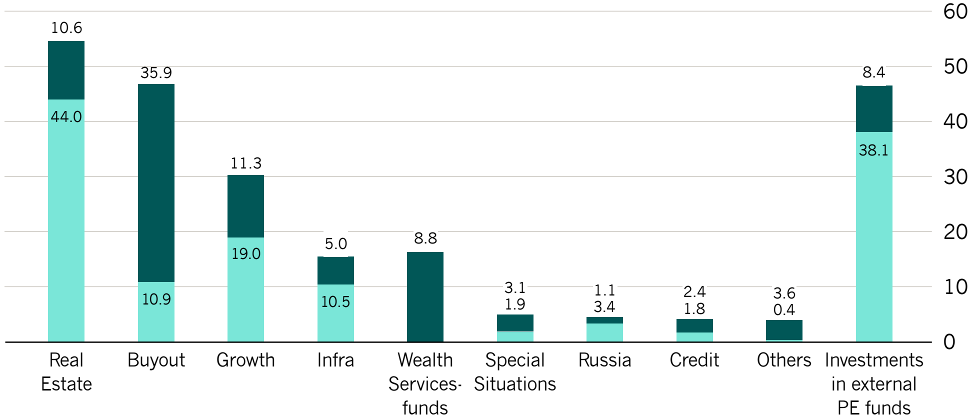
Investment business

Investment business income is based on the change in fair values and consists of both realised and unrealised changes. In addition to investments at fair value, CapMan has made further commitments to its funds. The allocation of investments between investment areas has become more diversified over the last 10 years.

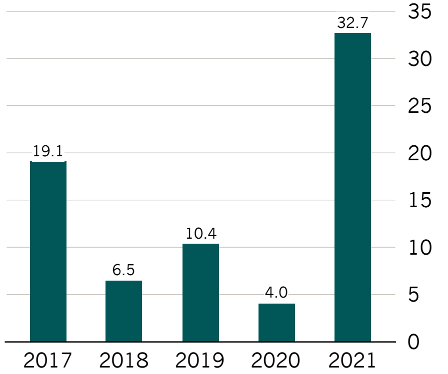
Investments and commitments, M€



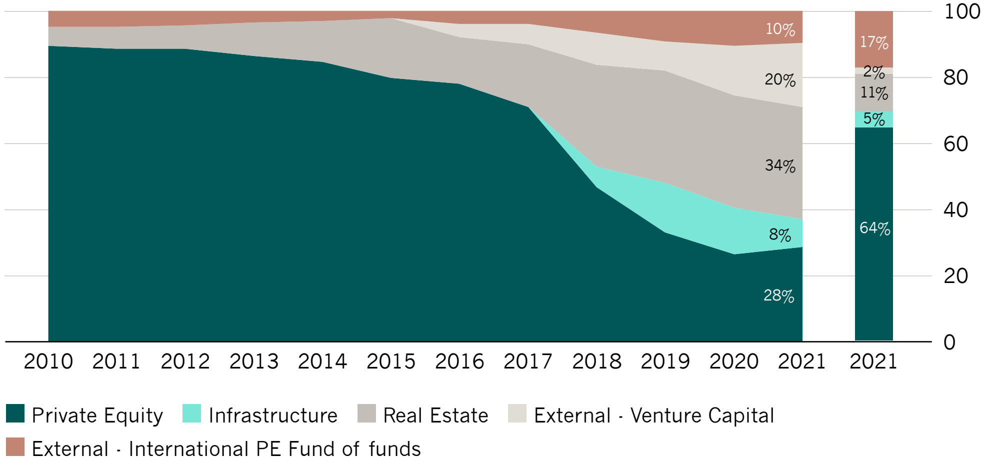
Investments and commitments by type, M€



Comparable result impact of own investments, M€



Allocation of long-term investments from balance sheet and undrawn commitments (%)*



** The table shows the allocation of fund investments from balance sheet from 2010 onwards as well as undrawn commitments as of 31 December 2021.*

Calculation of Key Ratios

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

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

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

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

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

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

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

Dividend per earnings, % $= \dfrac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$

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

Financial Statements

Group Statement of Comprehensive Income (IFRS)

1 000 EUR	Note	2021	2020
Management fees		36,585	28,995
Sale of services		13,341	13,122
Carried interest		2,858	873
Turnover	2, 3	**52,784**	**42,989**
Other operating income	4	22	97
Employee benefit expenses	5	-30,632	-23,916
Depreciation and impairment	6	-1,476	-1,503
Other operating expenses	7	-9,969	-9,728
Fair value gains/losses of investments	9	33,912	4,398
Operating profit		**44,642**	**12,339**
Financial income and expenses	10	-4,042	-3,120
Profit before taxes		**40,600**	**9,219**
Income taxes	11	-5,239	-2,941
Profit for the financial year		**35,362**	**6,278**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Translation difference		-39	100
Total comprehensive income		**35,322**	**6,378**
Profit attributable to:			
Equity holders of the Company		34,320	5,142
Non-controlling interest		1,042	1,136
Total comprehensive income attributable to:			
Equity holders of the Company		34,281	5,242
Non-controlling interest		1,042	1,136
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share (basic), cents	12	21.9	3.3
Earnings per share (diluted), cents	12	21.4	3.3

The Notes are an integral part of the Financial Statements.

Group Balance Sheet (IFRS)

1 000 EUR	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Tangible assets	13	1,754	2,619
Goodwill	14	15,314	15,314
Other intangible assets	15	459	725
Investments at fair value through profit and loss	16		
Investments in funds		130,011	116,066
Other financial assets		393	191
Receivables	17	10,066	9,084
Deferred tax assets	18	1,836	2,439
		159,834	146,438
Current assets			
Trade and other receivables	19	15,223	14,017
Financial assets at fair value through profit and loss	20	0	312
Cash and bank	21	65,207	58,002
		80,429	72,331
Total assets		**240,263**	**218,768**

1 000 EUR	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders	22		
Share capital		772	772
Share premium account		38,968	38,968
Other reserves		52,718	71,416
Translation difference		-286	-247
Retained earnings		33,607	1,616
Total capital attributable to the Company's equity holders		**125,778**	**112,524**
Non-controlling interests		1,616	742
Total equity		**127,394**	**113,266**
Non-current liabilities			
Deferred tax liabilities	18	4,627	2,703
Interest-bearing loans and borrowings	23	82,038	82,612
Other non-current liabilities	24	7,552	6,936
		94,217	92,250
Current liabilities			
Trade and other payables	25	16,722	11,075
Interest-bearing loans and borrowings	26	970	908
Current income tax liabilities		959	1,269
		18,652	13,252
Total liabilities		**112,869**	**105,502**
Total equity and liabilities		**240,263**	**218,768**

The Notes are an integral part of the Financial Statements.

Group Statement of Changes in Equity (IFRS)

1 000 EUR	Note	Attributable to the equity holders of the Company: Share capital	Share premium account	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interests
Equity on 1 January 2020	22	**772**	**38,968**	**84,823**	**-348**	**3,218**	**127,433**	**2,100**
Profit 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
Equity on 31 December 2020	22	**772**	**38,968**	**71,416**	**-247**	**1,616**	**112,524**	**742**
Profit for the year						34,320	34,320	1,042
Other comprehensive income for the year								
Currency translation differences					-39		-39	
Total comprehensive income for the year					**-39**	**34,320**	**34,281**	**1,042**
Share subscriptions with options				90			90	
Performance Share Plan						787	787	
Dividends and return of capital				-18,788		-3,131	-21,920	-328
Transactions with non-controlling interests						15	15	161
Equity on 31 December 2021	22	**772**	**38,968**	**52,718**	**-286**	**33,607**	**125,778**	**1,616**

The Notes are an integral part of the Financial Statements.

Group Cash Flow Statement (IFRS)

1 000 EUR	Note	2021	2020
Cash flow from operations			
Profit for the financial year		35,362	6,278
Adjustments on cash flow statement	8	-22,337	5,009
Change in working capital:			
Change in current non-interest-bearing receivables		-1,545	-3,169
Change in current trade payables and other non-interest-bearing liabilities		6,087	-12,551
Interest paid		-3,971	-3,197
Taxes paid		-2,571	-4,277
Cash flow from operations		**11,025**	**-11,907**
Cash flow from investing activities			
Acquisition of subsidiaries		231	-255
Proceeds from sale of subsidiaries		221	7
Investments in tangible and intangible assets		-140	-389
Investments at fair value through profit and loss		17,522	17,670
Long-term loan receivables granted		-144	-410
Receivables from long-term receivables		1,389	673
Interest received		91	166
Cash flow from investing activities		**19,170**	**17,461**

1 000 EUR	Note	2021	2020
Cash flow from financing activities			
Share issue		90	447
Proceeds from borrowings		140	69,724
Repayment of long-term loan	27	0	-38,590
Payment of lease liabilities		-976	-942
Dividends paid and return of capital		-22,244	-21,854
Cash flow from financing activities		**-22,990**	**8,784**
Change in cash and cash equivalents		**7,205**	**14,337**
Cash and cash equivalents at start of year		58,002	43,665
Cash and cash equivalents at end of year	21	**65,207**	**58,002**

The Notes are an integral part of the Financial Statements.

Notes to the Consolidated Financial Statements

Group information

CapMan's business comprises of private equity fund management and advisory services, as well as investment business. In the Management Company Business, the funds managed by CapMan make investments in Nordic and Russian companies and in real estate and infrastructure assets in the Nordic countries. The Management Company Business also includes the wealth services offered to smaller investors. The Service Business includes analysis and reporting services, and procurement services to companies. Through its investment business, CapMan invests in the private equity asset class, mainly in its own funds, but also selectively in funds managed by external fund managers.

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

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

The Consolidated Financial Statements for 2021 have been approved for publication by CapMan Plc's Board of Directors on February 2, 2022. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the financial statements and make decisions on amendments to them at the Annual General Meeting.

1. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in force at 31 December, 2021 as adopted by the European Union. International Financial Reporting Standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements have been prepared in accordance with the Finnish accounting standards as and where they supplement IFRS requirements.

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

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

New and amended standards and interpretations applied in financial year ended

The Group has applied the amended standards and interpretations that have come into effect as of 1 January, 2021. They had no impact on the consolidated financial statements.

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

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

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

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment and IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for financial years beginning on or after 1 January, 2022). These amendments provide further clarifications for a more consistent application of the standards, or update references.
- Annual Improvements to IFRS Standards 2018–2020 Cycle (effective for financial years beginning on or after 1 January, 2022). The annual improvements aim at streamlining and clarifying existing standards. The annual improvements contain amendments to IAS 41 Agriculture, IFRS 1 First-time Adoption of International Financial Reporting Standards, and IFRS 9 Financial Instruments.

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

Consolidation principles

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

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

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

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

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

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

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

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

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

Subsidiaries

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

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

Associates

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

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

Segment reporting

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

CapMan has changed the composition of its reportable segments as of 1 January, 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.

Translation differences

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

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

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

Tangible assets

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

The estimated useful lives are as follows:

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

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

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

Intangible assets

Goodwill

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

Other intangible assets

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

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

The estimated useful lives are:

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

Impairment of assets

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

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

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

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

Financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

Fund investments and other investments in non-current assets are classified as financial assets at fair value through profit or loss and their fair value change is presented on the line item ”Fair value changes of investments” in the statement of comprehensive income. Fair value information of the non-current fund investments is provided quarterly to Company's management and to other investors in the investment funds managed by CapMan. The valuation of CapMan's funds' investment is based on International Private Equity and Venture Capital Valuation Guidelines (IPEVG) and IFRS 13.

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

Financial assets at amortised cost

Financial assets at amortised cost mainly include non-interest-bearing trade receivables and interest-bearing loan receivables of the Management Company Business and Service Business. These financial assets are held solely in order to collect contractual cash flows, and whose payments are fixed or determinable and which are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

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

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

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

Cash and cash equivalents

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

Dividend payment and repayment of capital

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

Financial liabilities

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

Leases

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

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

CapMan Group does not act as a lessor.

Provisions

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

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

Employee benefits

Pension obligations

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

Share-based payments

The fair value of stock options is assessed on the date they are granted and are expensed in equal instalments in the income statement over the vesting period of the rights concerned. An evaluation of how many options will generate an entitlement to shares is made at the end of every reporting period. Fair value is determined using the Black-Scholes pricing model. The terms of the stock option programs are presented in Note 29. Share-based payments.

Revenue recognition

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

Management fees and service fees in the Management Company Business

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

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

Management company business also includes wealth management services to institutional clients, foundations, family offices and wealthy private clients. Fees from these services are recognised over time, when the service is provided and the control is transferred to the customer, except for success and transaction fees, which are recognised as income at a point in time, because the underlying performance obligation is satisfied and the control of the related service is transferred to the customer at a point in time.

Fees in the Service Business

CapMan's Service Business includes analysis, reporting and back office services provided by JAY Solutions and procurement services provided by CapMan Procurement services (CaPS). Fees from these services are primarily recognised over time.

Some of the contracts with customers related to the fundraising services earlier included in the Service Business include a significant financing component. When determining the transaction price in these cases, the promised amount of consideration is adjusted for the effects of the time value of money and customer's credit characteristics.

Carried interest income

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

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

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

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

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

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

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

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

Income taxes

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

Deferred taxes are calculated on temporary differences between the carrying amount and the tax base. Deferred taxes have only been recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The largest temporary differences arise from the valuation of investments at fair value. Deferred taxes are not recognised for non-tax deductible amortisation of goodwill. Deferred taxes have been measured at the statutory tax rates enacted by the balance sheet date and that are expected to apply when the related deferred tax is realised.

Items affecting comparability and alternative performance measures

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

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

Use of estimates

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

Valuation of fund investments

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

Valuation of fund investments is described in more detail in the Note 31

Valuation of other investments

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

Goodwill impairment test

Goodwill impairment test is performed annually. The most significant assumptions related to the recoverable amount are turnover growth, operating margin, discount rate and terminal growth rate. Turnover growth and operating margin estimates are based on the current cost structure and turnover generated by the current customer base. Turnover is expected to grow to the extent that can be reasonably supported by the current personnel and other resources. This means such additional turnover and costs included in the business plan that are related to future expansion – and expected to be mainly visible as new customers and increased headcount – have been removed from the cash flow forecasts when preparing the goodwill impairment test.

Goodwill impairment test is described in more detail in the Note 14.

2. Segment information

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

In its Management Company business, CapMan manages private equity funds 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 includes 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.

2021

€ ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	36,585				36,585
Service fees	4,185	8,619		536	13,341
Carried interest	2,858				2,858
Turnover, external	**43,629**	**8,619**		**536**	**52,784**
Turnover, internal	**242**	**664**		**-906**	
Other operating income		19		3	22
Personnel expenses, of which	-19,989	-3,371	-866	-6,405	-30,632
Salaries and bonuses	-19,989	-3,371	-866	-5,618	-29,845
Share-based payment				-787	-787
Depreciation and amortisation	-895	-340	-15	-226	-1,476
Other operating expenses	-6,086	-1,004	-333	-2,545	-9,969
Internal service fees	-3,708	-413		4,121	0
Fair value changes of investments			33,912		33,912
Operating profit (loss)	**13,193**	**4,173**	**32,698**	**-5,422**	**44,642**
Financial items					-4,042
Income taxes					-5,239
Profit for the period					**35,362**
Earnings per share, cents					21,9
Earnings per share, diluted, cents					21,4
Geographical distribution of turnover:					
Finland					29,379
Other countries					23,405
Total					**52,784**

2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
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 (loss)	**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
Geographical distribution of turnover:					
Finland					20,159
Other countries					22,830
Total					**42,989**

3. Turnover

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

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

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

2021

€ ('000)	Management company business	Service business	Investment business	Other	Total
Timing of revenue recognition:					
Services transferred over time	39,845	8,619		536	**49,001**
Services transferred at a point in time	3,783				**3,783**
Revenue from customer contracts, external	43,629	8,619		536	**52,784**

2020

€ ('000)	Management company business	Service business	Investment business	Other	Total
Timing of revenue recognition:					
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**

4. Other operating income

€ ('000)	2021	2020
Other items	22	97
Total	**22**	**97**

5. Employee benefit expenses

€ ('000)	2021	2020
Salaries and wages	25,553	18,815
Pension expenses - defined contribution plans	3,564	2,669
Share-based payments	787	1,919
Other personnel expenses	728	513
Total	**30,632**	**23,916**

Remuneration of the management is presented in Note 30. Related party disclosures.

Cost for the stock options granted and investment-based incentive plan is based on the fair value of the instrument. The counter-entry to the expenses recognised in the income statement is in retained earnings, and thus has no effect on total equity. More information on the share-based payments is disclosed in Note 29.

Average number of people employed

	2021	2020
By country		
Finland	125	112
Sweden	25	22
Denmark	5	6
Norway	1	0
Luxembourg	1	2
United Kingdom	4	4
In total	**161**	**146**

	2021	2020
By segment*		
Management company business	92	75
Service business	30	36
Investment business and other	39	35
In total	**161**	**146**

* Comparison period amounts adjusted based on the Group's segment structure updated in 2021.

6. Depreciation

€ ('000)	2021	2020
Depreciation by asset type		
Intangible assets		
Other intangible assets	447	481
Total	447	481
Tangible assets		
Machinery and equipment	65	64
Right-of-use assets, buildings (IFRS 16)	932	894
Right-of-use assets, machinery and equipment (IFRS 16)	32	64
Total	1,029	1,022
Total depreciation	**1,476**	**1,504**

No impairments have been recorded during reporting period and comparison period.

7. Other operating expenses

€ ('000)	2021	2020
Included in other operating expenses:		
Other personnel expenses	1,062	775
Office expenses	542	529
Travelling and entertainment	542	391
External services	5,740	5,813
Other operating expenses	2,083	2,220
Total	**9,969**	**9,728**
Short-term lease expense (IFRS 16)	236	295
Expense for leases of low-value assets (IFRS 16)	134	98

Audit fees

Ernst & Young chain of companies:

€ ('000)	2021	2020
Audit fees	293	283
Tax advices	0	8
Other fees and services	10	20
Total	**303**	**312**

Non-audit services performed by Ernst & Young in 2021 was 10 (2020: 28) thousand euros in total. The services consisted of other services amounting to 10 (20) thousand euros. During 2020 non-audit services also included tax advisory services amounting 8 thousand euros.

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

€ ('000)	2021	2020
Personnel expenses	787	1,919
Depreciation, amortisation and write-downs	1,476	1,503
Fair value gains/losses of investments	-33,912	-4,398
Finance income and costs	4,042	3,120
Taxes	5,239	2,941
Other adjustments	32	-75
Total	**-22,337**	**5,009**
Total cash outflow for leases (IFRS 16)	-1,020	-1,008

9. Fair value gains/losses of investments

€ ('000)	2021	2020
Investments at fair value through profit and loss		
Investments in funds	33,857	7,036
Market portfolio	55	-124
Investments in joint ventures	0	15
Other investments*	0	-2,529
Total	**33,912**	**4,398**

* In 2020, included a net loss of EUR 2.5 million from financial assets designated at fair value through profit or loss.

10. Finance income and costs

€ ('000)	2021	2020
Finance income		
Interest income from loan receivables	171	271
Other interest income	0	4
Exchange gains	142	0
Change in fair value of financial liabilities	0	338
Total	**313**	**613**
Finance costs		
Interest expenses for loans	-3,390	-2,684
Change of expected credit losses	41	-101
Change in fair value of financial liabilities	-414	
Other interest and finance expenses	-547	-607
Interest expense of lease liabilities (IFRS 16)	-44	-66
Exchange losses	0	-274
Total	**-4,354**	**-3,732**

11. Income taxes

€ ('000)	2021	2020
Current income tax	2,653	1,743
Taxes for previous years	155	-631
Deferred taxes		
Temporary differences	2,431	1,829
Total	**5,239**	**2,941**
Income tax reconcilliation		
Profit before taxes	40,600	9,219
Tax calculated at the domestic corporation tax rate of 20%	8,120	1,844
Effect of different tax rates outside Finland	110	7
Tax exempt income	-2,638	-189
Non-deductible expenses	219	49
Performance share plan	157	-131
Unrecognized tax assets on tax losses and use of previously unrecognised tax losses	-851	2,537
Taxes for previous years	155	-631
Reassesment of deferred tax liabilities	0	-573
Other differences	-33	28
Income taxes in the Group Income Statement	5,239	2,941

12. Earnings per share

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

	2021	2020
Profit attributable to the equity holders of the Company, € ('000)	34,320	5,142
Profit applied to calculate diluted earnings per share	34,320	5,142
Weighted average number of shares ('000)	156,580	155,797
Treasury shares ('000)	-26	-26
Weighted average number of shares ('000)	156,553	155,771
Effect of share-based incentive plans ('000)	3,994	1,344
Weighted average number of shares adjusted for the effect of dilution ('000)	160,547	157,114
Earnings per share (basic), cents	21.9	3.3
Earnings per share (diluted), cents	21.4	3.3

13. Tangible assets

€ ('000)	2021	2020
Machinery and equipment		
Acquisition cost at 1 January	2,389	2,389
Additions	9	13
Transfers	-51	0
Translation difference	0	1
Disposals	0	-14
Acquisition cost at 31 December	2,347	2,389
Accumulated depreciation at 1 January	-2,118	-2,036
Depreciation for the financial year	-65	-82
Accumulated depreciation at 31 December	-2,183	-2,118
Book value on 31 December	164	271
Right-of-use assets		
Machinery and equipment (IFRS 16)		
Additions	12	42
Depreciations	-32	-64
Book value on 31 December	24	44
Leased premises (IFRS 16)		
Additions	194	190
Depreciations	-932	-894
Book value on 31 December	1,543	2,281
Other tangible assets		
Acquisition cost at 1 January	23	24
Disposals	0	-1
Book value on 31 December	23	23
Tangible assets total	**1,754**	**2,619**

14. Goodwill

€ ('000)	2021	2020
Acquisition cost at 1 January	28,009	28,009
Acquisition cost at 31 December	28,009	28,009
Accumulated impairment at 1 January	-12,695	-12,695
Accumulated impairment at 31 December	-12,695	-12,695
Book value on 31 December	15,314	15,314

Impairment test

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

€ ('000)	2021	2020
CapMan Wealth Services	7,412	
JAY Solutions	7,428	
JAM Advisors		14,840
Other	474	474
Total	**15,314**	**15,314**

In 2019, a reporting, analysis and wealth management company, JAM Advisors Oy, was acquired and constituted a cash generating unit. Goodwill arising from the acquisition totalled EUR 14.8 million. During 2020, JAM Advisors was divided into two business units, CapMan Wealth Services and JAY Solutions, which constituted a group of cash generating units ("JAM Advisors"), on which goodwill was allocated for impairment test purposes. As of 2021, CapMan Wealth Services was transferred to Management Company Business segment, whereas JAY Solutions remains in Service Business segment. Therefore, goodwill has been re-allocated between CapMan Wealth Services and JAY Solutions and was tested separately for impairment in the financial year ended 31 December, 2021.

Recoverable amounts of both CapMan Wealth Services and JAY Solutions is based on value-in-use using five-year discounted cash flow projections based on a business plan approved by the management. Future cash flows arising from additional turnover generated by increased personnel, and thus extending the operations and enhancing the performance, have been excluded from the cash flow projections applied in the impairment test. Cash flows for the period extending over the planning period are calculated using the terminal value method. Key assumptions applied in the impairment test are set forth in the following table.

	2021		2020
€ ('000)	CapMan Wealth Services	JAY Solutions	JAM Advisors
Pre-tax discount rate	8.9%	10.6%	11.0%
Average turnover growth	18.3%	37.2%	12.5%
Average EBIT margin	48.1%	38.4%	34.0%
Terminal growth rate	1.0%	1.0%	0.8%

Based on the impairment test, goodwill allocated to CapMan Wealth Services or JAY Solutions was not impaired. Of key assumptions, recoverable amount is most sensitive to changes in turnover growth during the explicit forecasting period (5 years). Based on the sensitivity analysis, if turnover growth during the explicit forecasting period would be 13 percentage points lower for CapMan Wealth Services or 15 percentage points lower for JAY Solutions, recoverable amount would equal the carrying amount of the respective cash-generating unit. At the moment, recoverable amount exceeds carrying amount by EUR 38 million for CapMan Wealth Services and EUR 28 million for JAY Solutions, and no reasonably possible change in any of the other key assumptions would lead to impairment.

15. Other intangible assets

€ ('000)	2021	2020
Acquisition cost at 1 January	6,762	6,371
Additions	131	391
Transfers	51	
Acquisition cost at 31 December	6,893	6,762
Accumulated depreciation at 1 January	-6,037	-5,574
Depreciation for the financial year	-447	-463
Accumulated depreciation at 31 December	-6,484	-6,037
Book value on 31 December	459	725

16. Investments at fair value through profit or loss

Investments in funds

€ ('000)	2021	2020
Investments in funds at 1 January	116,066	115,918
Additions	19,750	17,869
Distributions	-40,047	-24,746
Fair value gains/losses of investments	34,135	7,131
Transfers	107	-106
Investments in funds at 31 December	130,011	116,066
Investments in funds by investment area at the end of period		
Buyout	10,926	7,244
Credit	1,821	2,672
Russia	3,368	4,363
Real Estate	43,965	39,408
Other investment areas	21,265	16,172
Funds of funds	133	137
External private equity funds	37,990	29,658
Infra	10,543	16,412
Total	**130,011**	**116,066**

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 76.9 million.

Other financial assets

€ ('000)	2021	2020
Other investments at 1 January	191	2,731
Additions	202	6
Fair value gains/losses of investments	0	-2,546
Other investments at 31 December	**393**	**191**

17. Receivables - Non-current

€ ('000)	2021	2020
Trade receivables	5,661	6,148
Loan receivables	1,731	2,827
Interest receivables	135	109
Other receivables	2,539	
Total	**10,066**	**9,084**

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

Loan receivables include EUR 1.1 million from Norum Russia Co-Investment Ltd, EUR 0.4 million from Buyout X Guernsey Ltd, and EUR 0.2 million from CapMan Russia Team Guernsey Ltd.

Loan receivables do not include credit-impaired financial assets. Allowance for expected credit losses of loan receivables is presented below separately for portion measured at an amount equal to 12-month and lifetime expected credit losses. Loss allowance measured at an amount equal to lifetime expected credit losses are wholly related to such loan receivables for which credit risk has increased significantly since initial recognition.

€ ('000)	2021	2020
Loan receivables, gross	1,805	2,947
Loss allowance, 12-month ECL*	-1	-3
Loss allowance, lifetime ECL*	-73	-117
Loan receivables, net	1,731	2,827

*ECL = expected credit losses

Other non-currrent receivables include primarily receivables from sold investments, whose sale proceeds will be partially received later.

18. Deferred tax assets and liabilities

Changes in deferred taxes during 2021:

€ ('000)	31.12.2020	Charged to Income Statement	Translation difference	Charged in equity	31.12.2021
Deferred tax assets					
Accrued differences	2,438	-602	0	0	1,836
Total	**2,438**	**-602**	**0**	**0**	**1,836**
Deferred tax liabilities					
Accrued differences	643	-156	-2	97	582
Unrealised fair value changes	2,059	1,986			4,045
Total	**2,702**	**1,830**	**-2**	**97**	**4,627**

Changes in deferred taxes during 2020:

€ ('000)	31.12.2019	Charged to ncome Statement	Translation difference	Charged in equity	31.12.2020
Deferred tax assets					
Accrued differences	3,726	-1,288	0	0	2,438
Total	**3,726**	**-1,288**	**0**	**0**	**2,438**
Deferred tax liabilities					
Accrued differences	974	-335	4	0	643
Unrealised fair value changes	1,182	877			2,059
Total	**2,156**	**542**	**4**	**0**	**2,702**

19. Trade and other receivables

€ ('000)	2021	2020
Trade receivables	6,002	6,267
Loan receivables	280	251
Accrued income	1,305	1,480
Other receivables	7,637	6,019
Total	**15,224**	**14,017**

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

€ ('000)	2021	2020
Trade receivables, gross	6,076	6,323
Loss allowance	-74	-56
Trade receivables, net	6,002	6,267

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

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

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

Accrued income includes mainly prepayments.

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

Trade and other receivables by currency at the end of year

Trade and other receivables	Amount in foreign currency	Amount in euros	proportion
EUR		17,356	69%
USD	7,906	6,980	28%
SEK	9,123	890	4%
GBP	18	21	0%
DKK	242	33	0%
NOK	81	8	0%

20. Financial assets at fair value through profit or loss

€ ('000)	2021	2020
Financial assets held for trading	0	312
Total	**0**	**312**

Remaining financial assets held for trading were sold during the financial year. At the end of the previous financial year, they included investments to listed shares that were measured at fair value by the last trade price on active markets on the balance sheet date.

21. Cash and cash equivalents

€ ('000)	2021	2020
Bank accounts	65,207	58,002
Total	**65,207**	**58,002**

Cash and cash equivalents only includes bank accounts. EUR 2.0 million of bank account balances is related to the launch of a new hotel real estate fund in 2019 and is not available for use by the group.

22. Share capital and shares

€ ('000)	Number of B shares	Total
At 1 January 2020	**153,728**	**153,728**
Share subscriptions with options	702	702
Share subscription	2,002	2,002
At 31 December 2020	**156,433**	**156,433**
Share subscriptions with options	158	158
At 31 December 2021	**156,591**	**156,591**

€ ('000)	Share capital	Share premium account	Other reserves	Total
At 1 January 2020	**772**	**38,968**	**84,823**	**124,563**
Share subscriptions with options			447	447
Repayment of capital			-13,854	-13,854
At 31 December 2020	**772**	**38,968**	**71,416**	**111,156**
Share subscriptions with options			90	90
Repayment of capital			-18,788	-18,788
At 31 December 2021	**772**	**38,968**	**52,718**	**92,458**

Other reserves

During the financial year and previous year, shares subscribed with option rights were recorded to and repaid capital was deducted from the unrestricted equity fund. In addition, during the previous financial year, in conjunction with the termination of the performance share plan 2018, 2,002,208 shares were granted in a directed share issue without payment.

The stock option programs and share-based incentive plans are presented in Note 29. Share-based payments.

Translation difference

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

Dividends paid and proposal for profit distribution and repayment of capital

A dividend of EUR 0.02 per share and a repayment of invested unrestricted equity fund of EUR 0.12 per share, totalling EUR 21.9 million, was paid to the shareholders for the financial year 2020. Dividend and repayment of equity were paid in two equal instalments. The first instalment of EUR 11.0 million was paid on 26 March, 2021, and the second instalment of EUR 11.0 million was paid on 27 September, 2021.

The Board of Directors will propose to the Annual General Meeting to be held on 16 March 2022 that a dividend of EUR 0.04 per share, equivalent to a total of approx. EUR 6.3 million, and a repayment of invested unrestricted equity fund of EUR 0.11 per share, equivalent to a total of approx. EUR 17.2 million, would be paid to the shareholders. The aggregate amount of proposed dividends and repayment of invested unrestriced equity fund would be approx. EUR 23.5 million, and it is proposed to be paid in two instalments six months apart.

Redemption obligation clause

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

Ownership and voting rights agreements

As at 31 December 2021 CapMan Plc had no knowledge of agreements or arrangements, related to the Company's ownership and voting rights, that were apt to have substantial impact on the share value of CapMan Plc.

Distribution of shareholdings by number of shares and sector as at 31 December 2021

Shareholding	Number of Owners	%	Number of shares	%
1–1,000	18,211	64.57%	6,545,541	4.18%
1,001–10,000	8,665	30.72%	27,382,651	17.48%
10,001–100,000	1,156	4.10%	27,602,323	17.62%
100,001–500,000	75	0.27%	14,338,265	9.15%
500,001–1,000,000	11	0.04%	8,074,560	5.16%
1,000,001–	19	0.07%	66,909,348	42.72%
Anonymous ownership	65	0.23%	5,764,605	3.68%
Total	**28,202**	**100.00%**	**156,617,293**	**100.00%**
of which Nominee registered			9,436,636	6.03%
On the book-entry register joint account			18,709	0.01%

Sector	Number of shares and votes	%
Finnish Private Individuals	78,368,332	50.04%
Other	44,310,904	28.29%
Pension & Insurance	18,350,063	11.72%
Fund company	8,528,837	5.45%
Foundation	1,268,253	0.81%
Treasury Shares	26,299	0.02%
Anonymous ownership	5,764,605	3.68%
Total	**156,617,293**	**100.00%**
of which Nominee registered	9,436,636	6.03%
On the book-entry register joint account	18,709	0.01%

Source: EuroClear Finland Ltd, as at 31 December 2021. Figures are based on the total number of shares 156 617 293 and total number of shareholders 28,202. CapMan Plc had 26,299 shares as at 31 December 2021.

CapMan's largest shareholders as at 31 December 2021

	Number of shares and votes	Proportion of shares, %
Silvertärnan Ab*	16,226,519	10.36%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	10,318,326	6.59%
Mikko Laakkonen	6,378,320	4.07%
OY Inventiainvest AB	4,286,860	2.74%
Keskinäinen työeläkevakuutusyhtiö Varma	3,675,215	2.35%
Joensuun Kauppa ja Kone Oy	3,289,502	2.10%
Vesasco Oy	3,088,469	1.97%
Valtion Eläkerahasto	2,500,000	1.60%
Nordea Rahastot	2,345,639	1.50%
Handelsbanken Rahastot	2,193,707	1.40%
Total	**54,302,557**	**33.28%**
Nominee registered	9,436,636	6.03%
Shareholdings of management	6,365,626	4.06%

*Joakim Frimodig's holding company Boldhold Oy is a minority owner in Silvertärnan Ab

CapMan has not received any flagging notifications during year 2021. An up-date information of all flagging notifications can be found at **www.capman.com**

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

€ ('000)	2021	2020
Senior bonds	81,235	81,116
Capital loans	120	0
Lease liabilities (IFRS 16)	683	1,496
Total	**82,038**	**82,612**

In December 2020, CapMan issued unsecured notes in the aggregate principal amount of EUR 50 million and redeemed EUR 18.5 million of its EUR 50 million bond issued in April 2018, after which the remaining balance of the latter amounts to EUR 31.5 million. The new bond issued in 2020 will mature on December 9, 2025 and carry a fixed annual interest of 4.000% paid annually. The bond issued in 2018 will mature on April 16, 2023 and carry a fixed annual interest of 4.125% paid semi-annually. Both loan agreements include covenants related to equity ratio.

24. Other non-current liabilities

€ ('000)	2021	2020
Acquisition related liabilities	7,183	6,769
Other liabilities	369	167
Total	**7,552**	**6,936**

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

25. Trade and other payables - Current

€ ('000)	2021	2020
Trade payables	1,230	1,027
Advance payments received	1,200	343
Accrued expenses	10,947	6,204
Other liabilities	3,346	3,501
Total	**16,722**	**11,075**

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

Advance payments received are liabilities based on customer contracts.

The most significant items in accrued expenses relate to accrued salaries and social benefit expenses.

Trade and other liabilities by currency at end of year

Trade and other liabilities	Amount in foreign currency	Amount in euros	Proportion
EUR		13,050	78%
SEK	26,811	2,616	16%
GBP	361	430	3%
DKK	4,058	546	3%
NOK	794	80	0%

26. Interest-bearing loans and borrowings - Current

€ ('000)	2021	2020
Short-term bank facility		
Lease liabilities (IFRS 16)	930	888
Liabilities to non-controlling interests	40	20
Total	**970**	**908**

27. Financial assets and liabilities

Financial assets 2021

€ ('000)	Note	Balance sheet value	Fair value
Investments at fair value through profit or loss			
Investments in funds	16	130,011	130,011
Other financial assets*	16	393	393
Loan receivables	17	1,731	1,731
Trade and other receivables	19	20,885	20,885
Financial assets at fair value	20	0	0
Cash and bank	21	65,207	65,207
Total		**218,227**	**218,227**

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

Financial assets 2020

€ ('000)	Note	Balance sheet value	Fair value
Investments at fair value through profit or loss			
Investments in funds	16	116,066	116,066
Other financial assets*	16	191	191
Loan receivables	17	2,827	2,827
Trade and other receivables	19	20,165	20,165
Financial assets at fair value	20	312	312
Cash and bank	21	58,002	58,002
Total		**197,563**	**197,563**

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

Financial liabilities 2021

€ ('000)	Note	Balance sheet value	Fair value
Non-current liabilities	23	82,038	82,038
Non-current operative liabilities	24	7,552	7,552
Trade and other liabilities	25	16,722	16,722
Current liabilities	26	970	970
Total		**107,282**	**107,282**

Financial liabilities 2020

€ ('000)	Note	Balance sheet value	Fair value
Non-current liabilities	23	82,612	82,612
Non-current operative liabilities	24	6,936	6,936
Trade and other liabilities	25	11,075	11,075
Current liabilities	26	908	908
Total		**101,531**	**101,531**

Net debt

€ ('000)	2021	2020
Cash and cash equivalents	65,207	58,002
Borrowings - repayable within one year	-970	-908
Borrowings - repayable after one year	-82,038	-82,612
Net debt	-17,801	-25,518
Cash and cash equivalents	65,207	58,002
Gross debt - variable interest rates	-1,653	-2,384
Gross debt - fixed interest rates	-81,355	-81,136
Net debt	-17,801	-25,518

Changes in liabilities arising from financing activities

€ ('000)	1 January, 2021	Cash flows	Other changes	31 December, 2021
Non-current loans and borrowings	81,116	120	118	81,354
Non-current lease liabilities	1,496	-813		683
Current loans and borrowings	20	20		40
Current lease liabilities	888	-163	205	930
Total	**83,520**	**-836**	**323**	**83,007**

€ ('000)	1 January, 2020	Cash flows	Other changes	31 December, 2020
Non-current loans and borrowings	49,718	31,398		81,116
Non-current lease liabilities	2,285	-789		1,496
Current loans and borrowings	130	-110		20
Current lease liabilities	809	-153	232	888
Total	**52,942**	**30,346**	**232**	**83,520**

28. Commitments and contingent liabilities

Securities and other contingent liabilities

€ ('000)	2021	2020
Contingencies for own commitment		
Collateral	0	500
Business mortgage	60,000	60,000
Other contingent liabilities	2,365	2,271
Remaining commitments to funds by investment area		
Buyout	35,871	38,895
Credit	2,438	1,476
Russia	1,066	1,117
Real Estate	10,558	12,330
Other investment areas	3,554	3,556
Funds of funds	245	246
Growth Equity*	11,298	14,021
Infra	4,952	19,506
Special Situations	3,135	0
CapMan Wealth Services funds	8,794	0
External private equity funds	8,429	17,913
Total	**90,340**	**109,061**

CapMan estimates that EUR 65-75 million of the remaining commitments will be called in the next 4 years, particularly due to unused investment capacity of the older funds.

29. Share-based payments

As at the balance sheet date, CapMan has an investment-based long-term share-based incentive plan ("Share plan 2020-2023") in force. The stock option program 2016 ended during the financial year. These programs are used to commit key individuals and executives to the company and reinforce the alignment of interests of key individuals and executives and CapMan shareholders. In the investment-based long-term share-based incentive plan the participants are committed to shareholder value creation by investing a significant amount into the CapMan Plc share.

The investment-based long-term incentive plan includes one performance period. The performance period commenced on 1 April 2020 and will end 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 and the plan is thus equity-settled. The Board shall resolve whether new Shares or existing Shares held by the Company are given as reward. The target group of the Plan consists of 20 persons, including the members of the Management Group.

The fair value of the investment-based incentive plan 2020-2023 has been measured at the grant date and is expensed on a straight-line basis over the vesting period. The fair value has been calculated by applying a Monte-Carlo simulation, where the model inputs have included share price at the grant date, expected annualised volatility over the tenure of the program, risk-free interest rate, expected dividends and expected share rewards to be granted on different target share price levels. The model simulates share price development during the performance period and the resulting share rewards to be granted after reaching the share price levels defined in the conditions of the plan. In addition, forfeiture rate has been incorporated into the measurement of the fair value as a decreasing factor.

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

The total expense recognised for the period arising from share-based payment transactions amounted to EUR 0.8 million. There were no liabilities arising from share-based payment transactions. As at the balance sheet date, based on the closing price of CapMan's share, it is estimated that for the Share plan 2020-2023, the shares to be withheld and paid in cash to cover withholding tax liabilities will amount to EUR 6.8 million.

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

Investment-based incentive plans

	Share plan 2020–2023
Grant date	16.4.2020
Vesting period starts	16.4.2020
Vesting period ends	31.8.2023
Maximum number of share rewards granted during the period	405,000
Maximum number of share rewards at the end of the financial year	4,500,000
Grant date share price, EUR	1.764
Share price at the end of the period, EUR	3.035
Expected annualised volatility	27%
Assumed risk-free interest rate	0.0%
Present value of the expected dividends, EUR	0.45
Forfeiture rate assumption	10%
Increase in fair value of share premiums granted during the period	0.2
Fair value of the plan, EUR million	2.7
Expense recorded during the financial year, EUR million	0.8
Cumulative expense recorded for the plan, EUR million	1.3
Future cash payment related to withholding taxes, EUR million*	-6.8
Number of participants in the plan	20

* Estimated for Share plan 2020-2023

Stock option programs effective during the financial year

	Stock option program 2016
	Stock option 2016
Stock options, number	1,410,000
Entitlement to subscribe for B shares	1,410,000
Share subscription period begins	1.5.2019
Share subscription period ends	30.4.2021
Share subscription price	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.-31.5.2016 with an addition of ten (10) per cent less dividends i.e. €0.52
Assumptions used in the Black&Scholes model	
Expected volatility	21.56%
Risk-free interest	0.0%

Changes in option rights during the financial year

	Stock option program 2016
	Stock option 2016
Initial amount of option rights, pcs	1,410,000
Amount of granted option rights, pcs	673,958
Outstanding at the beginning of the reporting period, pcs	145,873
Changes during the period:	
Granted	0
Exercised	140,783
Weighted average subscription price, €	0.57
Weighted-average share price during the subsicription period in the financial year	2.62
Outstanding at the end of the reporting period, pcs	0
Exercised by the end of the reporting period, pcs	668,868

30. Related party disclosures

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

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
Valo Fund Management Oy	Finland	100%	
Kokoelmakeskus GP Oy	Finland	100%	100%
Norventures Oy	Finland	100%	100%
CapMan Growth Equity Oy	Finland	100%	100%
CapMan Real Estate Manager S.A.	Luxembourg	100%	100%
CapMan Infra Management Oy	Finland	60%	60%
CapMan Infra Lux Management S.á.r.l.	Luxembourg	60%	
CapMan Growth Equity 2017 GP Oy	Finland	100%	100%
Scala Fund Advisory Oy	Finland	100%	100%
CapMan Nordic Infrastructure Manager S.á.r.l.	Luxembourg	100%	100%
CapMan Infra Lynx GP Oy	Finland	60%	
CapMan Buyout XI GP S.á.r.l	Luxembourg	100%	100%
CapMan AIFM Oy	Finland	100%	100%
Nest Capital III GP Oy	Finland	100%	100%
CapMan Procurement Services (CaPS) Oy	Finland	95%	95%
CapMan Buyout Management Oy	Finland	70%	70%
CapMan Hotels II Holding GP Oy	Finland	100%	100%
JAY Solutions Oy	Finland	60%	60%
CapMan Wealth Services Oy	Finland	60%	60%
CapMan Growth Equity II GP Oy	Finland	100%	100%
CapMan Special Situations GP Oy	Finland	100%	100%
CapMan Special Situations Oy	Finland	65%	65%
Nest Capital Management AB	Sweden	100%	100%
CM III Feeder GP S.á.r.l.	Luxembourg	100%	100%
CaPS Baltic OÜ	Estonia	60%	
Maneq 2010 AB	Sweden	86%	86%
Maneq 2009 AB	Sweden	100%	100%
Maneq 2008 AB	Sweden	100%	100%
Maneq 2006 AB	Sweden	100%	100%
Maneq 2005 AB	Sweden	100%	100%
CapMan Residential Manager SA	Luxembourg	60%	60%
CMRF Feeder GP S.á.r.l.	Luxembourg	60%	
CMRF Advisors Oy	Finland	60%	60%

Transactions with related parties

In 2021, CapMan Plc sold an ownership interest of 0.5% in CapMan Procurement Services (CaPS) Oy, subsidiary of CapMan Plc, to Äkäs Capital Oy, a controlled entity of Maximilian Marschan, member of the Management Group. The selling price was approximately EUR 50 thousand. In 2020, CapMan recorded fees, totalling approximately EUR 3 thousand, for financial and legal services to Momea Invest Oy, a controlled entity of Olli Liitola, member of the Board of Directors of CapMan Plc. Also, CapMan also recorded fees of EUR 12 thousand for consultancy services to Heliocabala Oy, a controlled entity of Eero Heliövaara, member of the Board of Directors of CapMan Plc.

Loans to related parties

CapMan has a long-term loan receivable of EUR 9 thousand from a management group member's controlling interest. The loan receivable has a fixed interest rate.

Commitments to related parties

€ ('000)	2021	2020
Investment commitments to Maneq funds		643
Loan commitment to a management group member's controlling interest	66	

Management remuneration

€ ('000)	2021	2020
CEO Joakim Frimodig		
Salaries and other short-term employee benefits	376	362
Pension costs	65	62
Additional pension costs	38	36
Share-based payments	236	668
Total	**715**	**1,128**
Management group excl. CEO		
Salaries and other short-term employee benefits	3,135	1,976
Share-based payments	382	942
Total	**3,517**	**2,919**

Remuneration and fees

€ ('000)		2021	2020
Andreas Tallberg		68	70
Johan Bygge	as of March 17, 2021	34	
Peter Ramsay	until March 17, 2021	11	44
Mammu Kaario		55	55
Catarina Fagerholm		45	46
Eero Heliövaara		43	44
Olli Liitola		42	42
Johan Hammarén	as of March 11, 2020	42	33
Total		**341**	**334**

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

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

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

The Management Group members have allocated a total of 785,000 shares (745,000 shares in 2020) to the investment-based long-term incentive plan. The Management Group members were not granted any stock options. The stock options granted to the management earlier are subject to the same terms as for stock options granted to employees.

31. Financial risk management

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

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

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

a) Liquidity risk

Cash inflow from operating activities consists of predictable management fees and fees from the Service Business, as well as transaction-based fees and carried interest income, which are more difficult to predict. Cash outflow from operating activities consists of payment of fixed costs, interests and taxes, which are relatively well predictable in the short term. Liquidity management is also significantly impacted by the timing of the capital calls to the funds and proceeds from fund investments, which is difficult to predict. Therefore, the Group maintains a sufficient liquidity in order to fulfill its commitments, which are more difficult to predict. Cash from financing activities consist of proceeds from and repayment of borrowings, and payment of dividends and return of capital.

"Management fees received from the funds and majority of fees from the Service Business are based on long-term agreements and are targeted to cover the operational expenses of the Group. Management fees and majority of fees from the Service Business are quite reliably predictable for the coming 12 months. However, part of of the fees from the Service Business are transaction-based and thus more difficult to forecast.

The timing and receipt of carried interest generated by the funds is uncertain and will contribute to the volatility of the results. Changes in investment and exit activity levels may have a significant impact on cash flows of the Group. A single investment or exit may change the cash flow situation completely and the exact timing of the cash flow is difficult to predict. 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 has no clawback liabilities recorded at the balance sheet date.

CapMan has made commitments to the funds it manages. As at 31 December, 2021, the undrawn commitments to the funds amounted to EUR 90.3 million (109.1) and the financing capacity available (cash available for use and third party financing facilities) amounted to EUR 83.2 million (96.0).

In December 2020, CapMan issued unsecured notes in the aggregate principal amount of EUR 50 million and redeemed EUR 18.5 million of its EUR 50 million bond issued in April 2018, after which the remaining balance of the latter amounts to EUR 31.5 million. The bond issued in 2020 will mature on 9 December, 2025 and carry a fixed annual interest of 4.000% paid annually. The bond issued in 2018 will mature on 16 April, 2023 and carry a fixed annual interest of 4.125% paid semi-annually. Both loan agreements include covenants related to equity ratio.

At the end of the financial year, CapMan has an unused long-term credit facility which was decreased from EUR 40 million to EUR 20 million during the financial year. CapMan has not used the credit facility during the financial year. The long-term credit facility agreement includes a covenant related to net gearing.

Maturity analysis

31 December 2021

€ ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due later
Bonds			31,520	50,000	
Accounts payable	1,230				
Interests, bonds		3,300	4,650	2,000	
Company acquisitions liabilities			7,183		
Commitments to funds	328	11,830	8,897	590	68,695
Commitments to Maneq -funds					
Lease liabilities (IFRS 16)	237	686	689		

31 December 2020

€ ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due later
Bonds			31,520	50,000	
Accounts payable	1,027				
Interests, bonds		3,300	5,950	4,000	
Company acquisitions liabilities				6,769	
Commitments to funds		4,417	10,819	8,971	84,211
Commitments to Maneq -funds			643		
Lease liabilities (IFRS 16)	237	672	1,434	40	

b) Interest rate risk

At the end of the financial year, interest-bearing liabilities have a fixed interest rate. Exposure to interest rate risk arises principally from the long-term credit facility of EUR 20 million with a floating interest rate. This facility was not used during the financial year. However, during the time when the reference rate of the credit facility is negative, as it was in 2021, its effective interest rate will in practice equal the agreed margin.

The senior bond issued in December 2020 has an annual coupon rate of 4.000% paid annually, and the senior bond issued in April 2018 has an annual coupon rate of 4.125% paid semi-annually.

Loans according to interest rate

€ ('000)	2021	2020
Floating rate	0	0
Fixed rate	81,355	81,136
Total	**81,355**	**81,136**

c) Credit risk

Group's credit risks relate to trade, loan and other receivables recognised at amortised cost. The maximum credit loss of these receivables is the carrying amount of the receivable in question. There are no collaterals relating to the receivables and there have been no credit losses in the past. More information on the expected credit losses of receivables is presented in notes 17 and 19.

Group's loan commitments are related to co-investment loans granted to team entities, which they use in order to make co-investments to funds managed by the Group. Their credit risk is deemed low, as the repayment is usually subject to distributions received from the funds.

d) Currency risk

Changes in exchange rates, particularly between the US dollar and and the euro, impact the company's performance, since a part of group's fund investments and non-current accounts receivables are in US dollar. Any strengthening/weakening of the dollar against the euro would improve/weaken the fair values gains or US dollar fund investments and revenue related to US dollar non-current accounts receivables.

The group also has assets in Swedish kronos therefore the changes in exchange rates between the US dollar and the euro has also an impact to Group result.

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

As at 31 December, 2021, 88% of the Group's financial assets were in euros, 10% in US dollars 2% in Swedish krona and under 1% in other currencies. The following table presents the fair values of the foreign currency denominated financial assets.

Financial assets denominated in foreign currencies, in euros

€ ('000)	SEK	USD	Other currencies	Total
2021	4,369	23,268	729	28,366
2020	5,101	19,796	2,396	27,293

e) Capital management

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

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

At the balance sheet date, CapMan has two fixed-rate unsecured senior bonds outstanding, of which EUR 50 million will mature on 9 December, 2025 and EUR 31.5 million will mature on 16 April, 2023. In addition, CapMan has a long-term credit facility of EUR 20 million available until 5 August, 2024, which was not in use at the balance sheet date.

The long-term credit facility agreement and senior bond agreeements include financial covenants related to both equity ratio and net gearing.

€ ('000)	2021	2020
Interest-bearing loans	83,008	83,520
Cash and cash equivalents	-65,207	-58,002
Net debt	17,801	25,518
Equity	127,394	113,266
Net gearing	14,0,%	22,5%
Return on equity	29,4,%	5,2%
Equity ratio	53,3,%	51,9%

f) Price risk of the investments in funds

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

g) Determining fair values

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

€ ('000)	Fair value	Level 1	Level 2	Level 3
Investments in funds	**130,011**	236	0	129,776
Other non-current investments	**393**	368	0	25
Current financial assets at FVTPL	**0**	0	0	0

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.

Non-current investments at fair value through profit or loss

€ ('000)	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	951		115,115	116,066
Additions			20,912	20,912
Distributions			-23,542	-23,542
Disposals			-16,505	-16,505
Fair value gains/losses			34,135	34,135
Transfers*	-715		-339	-1,054
at the end of period	236		129,776	130,011
Other investments				
at Jan 1	166	0	25	191
Additions	202			202
at the end of period	368	0	25	393

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

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

€ ('000)	Fair value	Level 1	Level 2	Level 3
Investments in funds	**116,066**	951	0	115,115
Other non-current investments	**191**	166	0	25
Current financial assets at FVTPL*	**312**	312	0	0

* fair value through profit or loss

The different levels have been defined as follows:

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

Level 2 Other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as price) or indirectly (that is, derived from prices). Level 2 assets measured at fair value consist of investments for which the quoted price is available from markets that are not active. CapMan has measured level 2 investments using the last trading price of the reporting period end.

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

Non-current investments at fair value through profit or loss

€ ('000)	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	738		115,180	115,180
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
Disposals	166	-166	0	0
Fair value gains/losses			-2,546	-2,546
at the end of period	166	0	25	191

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

Sensitivity analysis of Level 3 investments at 31 December 2021

Investment area	Fair value MEUR 31.12.2021	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth investments	19.0	Peer group	Peer group earnings multiples	EV/EBITDA 2021 12.6x	+/- 10%	+/- 1.6 MEUR
			Discount to peer group multiples	31%	+/- 10%	-/+ 0.8 MEUR
Buyout	10.9	Peer group	Peer group earnings multiples	EV/EBITDA 2021 8.2x	+/- 10%	+ 3.8 / - 3.7 MEUR
			Discount to peer group multiples	30%	+/- 10%	+/- 1.9 MEUR
Real Estate	44.0	Valuation by an independent valuer				
Investments in external PE funds	38.1	Reports from PE fund management company				
Infrastructure	10.5	Discounted cash flows	Terminal value	EV/EBITDA 17.8x	+/- 5%	+/- 0.8 MEUR
			Discount rate; market rate and risk premium	13%	+/- 100 bsp	+/- 1.1 MEUR
Special Situations	1.9	Peer group	Peer group earnings multiples	EV/EBITDA 2021 16.0x	+/- 10%	+/- 0.1 MEUR
			Discount to peer group multiples	22%	+/- 10%	+/- 0.0 MEUR
Russia	3.4	Peer group	Peer group earnings multiples	EV/EBITDA 2021 12.3x	+/- 10%	+ /- 0.3 MEUR
			Discount rate; market rate and risk premium	44%	+/- 10%	-/+ 0.2 MEUR
Credit	1.8	Discounted cash flows	Discount rate; market rate and risk premium	9%	+/- 100 bsp	- 0.1 MEUR / value increase based on a change in the discount rate is not booked

Sensitivity analysis of Level 3 investments at 31 December 2020

Investment area	Fair value MEUR 31.12.2020	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth investments	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				
Investments in external PE funds	29.8	Reports from PE fund management company				
Maneq-sijoitukset	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
Infrastructure	16.4	Discounted cash flows	Terminal value	EV/EBITDA 15.9x	+/- 5%	+/- 1.8 MEUR
			Discount rate; market rate and risk premium	12%	+/- 100 bsp	-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 bsp	- 0.1 MEUR / value increase based on a change in the discount rate is not booked

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

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

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

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

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

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

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

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

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

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.

Parent Company Income Statement (FAS)

€	Note	1.1.–31.12.2021	1.1.–31.12.2020
Turnover	1	**6,160,794.33**	**13,146,627.47**
Other operating income	2	171,248.39	0.00
Raw materials and services	3	**-312,181.99**	**-10,309,664.21**
Employee benefit expenses	4	-5,425,486.62	-6,209,226.78
Depreciation	5	-99,902.75	-82,396.99
Other operating expenses	6	-3,120,533.38	-3,296,505.56
Operating loss		**-2,626,062.02**	**-6,751,166.07**
Finance income and costs	7	721,167.76	4,277,339.27
Profit before appropriations and taxes		**-1,904,894.26**	**-2,473,826.80**
Appropriations	8	8,449,936.42	5,405,000.00
Income taxes		1,981.20	-31,434.15
Loss for the financial year		**6,547,023.36**	**2,899,739.05**

Parent Company Balance Sheet (FAS)

€	Note	1.1.–31.12.2021	1.1.–31.12.2020
ASSETS			
Non-current assets			
Intangible assets	9	94,242.75	92,537.36
Tangible assets	10	141,559.88	184,055.95
Investments	11		
Shares in subsidiaries		110,727,424.33	117,885,122.13
Investments in associated companies		34,211.38	34,211.38
Other investments		10,558,185.53	12,446,125.49
Investments total		121,319,821.24	130,365,459.00
Non-current assets, total		**121,555,623.87**	**130,642,052.31**
Current assets			
Inventories	12	0.00	312,181.99
Long-term receivables	13	2,766,557.73	3,619,196.64
Short-term receivables	14	33,083,540.33	30,352,127.62
Cash and bank		32,456,355.12	37,076,738.94
Current assets, total		**68,306,453.18**	**71,360,245.19**
Total assets		**189,862,077.05**	**202,002,297.50**

€	Note	1.1.–31.12.2021	1.1.–31.12.2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	15		
Share capital		771,586.98	771,586.98
Share premium account		38,968,186.24	38,968,186.24
Invested unrestricted shareholders' equity		49,671,049.95	68,369,002.56
Retained earnings		689,906.06	921,542.99
Profit for the financial year		6,547,023.36	2,899,739.05
Shareholders' equity, total		**96,647,752.59**	**111,930,057.82**
Liabilities			
Non-current liabilities	16	82,933,766.44	82,654,621.87
Current liabilities	17	10,280,558.02	7,417,617.81
Liabilities, total		**93,214,324.46**	**90,072,239.68**
Total shareholders' equity and liabilities		**189,862,077.05**	**202,002,297.50**

Parent Company Cash Flow Statement (FAS)

€	1.1.–31.12.2021	1.1.–31.12.2020
Cash flow from operations		
Profit before extraordinary items	817,845	-2,473,827
Finance income and costs	-3,443,907	-4,277,339
Adjustments to cash flow statement		
Depreciation, amortisation and impairment	99,903	82,397
Depreciation of merger loss	0	592,576
Gain on sale of subsidiary shares	-90,464	0
Change in net working capital		
Change in current assets, non-interest-bearing	-123,559	-931,272
Change in inventories	312,182	9,665,251
Change in current liabilities, non-interest-bearing	1,332,499	-526,697
Interest paid	-3,231,057	-4,463,232
Interest received	302,332	386,988
Dividends received	5,137,929	9,396,712
Direct taxes paid	6,376	-2,227,740
Cash flow from operations	**1,120,079**	**5,223,817**
Cash flow from investments		
Acquisition of subsidiaries	-1,417,416	0
Cash of a dissolved or merged subsidiary	9,573	0
Investments in subsidiaries	-11,729,576	-11,141,978
Sale of subsidiary shares	221,465	6,847
Capital reduction of subsidiaries	19,682,180	10,537,212
Investments in tangible and intangible assets	-59,112	-13,112
Investments in other placements, net	1	185,032
Loan receivables granted	-4,012,050	-7,209,893
Repayment of loan receivables	5,481,026	4,269,415
Cash flow from investments	**8,176,091**	**-3,366,479**

€	1.1.–31.12.2021	1.1.–31.12.2020
Cash flow from financing activities		
Share issue	90,303	446,907
Repayment of capital	-18,788,256	-13,854,146
Proceeds from long-term borrowings	0	49,723,500
Repayment of long-term borrowings		-18,480,000
Proceeds from short-term borrowings	0	20,000,000
Repayment of short-term borrowings	-94,600	-24,148,946
Dividends paid	-3,127,876	-6,154,943
Change in group liabilities	2,698,874	-1,528,656
Group contributions received	5,305,000	2,293,704
Cash flow from financing activities	**-13,916,554**	**8,297,421**
Change in cash and cash equivalents	**-4,620,384**	**10,154,759**
Cash and cash equivalents at beginning of year	37,076,739	26,921,980
Cash and cash equivalents at end of year	**32,456,355**	**37,076,739**

Notes to the Parent Company Financial Statements (FAS)

Basis of preparation for parent company financial statements
CapMan Plc's financial statements for 2021 have been prepared in accordance with the Finnish Accounting Act.

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

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

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

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

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

Non-current liabilities
The financial risk management of CapMan Group is centralised with the parent company. The financial risk management principles are provided in the Notes to the Group financial statements under 31. Financial risk management.

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

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

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

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

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

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

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

1. Turnover by area

€	2021	2020
Sale of services		
Finland	1,996,547	1,451,407
Foreign	3,797,075	1,311,576
Sale of securities in inventories	367,172	10,383,645
Total	**6,160,794**	**13,146,627**

2. Other operating income

€	2021	2020
Gain on sale of subsidiary shares	171,248	0
Total	**171,248**	**0**

3. Raw materials and services

€	2021	2020
Change in inventories	-312,182	-9,717,088
Depreciation of the merger loss*	0	-592,576
Total	**-312,182**	**-10,309,664**

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

4. Personnel

€	2021	2020
Salaries and wages	4,684,192	5,394,823
Pension expenses	635,511	589,399
Other personnel expenses	105,783	225,004
Total	**5,425,487**	**6,209,227**
Management remuneration		
Salaries and other remuneration of the CEO		
Joakim Frimodig	376,060	1,415,321
Board members	340,554	334,266
Average number of employees	**37**	**36**

Management remuneration is presented in the Group Financial Statements Table 30. Related party disclosures.

5. Depreciation

€	2021	2020
Depreciation according to plan		
Other long-term expenditure	53,120	37,891
Machinery and equipment	46,782	44,506
Total	**99,903**	**82,397**

6. Other operating expenses

€	2021	2020
Other personnel expenses	361,276	185,820
Office expenses	399,743	459,593
Travelling and entertainment	207,002	105,779
External services	1,798,776	1,833,840
Internal services	95,579	559,379
Other operating expenses	258,158	152,094
Total	**3,120,533**	**3,296,506**
Audit fees		
Audit	96,340	98,061
Other fees and services	10,200	7,300
Total	**106,540**	**105,361**

7. Finance income and costs

€	2021	2020
Dividend income		
Group companies	5,743,329	8,782,604
Associated companies	0	614,108
Total	5,743,329	9,396,712
Other interest and finance income		
Group companies	710,347	891,641
Others	583,781	230,692
Total	1,294,128	1,122,333
Interest and other finance costs		
Impairment of shares and interests	-2,717,801	-2,029,152
Write-down of receivables	-7,451	0
Group companies	-6,856	-93,816
Others	-3,584,182	-4,118,737
Total	-6,316,290	-6,241,705
Finance income and costs total	**721,168**	**4,277,340**

8. Appropriations

€	2021	2020
Group contributions received	8,449,936	5,405,000

9. Intangible assets

€	2021	2020
Intangible rights		
Acquisition cost at 1 January	828,188	828,188
Acquisition cost at 31 December	828,188	828,188
Accumulated depreciation at 1 January	-828,188	-828,188
Accumulated depreciation at 31 December	-828,188	-828,188
Book value on 31 December	0	0
Other long-term expenditure		
Acquisition cost at 1 January	2,622,692	2,622,692
Additions	54,826	
Acquisition cost at 31 December	2,677,518	2,622,692
Accumulated depreciation at 1 January	-2,530,155	-2,492,264
Depreciation for the financial period	-53,120	-37,891
Accumulated depreciation at 31 December	-2,583,275	-2,530,155
Book value on 31 December	94,243	92,537
Intangible rights total	**94,243**	**92,537**

10. Tangible assets

€	2021	2020
Machinery and equipment		
Acquisition cost at 1 January	1,211,699	1,198,587
Additions	4,286	13,112
Acquisition cost at 31 December	1,215,985	1,211,699
Accumulated depreciation at 1 January	-1,050,383	-1,005,877
Depreciation for the financial period	-46,782	-44,506
Accumulated depreciation at 31 December	-1,097,165	-1,050,383
Book value on 31 December	118,820	161,316
Other tangible assets		
Acquisition cost at 1 January	22,739	22,739
Book value on 31 December	22,739	22,739
Tangible assets total	**141,559**	**184,055**

11. Investments

€	2021	2020
Shares in subsidiaries		
Acquisition cost at 1 January	116,845,122	119,207,203
Additions	19,498,370	11,141,978
Disposals	-23,203,328	-11,544,059
Impairments	-2,792,740	-1,960,000
Acquisition cost at 31 December	110,347,424	116,845,122
Shares in associated companies		
Acquisition cost at 1 January	34,212	118,820
Disposals	0	-84,609
Acquisition cost at 31 December	34,212	34,211
Shares, other		
Acquisition cost at 1 January	12,446,125	12,615,700
Additions	232,780	30,224
Disposals	-2,120,720	-7,573
Impairment	0	-192,226
Acquisition cost at 31 December	10,558,186	12,446,125
Investments total	**120,939,821**	**129,325,459**

The subsidiaries and the associated companies are presented in the Notes to the Consolidated Financial Statements, Table 30. Related party disclosures.

12. Inventories

€	2021	2020
Shares in listed companies	0	312,182
Inventories, total	0	312,182
Market value of financial assets in inventories	0	312,182
Difference	0	0

13. Long-term receivables

€	2021	2020
Receivables from Group companies		
Capital loan receivables	380,000	1,040,000
Loan receivables	1,290,194	587,535
Other loan receivables	1,284,363	2,818,662
Accounts receivable	192,000	213,000
Long-term receivables total	**3,146,558**	**4,659,197**

14. Short-term receivables

€	2021	2020
Receivables from Group companies		
Accounts receivable	74,618	0
Dividend receivables	322,270	322,270
Loan receivables	20,424,619	20,129,297
Other receivables	10,884,722	7,474,444
Total	**31,706,230**	**27,926,011**
Accounts receivable	630,773	673,977
Loan receivables	241,145	37,571
Other receivables	122,131	1,149,042
Accrued income	383,262	565,527
Short-term receivables total	**33,083,540**	**30,352,128**

15. Shareholders' equity

€	2021	2020
Share capital at 1 January	771,587	771,587
Share capital at 31 December	771,587	771,587
Share premium account at 1 January	38,968,186	38,968,186
Share premium account at 31 December	38,968,186	38,968,186
Invested unrestricted shareholders' equity at 1 January	68,369,002	81,776,241
Invested unrestricted shareholders' equity, disposals	-18,788,256	-13,854,146
Share subscriptions with options	90,303	446,907
Invested unrestricted shareholders' equity at 31 December	49,671,050	68,369,002
Retained earnings at 1 January	3,821,282	7,078,941
Dividend payment	-3,131,376	-6,157,398
Retained earnings at 31 December	689,906	921,543
Profit for the financial year	6,547,023	2,899,739
Shareholders' equity, total	**96,647,753**	**111,930,057**

Calculation of distributable funds

€	2021	2020
Retained earnings	689,906	921,543
Profit for the financial year	6,547,023	2,899,739
Invested unrestricted shareholders' equity	49,671,050	68,369,002
Total	**56,907,979**	**72,190,285**

CapMan Plc´s share capital is divided as follows:

Number of shares	2021	2020
Series B share (1 vote/share)	156,617,293	156,458,970

16. Non-current liabilities

€	2021	2020
Senior bonds	81,238,545	81,132,735
Other non-current liabilities	1,695,221	1,521,887
Non-current liabilities total	**82,933,766**	**82,654,622**

17. Current liabilities

€	2021	2020
Accounts payable	353,532	428,345
Liabilities to Group companies		
Pohjola Bank plc; Group account	6,252,796	3,553,922
Accounts receivable	0	298,443
Accounts payable	15,009	71,085
Other liabilities	50,428	861,054
Accrued interests	0	40,074
Accrued expenses	89,537	89,537
Total	**6,407,770**	**4,914,115**
Other liabilities	1,341,514	920,061
Accrued expenses	2,177,741	1,155,097
Current liabilities total	**10,280,558**	**7,417,618**

18. Contingent liabilities

Leasing agreements

€	2021	2020
Operating lease commitments		
Within one year	113,746	83,179
After one but not more than five years	63,077	60,738
Total	**176,823**	**143,917**
Other hire purchase commitments		
Within one year	529,955	525,151
After one but not more than five years	1,104,073	1,619,215
After five years		
Total	**1,634,028**	**2,144,366**

Securities and other contingent liabilities

€	2021	2020
Contingencies for own commitment		
Enterprise mortgages	60,000,000	60,000,000
Investment commitments to Maneq funds	0	643,372
Investment commitments to other funds	245,040	246,478
Other contingent liabilities	2,347,089	2,240,880
Total	**62,592,129**	**63,130,730**
Contingencies for subsidiaries' commitments		
Investment commitments	643,372	0
Guarantees as security for subsidiaries' commitments	0	500,000
Total	**643,372**	**500,000**

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

Helsinki 2022

Andreas Tallberg
Chairman

Mammu Kaario

Catarina Fagerholm

Eero Heliövaara

Olli Liitola

Johan Bygge

Joakim Frimodig
CEO

Johan Hammarén

The Auditor's Note

Our report has been issued today.

Helsinki 2022

Ernst & Young Oy
Audit firm

Ulla Nykky
Authorised Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of CapMan Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CapMan Plc (business identity code 0922445-7) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

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

Basis for Opinion

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7 to the consolidated financial statements.

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

Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *We refer to the accounting policies in the financial statements and the Note 3.* CapMan's turnover in consolidated group accounts amounted to 52,8 million euros. It consists of management fees, sale of services and carried interest income. The timing of revenue recognition can be judgmental as revenue may be recognized either over time or at the point in time depending on the circumstances and provided services. The assessment of recognized revenue includes management assumptions and estimates. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2) in respect of its timely recognition and at a proper amount.	Our audit procedures to address the risk of material misstatement included, among other things, assessing that the revenue recognition principles comply to applicable accounting standards. We also identified and tested key controls relating to revenue recognition. We examined sales cutoff with analytical procedures. We supplemented our procedures with test of details on a transaction level on a random basis in order to ensure that the revenue has been recognized in a correct accounting period and it's based on the corresponding agreements. In addition, we also assessed the adequacy of disclosures relating to the fee and commission income of the group.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of non-liquid investments *We refer to the accounting policies in the financial statements and the Notes 16 and 31.* The Group's investment portfolio 31.12.2021 amounts to 130,4 million euros. The investment portfolio includes mainly investments to the funds managed by CapMan group companies. Determining the fair value of funds and direct investments to portfolio companies is carried out using International Private Equity and Venture Capital valuation guidelines (IPEV) and IFRS and the fair values are based on estimated cash-flows or peer-group multiples. Fair value measurement includes subjective estimations by management, specifically in areas where fair value is based on a model based valuation. Valuation techniques for private equity funds involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could lead to different estimates of fair value. Valuation of non-liquid investments was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement relating to valuation of non-liquid investments included, among others, identifying and testing the controls in place over recording fair values of non-liquid investment. We performed additional procedures for areas of higher risk and estimation, involving our valuation specialists. Our audit procedures included: • Developing an understanding of the private equity and real estate portfolios. • Reviewing the price of recent transactions and investments. • Assessing assumptions used in the valuations and obtaining an understanding that the valuation appropriately reflects the risks of the portfolios. • Comparing the assumptions against established policies and determining if they have been applied appropriately. • Reviewing and assessing the valuations determined by CapMan or other party. • Assessing whether the International Private Equity and Venture Capital Valuation Guidelines and valuation methodology of IFRS have been applied correctly. In addition, we also assessed the adequacy of disclosures relating to the non-liquid investments.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of goodwill	
We refer to the accounting policies in the financial statements and the Note 14. As of balance sheet date 31 December 2021, the value of goodwill amounted to 15,3 million euros representing 6 % of the total assets and 12 % of the total equity. The valuation of goodwill is based on management's estimate about the value-in-use calculations of the cash generating units. There are number of underlying assumptions used to determine the value-in-use, including the revenue growth, EBITDA and discount rate applied on net cash-flows. Estimated value-in-use may vary significantly when the underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill. Valuation of goodwill was determined to be a key audit matter because the assessment process is judgmental, it is based on assumptions relating to market or economic conditions extending to the future, and because of the significance of the goodwill to the financial statements.	Our audit procedures regarding the valuation of goodwill included involving EY valuation specialists to assist us in evaluating methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing. In evaluation of methodologies, we compared the principles applied by the management in the impairment tests to the requirements set in IAS 36 Impairment of assets standard and ensured the mathematical accuracy of the impairment calculations. We assessed the historical accuracy of managements' estimations and compared the key assumptions applied by the management in impairment tests to • approved budgets and long-term forecasts, • information available in external sources, as well as • our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows. We also assessed the sufficiency of the disclosures as well as whether the disclosures about the sensitivity of the impairment assessment are appropriate.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Requirements

Information on our audit engagement

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

Other information

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

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

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

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

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

Helsinki February 2nd, 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Ulla Nykky
Authorized Public Accountant

Shares and shareholders

CapMan is a Nordic listed private assets management and investment company. The parent company CapMan Plc's share has been listed on the Helsinki Stock Exchange (Nasdaq Helsinki) since 2001. CapMan had 28 137 shareholders as of the end of 2021.

CapMan shares

CapMan's shares are quoted on the main list of Nasdaq Helsinki. All shares generate equal voting rights and rights to a dividend and other distribution to shareholders. CapMan had a total of 156 617 293 shares as of 31 December 2021. CapMan's shares are included in the book-entry securities register and have no nominal value. CapMan's share capital as of 31 December 2021 was 771,586.98.

Nominee-registered shareholders

CapMan Plc's foreign shareholders can register their holdings in nominee-registered book-entry accounts, for which a custodian is registered in the company's list of shareholders rather than the ultimate owner. Foreign and nominee-registered shareholders held a total of 6% of CapMan's shares as of the end of 2021. A breakdown by sector and size of holding can be found on the Notes to the Financial Statements.

Dividend policy and dividend payable for 2021

CapMan's objective is to pay an annually increasing dividend to its shareholders. The Board of Directors will propose to the Annual General Meeting that a distribution of €0.15 per share be paid to shareholders.

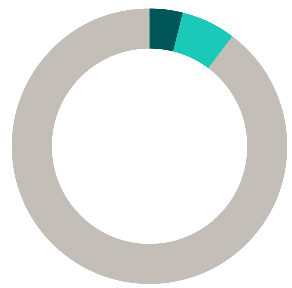
IR contacts

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

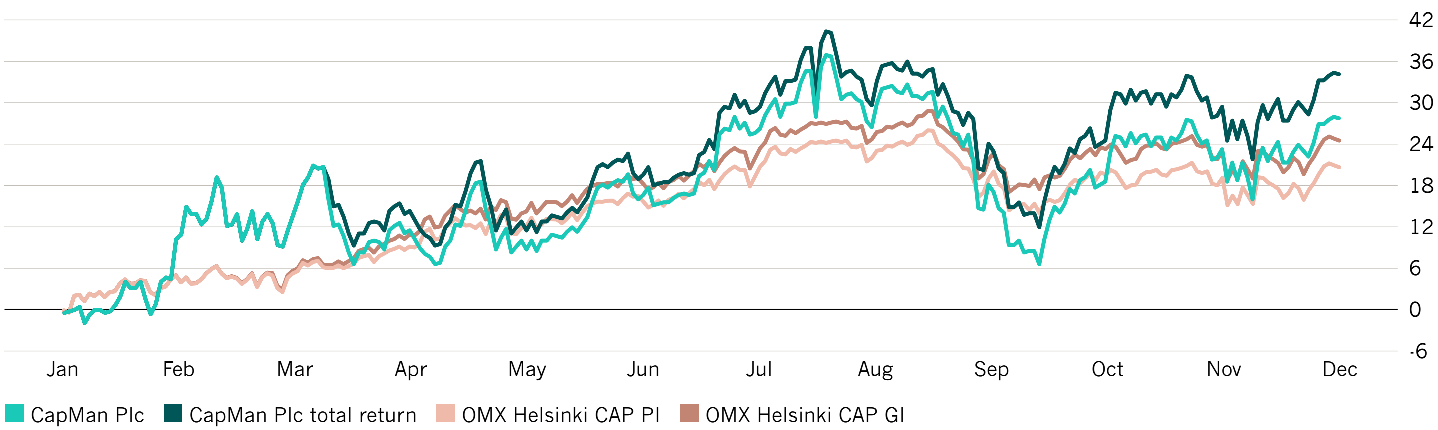
Read more

www.capman.com/shareholders/

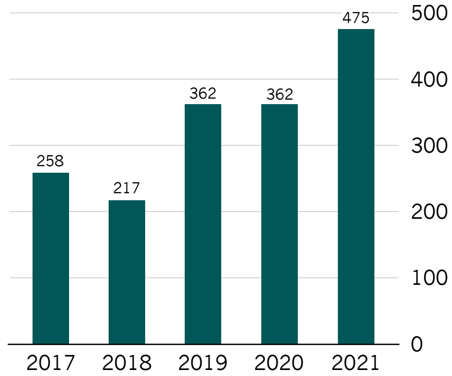
Holding and voting rights by shareholder class



Share price and index development in 2021



Market capitalisation, M€



Information for shareholders

Annual General Meeting 2022

CapMan Plc's Annual General Meeting 2022 will be held on Wednesday 16 March 2022 at 10.00 a.m. EET at the CapMan Group Head Office at the address Ludviginkatu 6 00130 Helsinki. All shareholders registered with the company's list of shareholders maintained by Euroclear Finland Oy on Friday 4 March 2022 are entitled to attend.

In order to curb the spread of the Covid-19 pandemic, the General Meeting will be organized without shareholders' and their proxy representatives' presence at the General Meeting venue. Shareholders can participate in the General Meeting and use their shareholder rights only by voting in advance (either personally or through a proxy representative), by submitting counterproposals in advance and by asking questions in advance in the manner described below. Proxy representatives must also vote in advance in the manner described below. For further instructions, please see our website **www.capman.com/shareholders/general-meetings/**

Dividend and equity repayment

The Board of Directors will propose to the AGM that a total distribution of €0.15 per share, consisting of a dividend of €0.04 per share and equity repayment of €0.11 per share, will be paid for 2021.

CapMan Plc's financial reporting in 2022

CapMan Plc will publish one half-year report and two interim reports during 2022:

- Interim Report for the period 1 January–31 March 2022 on 28 April 2022
- Half-Year Financial Report for the period 1 January–30 June 2022 on 4 August 2022
- Interim Report for the period 1 January–30 September 2022 on 27 October 2022

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

Analysts following CapMan Plc

Evli	Jerker Salokivi, tel. +358 (0)45 133 2229
Inderes	Sauli Vilén, tel. +358 (0)44 025 8908 and Matias Arola +358 (0)40 935 3632
Nordea	Svante Kokfors, tel. +358 (0)9 5300 5337 and Joni Sandvall, tel. +358 (0)9 5300 5484


CapMan
WWW.CAPMAN.COM