



CapMan Annual Report 2022

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This report considers CapMan Plc and its subsidiaries. CapMan refers primarily to the CapMan Group. The information is as of 31 December 2022, unless otherwise stated. This report is also available in Finnish. In the event of discrepancies, the Finnish original will supersede.



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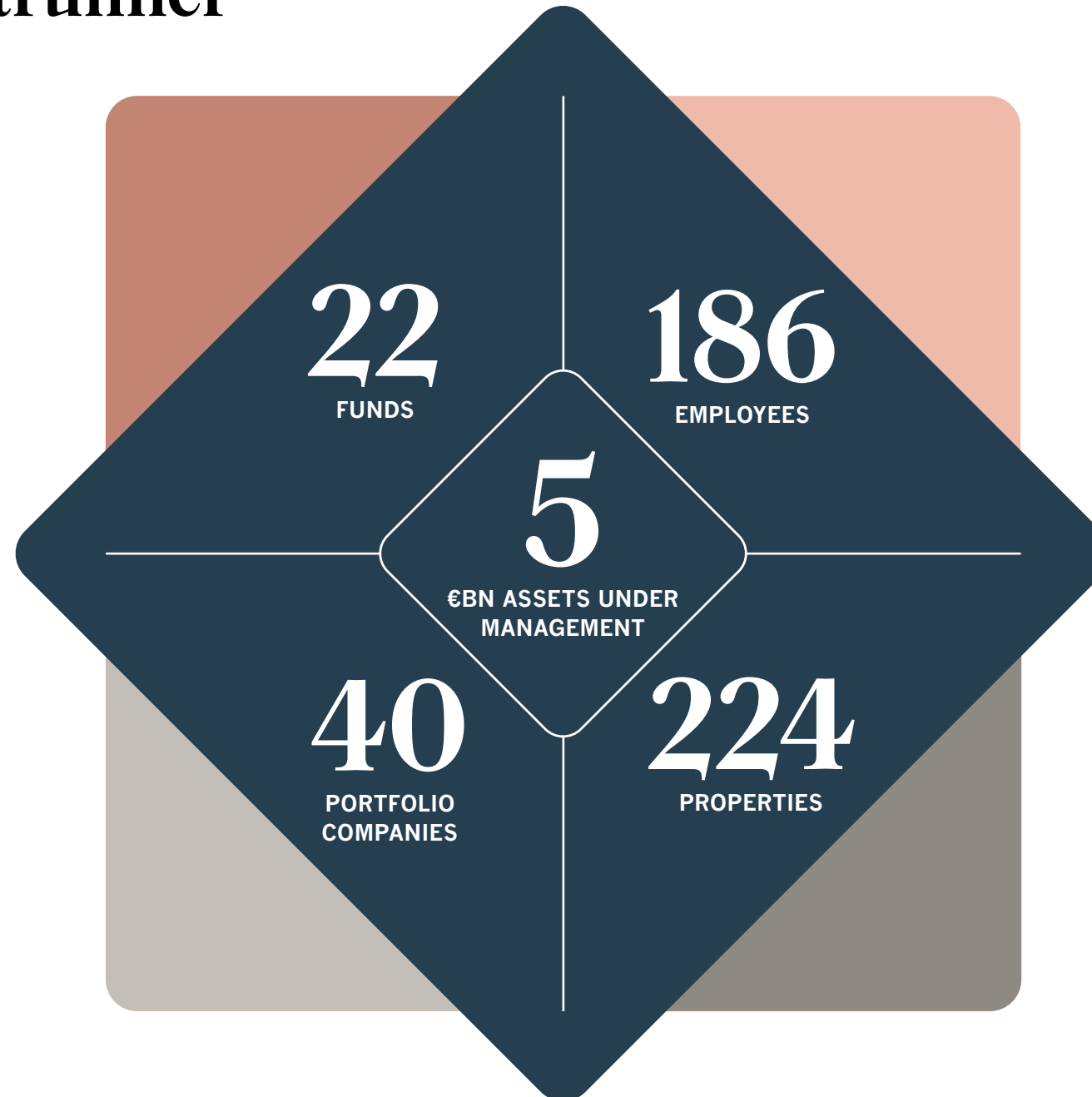
CAPMAN SNAPSHOT

A private asset frontrunner

CapMan is a leading Nordic private asset expert with an active approach to value creation. We have developed hundreds of portfolio companies and real estate and created significant value over three decades as one of the private asset frontrunners in the Nordics. Our objective is to provide attractive returns and innovative solutions to our increasingly international investor base. We are setting science-based targets to reduce our greenhouse gas emissions in line with the Paris Agreement. We have a broad presence in the Nordic unlisted market through our 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 services. Our professionals are based in Helsinki, Jyväskylä, Stockholm, Copenhagen, Oslo, London and Luxembourg. Our stock is listed on Nasdaq Helsinki since 2001.

Our vision is to become the most responsible private asset company in the Nordics.

As a Nordic company we can be a global frontrunner.



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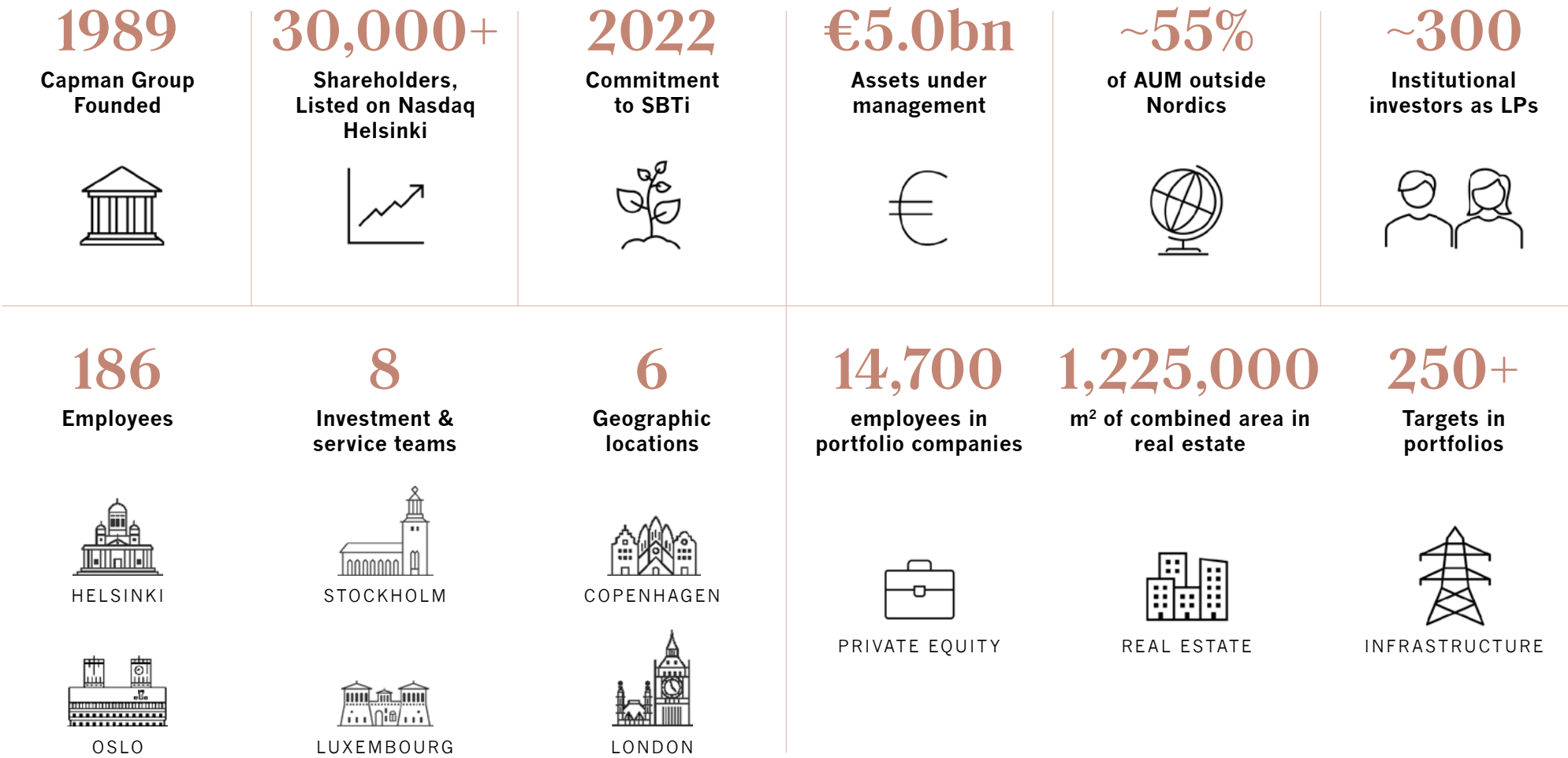
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To become the most responsible

CapMan is a pioneering private assets management and investment company. This frontrunner mindset is reflected in our way of working. Our roots are Nordic but our handprint and our networks are global.

Our mission

We build value for the enrichment of society.

Our vision

Our vision is to become the most responsible private asset company in the Nordics.

Our values

Active ownership

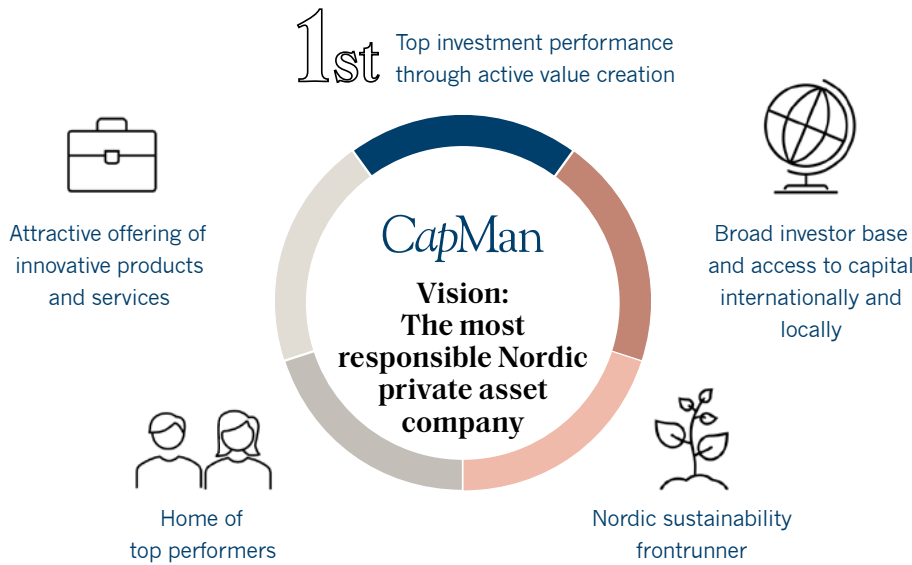
Active ownership is the basis for all our operations. We deliver innovative solutions proactively and with a hands-on approach. We create lasting value by working closely with all our stakeholders.

Dedication

We are committed to entrepreneurial drive. We are hungry but humble and encourage continuous development and learning.

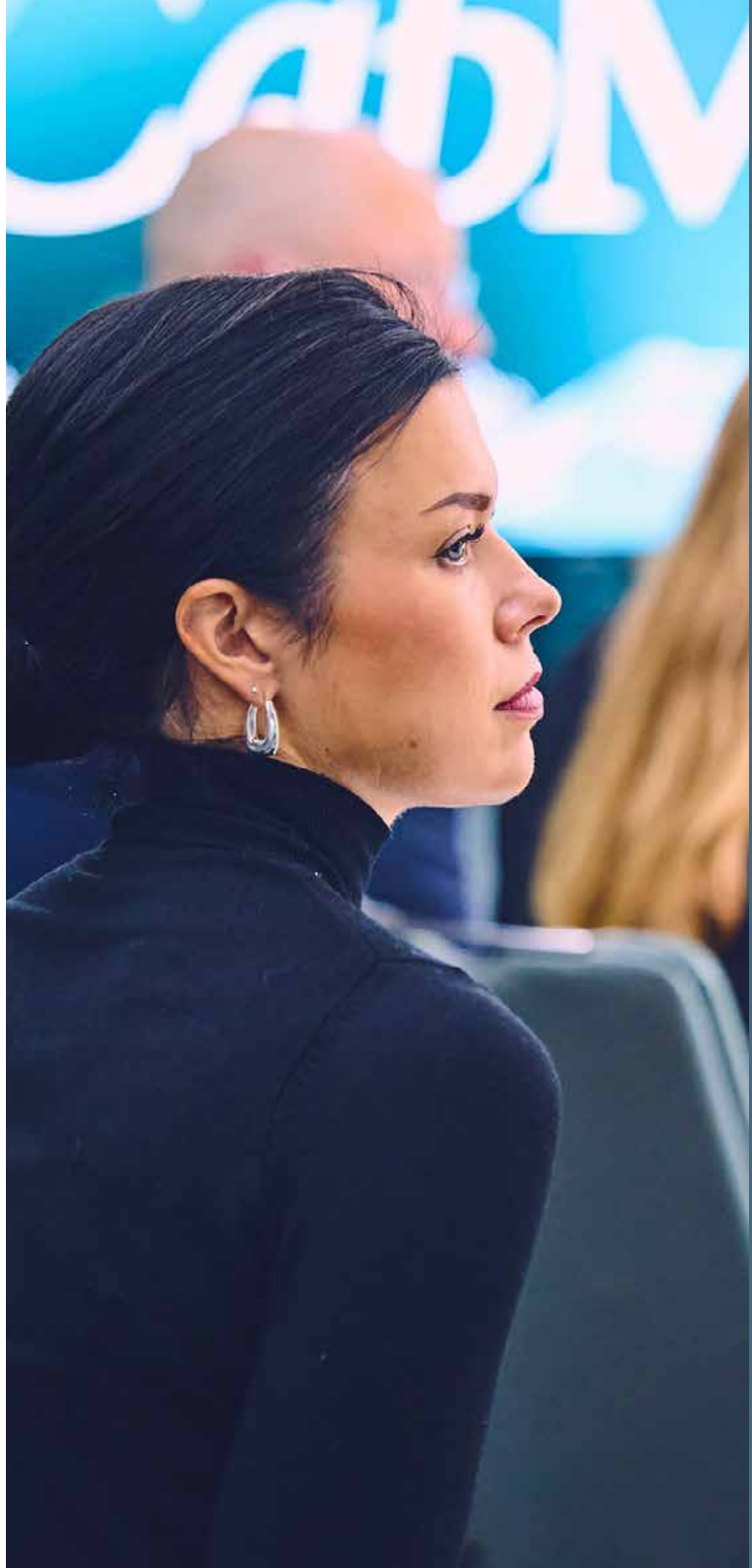
High Ethics

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.

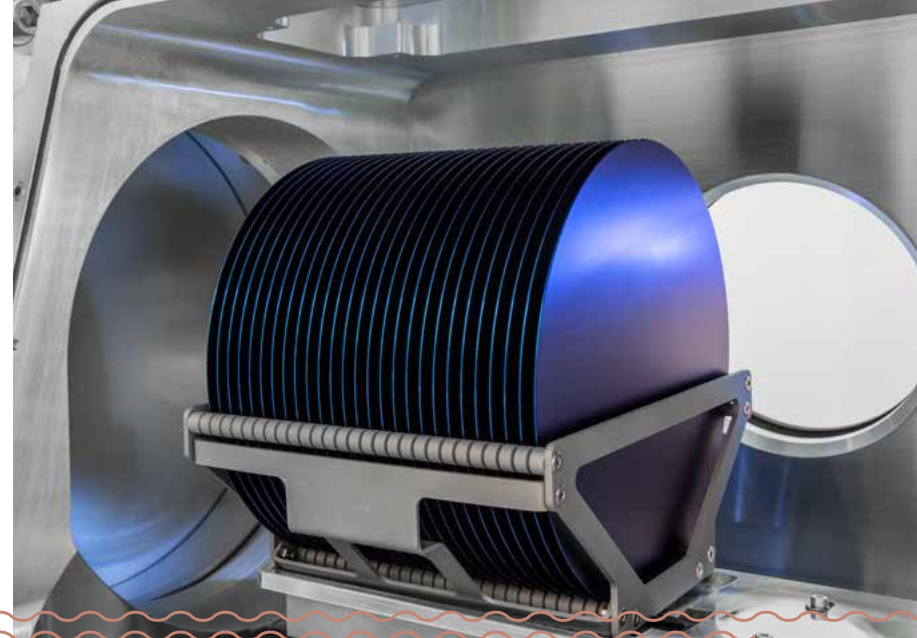


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CapMan issued a sustainability-linked bond

CapMan issued a €40 million sustainability-linked bond as the first public company in Finland. The bond matures in 2027 with a fixed annual interest of 4.5%. The bond was issued under CapMan's Sustainability-Linked Finance Framework. By setting up the Framework, CapMan strives to contribute to solving the major issues related to climate change and to establish a structure for integrating sustainability features in its financing. The Framework has been established in accordance with the Sustainability-Linked Bond Principles (SLBP).

CapMan announced a new strategy – objective to double assets under management

In September CapMan announced its new strategy and updated its long-term financial objectives. The company's strategic objective is to double its assets under management to €10 billion over the next five years. Value creation for customers remains at the core of the strategy which in turn drives value creation for shareholders through growth and result improvement. Growth is sought from current investment areas and products enabled by strong investment returns, expanding international investment base, and M&A. In addition, CapMan's vision is to be the most responsible Nordic private assets company. A commitment to responsible practices guides all the company's operations, and the success of the sustainability strategy will be monitored through KPIs that follow GHG emissions, employee satisfaction and diversity of management.

Growth fund made the largest exit in CapMan's history

In June, the CapMan Growth Equity Fund 2017 sold the semiconductor equipment company **Picosun** to US-based leading semiconductor equipment company Applied Materials Inc. The exit is the largest in CapMan's operating history, measured by the portfolio company's exit value. Picosun is a highly successful growth story which achieved global recognition and a loyal customer base during CapMan's ownership period. The investment was very successful, and the exit took the first Growth fund into carry.

CapMan Growth also sold its share in marketing service provider **Avidly** in the early autumn 2022. The fund invested in Avidly in 2018.

CapMan's newest Growth fund invested in multi-cloud services and financial management software

CapMan's second Growth fund continued with the successful strategy of the first fund, making two investments in interesting growth companies. In the spring 2022, the fund invested in multi-cloud company **Cloud2**. Most larger companies today use a minimum of two public clouds and the ongoing cloud transformation trend has accelerated Cloud2's strong growth. CapMan Growth banks on the growth of the public cloud market and Cloud2's broad expertise.

In October the fund invested in growing financial management software company **Fennoa**, whose revenue and profitability has increased tenfold during the last few years. The growth has first and foremost been driven by the high-quality solution which the company develops continuously. The Growth team aims to continue developing the company together with its owners towards a market leader position. The €97 million 2020 vintage fund has significant dry powder remaining for new and add-on investments.

Special Situations continued its strategy and made two new investments

CapMan's first Special Situations fund made two new investments in 2022. In September the fund invested in **Niemi Services**, the leading moving and logistics services provider in Finland. The company is a forerunner in sustainability; its fleet runs on 100% fossil-free fuel, and it has made investments in developing services based on circular economy. The fund's objective is to support the company's growth as the leading moving and logistic services provider in Finland. In December, the fund invested in building technology services contractor **Aro Systems**. The company is one of the leading electrical and HVAC project service contractors and technical building service and maintenance providers in Finland. The building technology market is growing and undergoing rapid transition. The fund's target is to develop the company as a frontrunner in energy efficient solutions. The €77 million Special Situations Fund has made five investments to date and continues investing.

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Multiple investments in Buyout's newest fund

CapMan Buyout's newest fund, CapMan Buyout XI, made multiple investments during 2022. In May, the fund invested in Nordic lift modernisation market leader **Hydroware**. The company has a successful history of strong growth and is currently expanding in the large and growing traction lift market. Buyout's objective is to expedite the company's growth story and international expansion. In June, the fund invested in award-winning Finnish architectural firm **SARC Architects**. The firm is one of the leading architectural firms in Finland, specialised in demanding architectural projects and the development of urban environments.

Buyout aims to support SARC in further developing and growing their business towards becoming an even more prominent player in their field. Later in the summer, the fund invested in fast-growing cybersecurity and IT services provider **Netox**. The company still holds a relatively small market share and is in an excellent position to continue its accelerated growth. Buyout's target is to develop the company's ways of working to enable future growth. The €190 million fund continues investing. Buyout VIII exited the fund's final portfolio company **Fortaco Group**.



**CapMan divested its subsidiary
JAY Solutions**

CapMan Plc and minority owners of JAY have sold **JAY Solutions Oy** to Swedish Bas Invest Ab and JAY's management. In 2020, JAY's business was separated from the wealth advisory business in order to develop JAY from a wealth advisory support function into an independent provider of analytics and reporting services. JAY had 20 employees at the end of 2022 and a turnover of MEUR 2.1. The turnover has grown more than 35% p.a. since 2019. The transaction closed in February 2023.

€67.5 million

CAPMAN TURNOVER 2022
(2021: €52.8 million)

€55.7 million

**CAPMAN COMPARABLE
OPERATING PROFIT 2022**
(2021: €44.6 million)



G R E S B
★ ★ ★ ★ ☆ 2022

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Infra continued investing in renewable energy, exited Norled

CapMan Infra established its second fund investing in the energy, transportation and digital communications infrastructure with a core/core+ focus and €400 million target size. The fund made its first investment in solar power developer **Skarta Energy**, aiming to transform it into an independent power producer. The development of solar energy supports the green transition, while improving energy security in the Nordic countries. Skarta Energy will initially focus on solar power initiatives in Finland and its' strategy is to build powerplants and become an independent power producer.

In October, CapMan Infra made the first exit from its first fund as it sold its share of **Norled** to its partner CBRE Investment Management. The exit was the fund's first. Norled is one of Norway's four leading marine transportation companies. The company is a leader in innovative and environmentally friendly transportation solutions and has invested significantly in new types of vessels and eco-friendly technology. CapMan Infra invested in the company in 2019 and during the fund's ownership period, CapMan has built Norled into a successful company by strengthening the management team, organisation, and tendering capabilities, while investing significantly into decarbonisation of the fleet. Norled's CO2 emissions decreased by 30% from 2019 to 2021.

**Infra raised its GRESB evaluation score –
achieved a four-star rating**

CapMan Infra received four stars in GRESB's (Global Real Estate Sustainability Benchmark) annual ESG assessment of infrastructure funds. CapMan Nordic Infrastructure I participated in the GRESB assessment for the second year in a row and reached sixth place among European benchmarks, advancing seven places from last year. GRESB assesses and compares the ESG performance of real assets globally and has become the go-to benchmark for asset managers and investors when it comes to reviewing ESG performance of different funds and companies.

The Residential fund becomes CapMan's largest

In June, the **CapMan Residential fund** reached €816 million and became CapMan's largest fund. The fund made its first Swedish investment through its acquisition of a forward funding project in Örebro. The project includes 139 apartments scheduled for completion by the end of 2024. The project has high sustainability ambitions and a clear green profile, which includes on-site solar collector systems and rainwater collection areas for re-cycling rainwater within the local green areas. The project will pursue "Miljöbyggnad" green building certification at Silver level. The fund also participated in the GRESB Real Estate Assessment for the first time this year

and was awarded three stars, which is an excellent result for a first-year participant.

In January, the **CapMan Nordic Property Income fund** (non-UCITS) invested in a warehouse asset close to Gothenburg in Sweden and at the end of the year in a light industrial property in Brabrand, in the Aarhus municipality in Denmark. Both properties are strategically excellent additions to the fund. The warehouse asset in Gothenburg is excellent from a last-mile logistics point of view and the Brabrand asset which is anchored by a municipal tenant on a long-term lease is ideally positioned to benefit from the rising demand of light industrial properties in the area.

CapMan Wealth Services developed its Manager Selection offerings and made commitments to the CWS Investment Partners -programs

During 2022, CapMan Wealth Services developed its Manager Selection offering both on the public and private side, and thoroughly allocated its first CWS Investment Partners CWSIP -programme fund. Fundraising for the second fund was also initiated and the first investment commitments were made by the end of 2022. The CWSIP-programme invests in sought after US mid-market funds, along-

side Alpinvest, a leading global private equity asset manager. By the end of 2022, the CWSIP-programme has raised in total around €140 million. On the public equity side, there was strong demand for allocation and sustainability mandates and around €100 million was raised for the various public market-focused wealth services mandates during 2022.



An iconic 140-year-old building in the Carlsberg district of Copenhagen which is being refurbished and transformed into a high-quality office property, was sold in August 2022.

Real Estate's value-add funds made several investments and exits

2022 was an active year in CapMan's value-add real estate funds. Over the year the funds invested in several properties throughout the Nordics, performed exits and continued the implementation of their real estate development strategy.

In spring 2022 the **CapMan Nordic Real Estate I fund** moved into carry as it exited Heron City, a shopping centre located in Stockholm. CapMan invested in the property in 2016 as the main owner. During its ownership period the fund made significant investments in property improvements, of which many increased the property's energy efficiency, decreasing its annual energy usage by around 3 GWh. During 2022 the fund also exited Denmark's only outlet village Ringsted Outlet.

CapMan Nordic Real Estate II fund sold the Lybeck office building in Södra Värtan, Stockholm and an attractive high-street retail and office property in central Oslo, which the fund transformed into a core asset with long stable

income during its ownership period. Further, following comprehensive refurbishments, an iconic 140-year-old storage and brewery facility in the Carlsberg district of Copenhagen is transformed into a high-quality office property. CapMan leased the space to Boston Consulting Group and sold the building to German family-owned investment company, THI Investments.

The **CapMan Nordic Real Estate III fund**, which is in its placement phase, made four investments in 2022. The fund acquired a portfolio of four office properties in Helsinki. The properties have unbeatable public transport connections. CapMan aims to modernise the spaces and improve the energy efficiency of the assets. In June, the fund acquired an airside logistics and last mile asset at Turku Airport. The fund invested in its first EU Taxonomy aligned project, which consists of building two residential apartment buildings in Turku, Finland. The fund invested in a landmark hotel and office property located in the Royal National City Park in Solna, Sweden.

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CEO'S REVIEW

Record year – our sustainability-focused strategy generates results

CapMan's result for 2022 was the strongest over the company's operating history. I am especially proud, that the result was made in an exceptionally difficult operating environment. This demonstrates that our strategy has focused on our strengths. The building blocks of the unlisted market remain on a steady foundation.

2022 was an exceptional year. A war in Europe, an energy crisis, the aftermath of the pandemic, rising interest rates and inflation impacted investment decisions, return expectations, the development of portfolio companies and assets, and the execution of projects in a complex manner, while making our operating environment challenging and difficult to predict. That said, we have successfully navigated the gusts and currents, avoided sharp rocks and arrived safely at new harbours following appropriate strategic decisions.

CapMan's result was excellent in 2022. Our turnover grew 28 per cent to €68 million and comparable operating profit 25 per cent to €56 million. The comparable earnings per share was 26 cents. This is a formidable accomplishment in uncertain conditions.

Successful fundraising and continuously growing profitability

We succeeded with our fundraising in a challenging market. Our assets under management were approx. €5 billion at the end of

2022 and we raised more than €650 million in new capital during the year. Increasing the share of international investors is a cornerstone of our fundraising strategy. This group of investors is especially interested in our real estate and infrastructure focused strategies. Investors coming from outside the Nordic countries account for approx. 55 per cent of our assets under management. This share has increased significantly over the past five years from approx. 10 per cent. Simultaneously, the number of smaller local investors has increased.

We have a significant amount of capital to deploy, so-called dry powder, at our disposal. Many funds raised as of late are open to allocate capital to new opportunities and the prevailing business environment allows for making investments with a lasting impact.

Management fees paid by funds and fees from services are a key component of CapMan's earnings and are mainly directed by growing assets under management. Our Service business has also continued developing well last year. The turnover of procurement service CaPS grew almost 30 per cent and the company is very profitable. Fee-based profitability continued on its growth trajectory spanning



several years and was at a record level at the end of 2022. We focus on the long-term growth of fee profitability and expect this development to continue also this year.

Value creation in the portfolio as a driver for exits and carry

Over the last year, we have realised value in our funds by selling several companies. We made our largest exit based on enterprise value at exit as our first Growth fund sold Picosun to the U.S. based Applied Materials Inc. The exit took the fund to carry and made it one of the best performing in our operating history.

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Our first Nordic value-add real estate fund also started generating carried interest in 2022. We receive carried interest from each new exit from a fund in carry and the share of this income stream has increased significantly compared to the past few years. In addition to funds already in carry, CapMan manages several funds that are approaching carry.

The foundation for good exits is in successful value creation, which is demonstrated among others by the fair value changes of investments made from the balance sheet mainly into our own funds. In 2022, the fair value of our investments increased 25 per cent, which is very commendable given that the OMX Nordic Mid Cap index, which represents the development of the Nordic mid-cap stock market, decreased 27 per cent over the same period.

A vision founded in sustainability

CapMan's vision is to be the most sustainable private asset company in the Nordics. This vision includes our own activities as well as those of our funds under management, through which our impact has a wide reach through 40 portfolio companies and over 200 properties. As a Nordic company we can be a frontrunner globally.

How do we execute this vision? Climate change and its prevention is perhaps one of the most critical challenges facing humankind. Through our own activities, we want to impact solutions that mitigate climate change. In the beginning of 2022 we com-

mitted to the Science Based Targets initiative and are now establishing a roadmap to reach carbon neutrality. As an active owner, CapMan can promote the green transition and the wellbeing of employees and tenants in our portfolio companies and properties.

On the social side, we are committed to maintaining a high level of employee satisfaction and to promote a diverse and inclusive workplace. We achieved an eNPS score of 58 in our latest employee satisfaction survey, which signifies that our employees are very happy to recommend CapMan as an employer. We have included steps in our recruitment processes to better take into account the diversity of candidates and want to be an attractive employer also in the future.

The growth prospects for the private asset industry support CapMan's growth strategy

In 2022, we reached many of the objectives that we had established over the previous strategy period. We grew assets under management, expanded our investor base and brought several new products to market. Over the past five years, we have established several new strategies that invest in the unlisted market and almost ten new funds.

Following these accomplishments, we launched our new strategy in autumn 2022. The cornerstones of this strategy are based on a fast-changing society, the demands of our customers and our own strengths.

As an active investor, CapMan promotes the green transition in our portfolio companies and properties.

CapMan's strategic objective is to double assets under management to €10 billion over the next five years. This ambitious objective is made possible by several years of work to expand the product portfolio and grow the customer base.

Our objectives are based on our own competitive advantages and still positive long-term market outlook. Despite slowing growth and general economic distress, the trends that support the private assets market remain strong over the long term. Based on recent research by Preqin, the global growth of unlisted assets under management is set to slow compared to the last three years, but still remain at a strong 12 per cent p.a. over the next five years.

Investments in growth and internationalisation position us to meet our long-term objectives

Following the new strategy, we also updated our long-term financial objectives. The combined growth objective for the Management Company and the Service business before carried interest income was raised to 15 per cent p.a. on average from the previous 10 per cent p.a. Our equity ratio target is more than 50

per cent compared to more than 60 per cent previously. The objective for return on equity is more than 20 per cent p.a. on average and remained unchanged. CapMan's objective to pay an annually increasing dividend to its shareholders also remained unchanged. These objectives reflect our long-term outlook as well as a step-up in our ambition level. We achieved all targets at the end of 2022.

This is my last review as CEO of CapMan. In February 2023, I announced my transition to CapMan's Board of Directors as executive Chair of the Board, conditional on the decision of the Annual General Meeting. I am proud of the current state of our company and of everything that we have accomplished together. Results have grown since 2016 and we have raised our dividend for 10 consecutive years. The total return of CapMan's share has been approx. 20 per cent p.a. over the past six years.

Over the next few years, we continue to focus on growth and on broadening and internationalising our business in accordance with the strategy defined in 2022. At the core remains active and responsible value creation work for the enrichment of our customers, employees, shareholders and society.

Joakim Frimodig
CEO

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STRATEGY

A new strategy and its drivers

CapMan launched a new strategy in 2022. Our vision is to be the most responsible private asset company in the Nordics. Our strategic objective is to double our assets under management (AUM) to €10 billion in five years.

Our new strategy is built around the following six focus areas, which will contribute towards the objective:

- 1. Deliver top investment performance through active value creation.** Attractive returns create satisfied customers and are a foundation for the continuation of our business.
- 2. Scale up existing strategies and products.** In addition to closed-end funds we have significantly increased the share of open-ended funds and mandate based solutions in our product portfolio. We have also introduced new strategies investing in the unlisted market alongside more traditional Buyout and real estate investing.
- 3. Integrate ESG as a core theme in all business activities.** In order to create long-term value, we take sustainability and the requirements of various stakeholders into account in our business.
- 4. Develop CapMan as the home of top performers and attract the best talent in the industry.** Professionals with vision are the foundation of our business and we invest in employee well-being and the development of expertise.
- 5. Drive shareholder value through a combination of growth and improved earnings quality.** By growing our business profitably, we look after the needs of our shareholders.
- 6. Explore new products and M&A in order to accelerate strategic agenda.** We are well-positioned to accelerate our growth also through strategic transactions.

STRATEGIC FOCUS AREAS AND OBJECTIVES

<p>1.</p> <p>Deliver top investment performance through active value creation</p>	<p>4.</p> <p>Develop CapMan as the home of top performers and attract the best talent in the industry</p>
<p>2.</p> <p>Scale up existing strategies and products</p>	<p>5.</p> <p>Drive shareholder value through a combination of growth and improved earnings quality</p>
<p>3.</p> <p>Integrate ESG as a core theme in all business activities</p>	<p>6.</p> <p>Explore new products and M&A in order to accelerate strategic agenda</p>

Ambition to double AUM to **€10** billion in 5 years

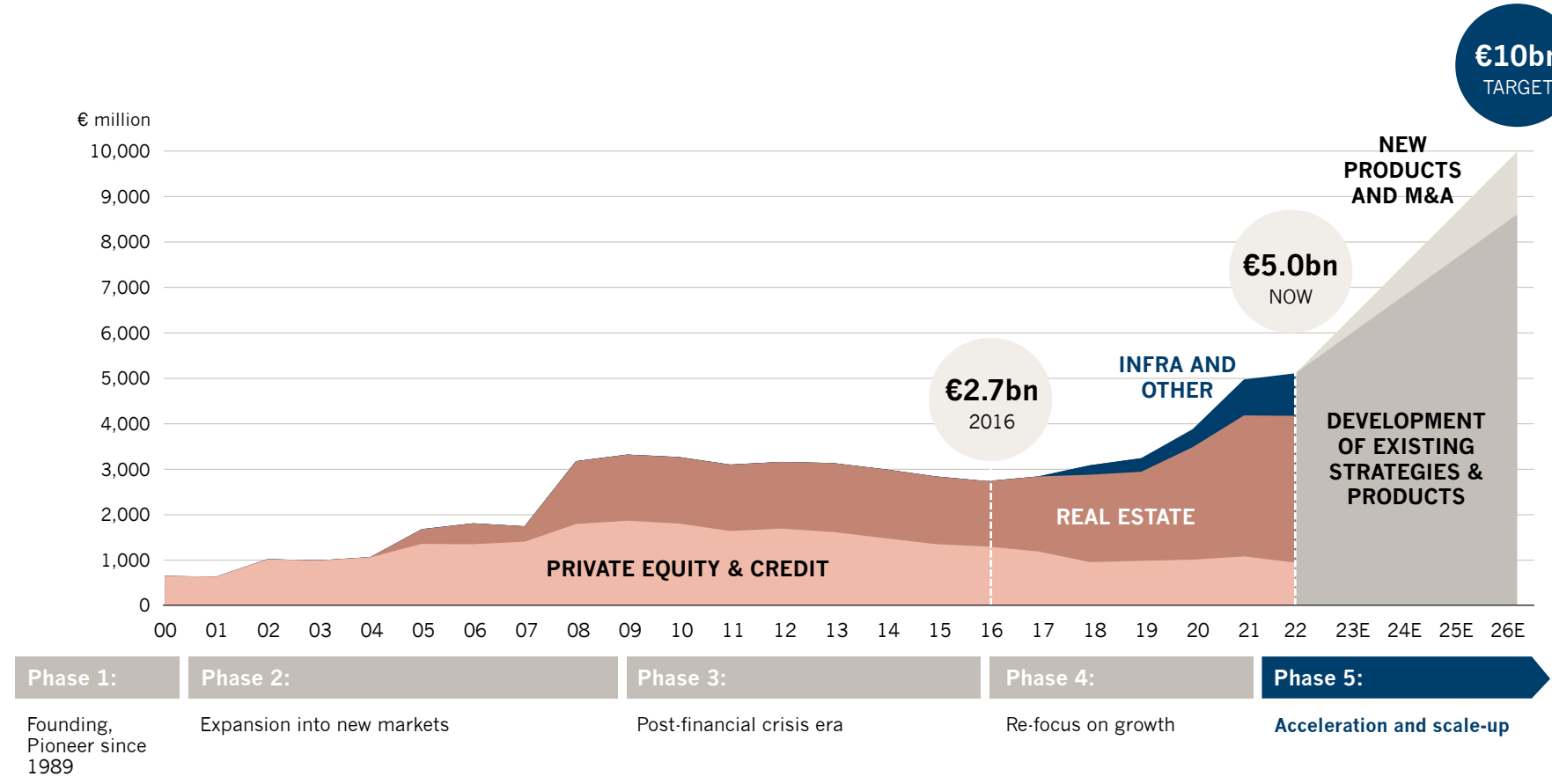
Through these focus areas we create active value for our fund investors and our shareholders. A growing unlisted market that continues to interest an international investor base supports the execution of our strategy.

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An ambitious target to double AUM



Over the past six years, we have successfully grown our assets under management especially from large international institutions as well as smaller local institutions. The growth in assets under management is based on scaling up existing strategies and products as well as the introduction of potential new products and M&A.

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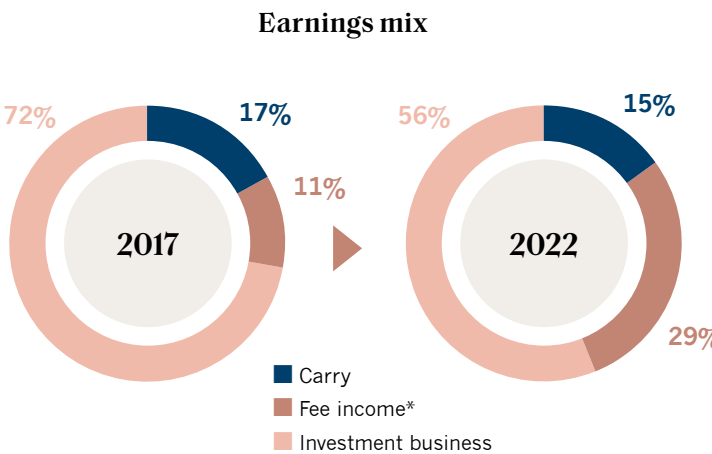
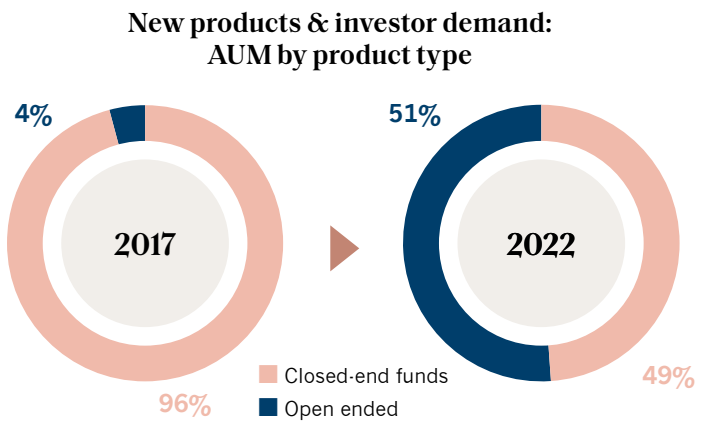
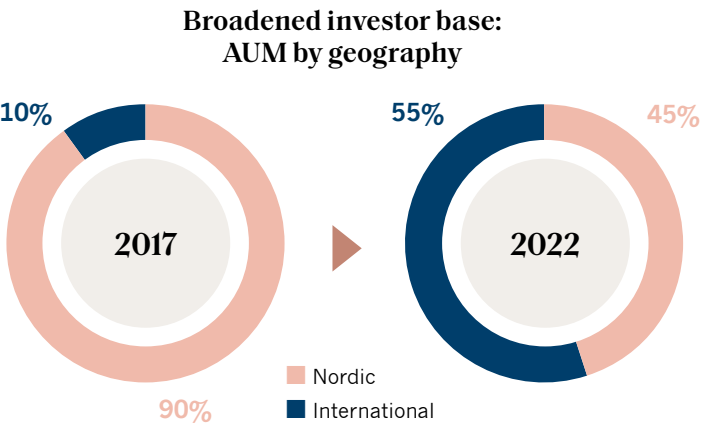
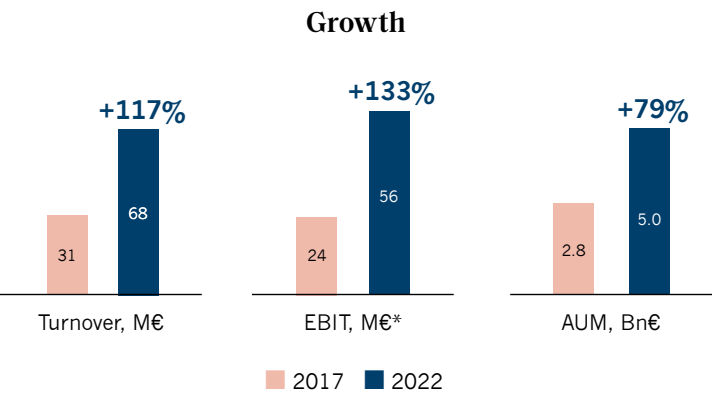
CapMan's business has undergone a fundamental transition

CapMan's previous strategy was launched in 2018 with an objective to return CapMan to profitable growth. Over the past five years, CapMan has almost doubled assets under management and more than doubled our turnover and comparable operating profit.

The share of international investors has also increased. In addition to closed-end funds, we also manage more open-ended funds and mandates.

As a result of the growth strategy and new products, the earnings mix has become more attractive. The consistent growth in fee-based profits has resulted in more predictable operating profits. Investment income was also very strong in 2022.

The past five years have included a pandemic, a war on European soil and an unstable economic outlook. In light of these developments, the achievements during this past strategy period can be considered very successful.



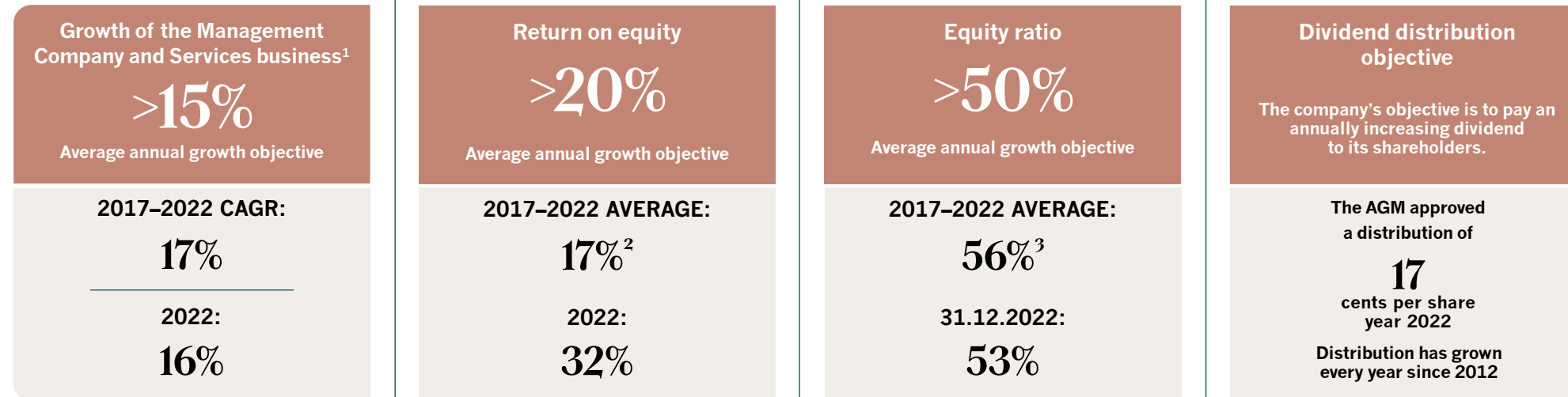
* Comparable.

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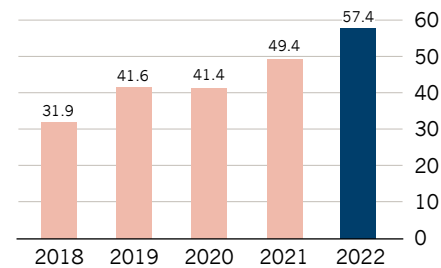
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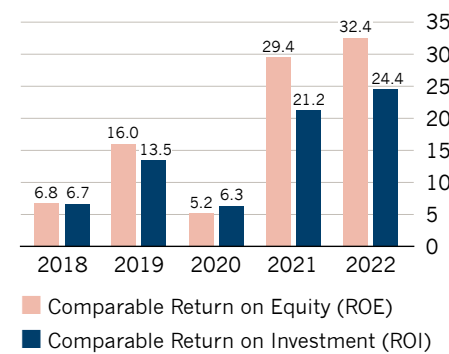
Long-term financial objectives achieved



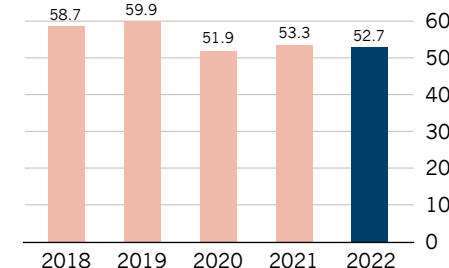
Fees from Management Company business and Services, M€



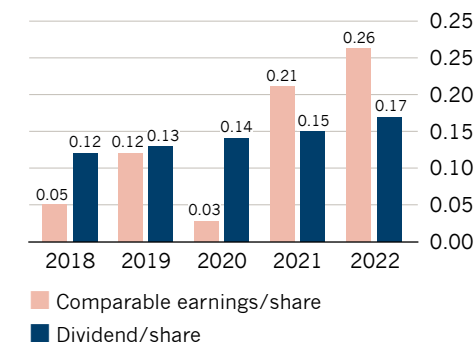
Comparable ROI and ROE, %



Equity ratio, %



Comparable earnings/share and dividend/share, €⁴



¹ Management Company and Service business excluding carried interest income and items affecting comparability.

² Excluding items affecting comparability, average calculated as average return divided by average equity.

³ Average calculated as average of annual ratios.

⁴ As per the proposal of the Board of Directors to the 2023 AGM.

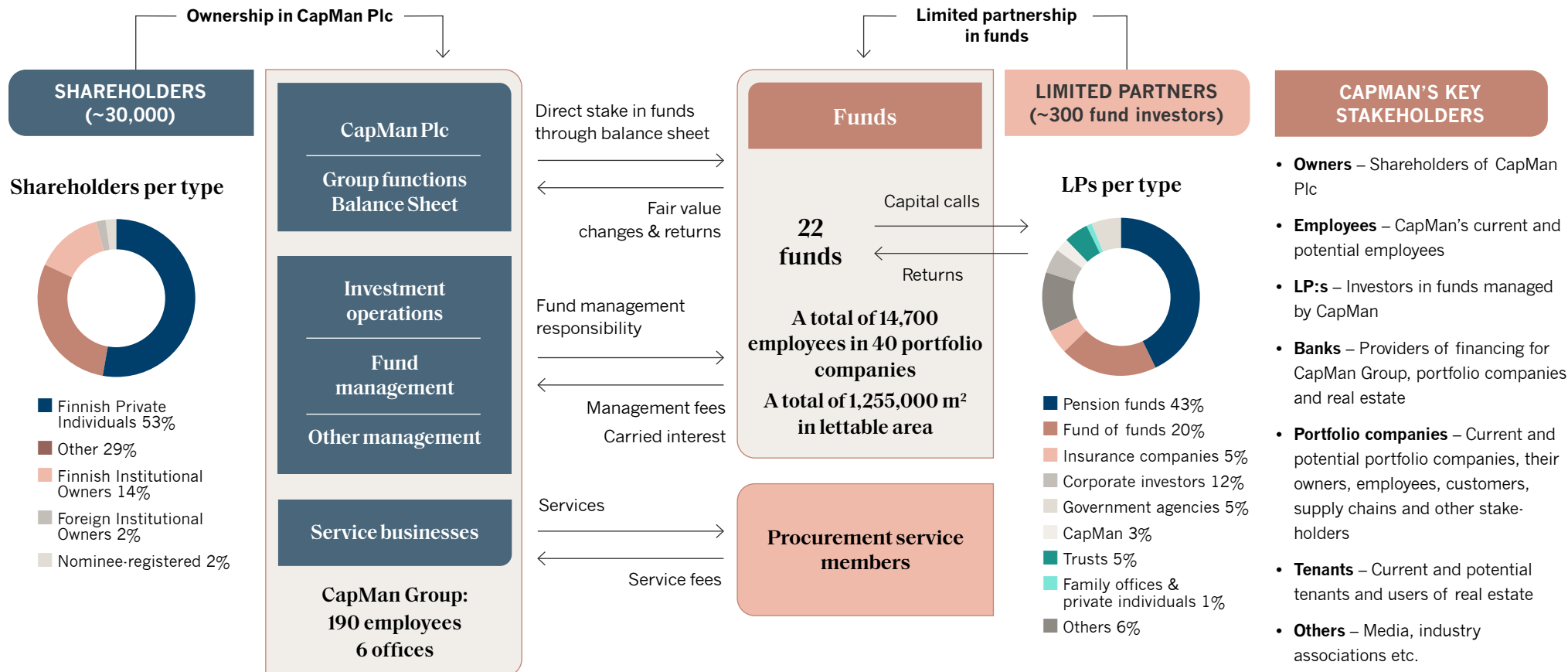
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BUSINESS

Organisation and stakeholders

CapMan Group consists of the parent company CapMan Plc and its subsidiaries and majority-owned companies. These subsidiaries are management and/or advisory companies for funds that invest in private assets, or investment companies, among others. CapMan raises capital for its funds under management primarily from institutional investors and the capital is invested according to the fund strategy in Nordic companies, real estate and infrastructure. The portfolio companies and assets are managed and developed by CapMan and sold typically in 4-6 years to an industrial buyer or another investor, or they are floated on a public exchange. In addition, CapMan's organisation includes a company offering procurement services for Finnish and Swedish companies, as well as corporate functions to support the fund advisory, fund management and other activities. The company's own procurement consists mainly of services and IT systems.



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BUSINESS

CapMan's investment and service teams

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 over 60 committed real estate investment professionals. CapMan's real estate funds hold approx. 55 assets comprising 224 individual properties.

Team size: 63

Team location: Finland, Sweden, Denmark, Norway, United Kingdom

Investment focus: Finland, Sweden, Denmark, Norway

Value-add strategy

- Active funds: 3
- Raised: €1,262 million

Income-focused strategies*

- Active funds and mandates: 5
- Raised: €1,840 million

*Including hotel, logistics and residential real estate funds.

INFRASTRUCTURE



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 twelve infrastructure professionals is based in Helsinki and Stockholm. CapMan Infra has two funds, one established in 2018 and one in 2022. In addition to the fund, the team also manages two investment mandates.

Team size: 12

Team location: Finland, Sweden

Investment focus: Finland, Sweden, Denmark, Norway

Funds

- Active funds: 2
- Raised: €379 million

Mandates

- Mandates: 2
- Raised: €136 million

CapMan manages funds investing in private assets across investment areas.



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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 twelve portfolio companies.

Team size: 12

Team location: Finland, Sweden

Investment focus: Finland, Sweden

Active funds: 3

Raised: €729 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.

Team size: 7

Team location: Finland, Sweden

Investment focus: Finland

Active funds: 2

Raised: €183 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: 5

Team location: Finland

Investment focus: Finland

Active funds: 1

Raised: €77 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. Over the years, Nest Capital has raised three funds with total commitments of more than €300 million.

Team size: 2

Team location: Sweden, Finland

Investment focus: Finland, Sweden, Denmark, Norway

Active funds: 2

Raised: €209 million

CapMan serves investors that seek a comprehensive approach to wealth management as well as growing companies that want to make their procurement more effective.

WEALTH MANAGEMENT

CapMan WEALTH SERVICES

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 programme that invests in private equity, CWS Investment Partners (CWSIP). Altogether €140M have been raised to the programme.

Team size: 12
Team location: Finland, Sweden
AUM: €597 million

SERVICE BUSINESS

CaPS

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, over 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: 9
Team location: Finland, Sweden, the Baltics



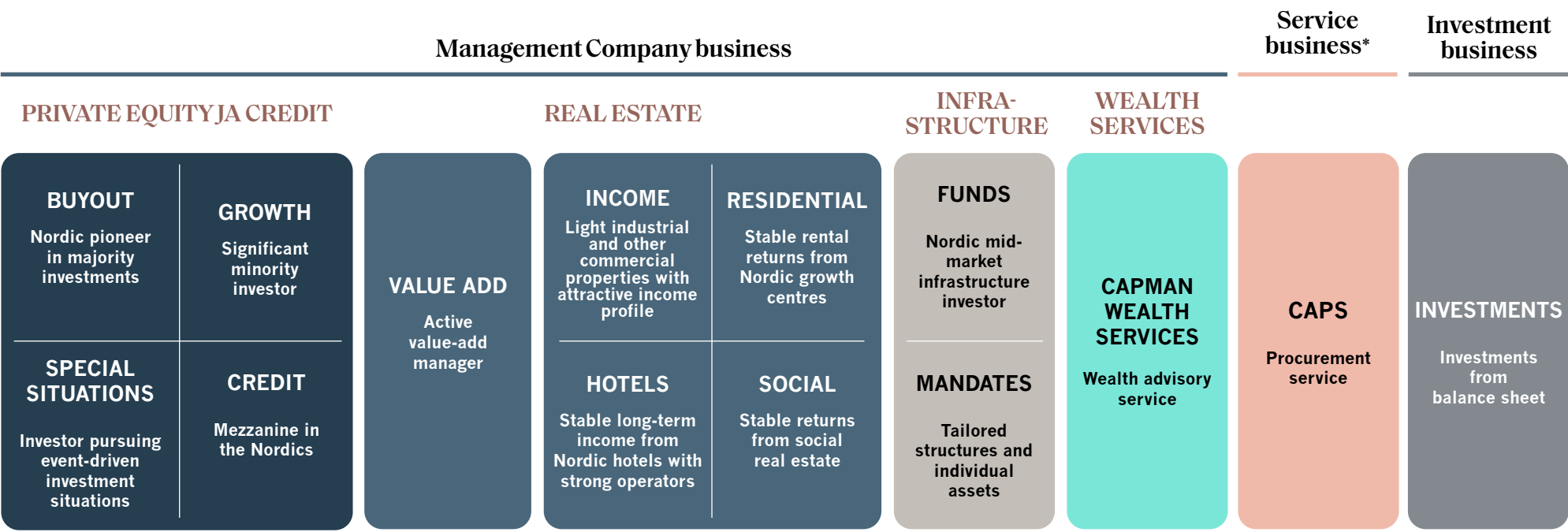
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Overview of business areas and functions



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* In 2022, CapMan's Service business included the reporting and analytics service JAY Solutions. The subsidiary and the business were sold on 1 February 2023.

SUSTAINABILITY

A sustainability strategy based on materiality

At CapMan, we strive to be a positive influence in society and a role model for our investors, portfolio companies and collaboration partners. We are guided by our mission to build value for the enrichment of society. During 2022, we significantly strengthened our sustainability organisation, capabilities and expertise on the road towards becoming the most responsible private asset company in the Nordics.

Our vision is to become the most responsible private assets company in the Nordics

Sustainability management & governance

By including sustainability as one dimension for value creation and risk mitigation, CapMan can create sustainable value for its stakeholders while driving change through active ownership.

CapMan's Board of Directors has the ultimate responsibility for the strategic development of CapMan's sustainability performance. The CEO and the rest of the Management Group keep the Board informed of CapMan's operations, including ESG issues and developments which can be of significance to CapMan's shareholders. Given CapMan's integrated approach to sustainability, the internal responsibility for sustainability topics is embedded with business decisions overall. The responsibility for integrating sustainability with decision-making lies with the Management Group and the knowhow of CapMan's Management Group is evolving.

CapMan's ESG Director drives the overall integration and implementation of ESG matters at CapMan. Further, the ESG team has dedicated professionals that are responsible for ESG implementation at Real Estate, Private Equity and Infrastructure strategy levels.

The ESG Director leads a dedicated ESG Working Group. This Group includes members from the investment teams as well as

all relevant Platform teams, who provide expertise from their respective investment areas and platform functions and also work to develop sustainability capacity within their teams.

International initiatives and commitments

CapMan respects, protects and promotes internationally proclaimed human rights in its operations. CapMan upholds the **Universal Declaration of Human Rights (UDHR)**, **UN Guiding Principles on Business and Human Rights (UNGPR)**, **International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at work**, as well the **Organisation for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises**.

CapMan is a member of the **UN Global Compact (UNGC)** and has been a signatory to the **Principles of Responsible Investments (PRI)** since 2012. The entire organisation is guided by these international standards to assess its operations, including our engagement with portfolio companies, investors and other stakeholders. CapMan is a member of **Finsif** and **Swesif**, network organisations that promote sustainable investment in Finland and Sweden, respectively.

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United Nations
Global Compact



SWESIF
SVERIGES FORUM FÖR
HÅLLBARA INVESTERINGAR

Climate-specific initiatives

CapMan has committed to the **Science Based Targets initiative**, using the Private Equity Sector Science-Based Targets Guidance, which includes investments in private equity, infrastructure and real estate. CapMan is in the process of establishing a net-zero roadmap including a target year for when CapMan will be net-zero. To this end, CapMan is setting short-term emission reduction targets by 2027 and 2032 on a 2021 baseline. These developments are in line with CapMan's value of being an active owner that drives the green transition throughout the portfolio.

CapMan has committed to the **initiative Climate International**, which is supported by the PRI. As part of the initiative, CapMan will contribute to the objective of the Paris Agreement to limit global warming to well-below two degrees Celsius by integrating climate change analysis into investment processes.

As part of the initiative, CapMan actively engages with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance. This is done by identifying companies and assets where climate change poses a material risk and measuring their carbon footprint. CapMan further engages with management teams of portfolio companies to develop emissions reduction and climate change action plans.

Social initiatives

CapMan is a member of **Level 20**, a network that promotes diversity and inclusion within the private equity industry. CapMan promotes the objectives of Level 20 through its recruitment and promotion practices as well as through participation in events.



Materiality analysis

In order to focus on the topics where CapMan can have the biggest impact, CapMan builds its sustainability agenda around a materiality framework. CapMan assesses its business areas, engages with stakeholders and monitors global topics and policy developments to identify key sustainability topics for further follow-up and disclosure.

Material sustainability topics are those factors that have a direct or indirect impact on CapMan's ability to create, preserve or erode economic, environmental and social value for the company, its stakeholders and society at large. CapMan's materiality analysis was conducted in 2022 based on stakeholder interviews, including interviews with investors and board members, internal surveys, review of industry standards and best-practices, and the assessment of CapMan's role in the value chain and overall society.

Seven topics were identified as material for CapMan Group. Diversity and equity are seen as the most material topics, followed by governance in investment practices, board diversity and business ethics and integrity. The impact of travel habits on climate change is a material environmental topic.

The resulting materiality map forms CapMan's current priorities and ambitions for sustainability. CapMan sets annual and long-term targets that follow these materiality topics. The materiality assessment is revisited on an annual basis.

CapMan also extends the materiality analysis to its investments and takes into account the specific characteristics of each investment area.

Material topics for CapMan Group

Environmental

- **Climate change** – The effect of travel habits and energy use and efficiency on emissions

Social

- **Diversity and equity** – Diversity and equity among CapMan employees, as well as non-discrimination at the workplace
- **Attractive workplace** – Employee wellbeing, talent development and retention and performance-based remuneration

Governance

- **Good governance in investment practices** – Active ownership
- **Board diversity**
- **Business ethics and integrity** – Compliance with laws and regulations and codified ethical business practices that are rooted in CapMan's values
- **Tax responsibility** – The impact of tax revenue and transparency of taxation

The material topics serve as the basis for CapMan's ESG strategy, including ESG processes and priorities.

Themes for CapMan's ESG work:

- E:** Climate conscious and resource efficient operations
- S:** Meaningful work in an inclusive workplace
- G:** Accountability & executive level diversity

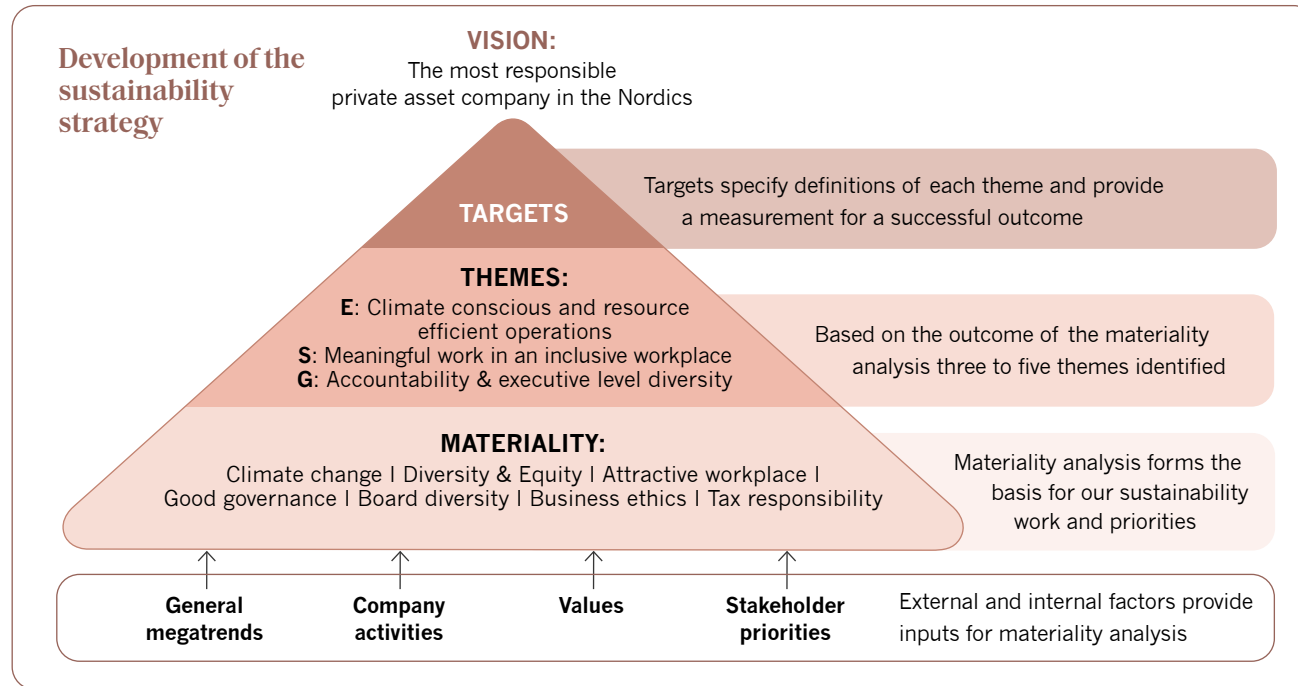
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Significant ESG achievements in 2022

CapMan has made significant strides in the execution of its ESG strategy. In 2022, CapMan has established an ESG organisation and created a stable foundation on which to build its ambitious ESG vision. The achievements in 2022 work to establish a solid roadmap for CapMan's continued ESG efforts.

Resources

CapMan has worked to increase and institutionalise ESG know-how at Group level as well as in its investment teams. At the end of 2022, three employees were dedicated to ESG management full time. In addition, both investment professionals and Platform employees participate in ESG-related projects and functions.

Policies, guides and tools

CapMan updated its **ESG Investment Policy** to describe CapMan's approach and commitment towards the integration of ESG within CapMan's investments.

CapMan formalised its **Restriction list** to identify companies and activities, in which investment is restricted due to the adverse characteristics of such activities.

CapMan developed a comprehensive **ESG due diligence and value creation tool** to be used for assessing ESG risks and value creation opportunities from a materiality perspective throughout the investment process. The tool is used by the Buyout, Growth, Special Situations and Infra teams.

CapMan established a **Policy library** for portfolio companies that cover all relevant social and governance topics to use as guidance for establishing relevant and sufficient policies in their own operations.

Training & upskilling

CapMan has held 39 internal training sessions on ESG topics, such as Science Based Targets and ESG value creation opportunities, throughout the year to increase in-house expertise and awareness. CapMan also held training sessions for portfolio companies. Persons involved in ESG policy, investment decisions and reporting have also participated in industry specific external ESG training in order to address specific ESG topics. CapMan works together with consultants and service providers to improve its understanding of the application of ESG topics and materiality. Further, CapMan has served as an expert speaker at industry events and participated in seminars and conferences on sustainable investment as well as updates from regulators, which has provided valuable insights, as well as networking and information sharing opportunities with industry peers.

Ratings and achievements

PRI ratings for 2021 were published in 2022 and CapMan scored well also within the renewed reporting framework:

- Investment & Stewardship Policy 4/5 stars (median 3/5 stars)
- Private Equity 4/5 stars (median 3/5 stars)
- Real Estate 4/5 stars (median 3/5 stars)
- Infrastructure 5/5 stars (median 3/5 stars)

The full assessment is available on CapMan's website.

CapMan has systematically worked to complete and improve scoring in the **GRESB** (Global Real Estate Sustainability Benchmark) assessment covering real assets globally. In 2022, CapMan received the following scores (based on assessment of 2021 data):

- CapMan Nordic Infrastructure I Fund 4/5 stars, 6th place among European benchmarks.
- CapMan Real Estate Residential Fund 3/5 stars
- CapMan Hotels II Fund 2/5 stars
- CapMan Nordic Property Income Fund 2/5 stars

CapMan established Group-level ESG targets for 2022 for the first time as described in the following table.



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SUSTAINABILITY

CapMan Group ESG targets 2022–2023

Theme	Target 2022	Achieved	Target 2023	Measuring achievement	Long-term target
 13 CLIMATE ACTION Climate conscious and resource efficient operations	Commit to 1.5-degree science-based target Follow with a net-zero commitment	Commitment to SBTi in February 2022 1.5 degree aligned emission reduction targets submitted in November 2022 ★ ★ ★	Establish a roadmap for reaching carbon neutrality at CapMan Define the year CapMan will be Net-Zero	Roadmap for CapMan including investments finalised Year when CapMan will be net zero decided	Net-zero economy
 8 DECENT WORK AND ECONOMIC GROWTH Meaningful work in an inclusive workplace	Employee satisfaction eNPS survey above 40 Create policy & process or diversity & Inclusion	Employee satisfaction eNPS at 58 Diversity, Equity and Inclusion programme – policies established and process started ★ ★ ☆	Sustain employee satisfaction high & further increase inclusion across CapMan and so as to remain an attractive employer	Employee satisfaction eNPS above 50 Diversity, Equity and Inclusion programme implemented	More diverse work forces and decision makers More meaningful jobs
 5 GENDER EQUALITY Accountability & Executive Level Diversity	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	ESG targets included in variable remuneration Awareness raised in the Management Group considering Diversity, Equity and Inclusion ★ ★ ☆	Leverage the high standards of professional conduct by requiring the same from all CapMan suppliers	Responsible supply chain management developed and implemented	More diverse board representation ESG factors integrated into decision making

CapMan will provide further sustainability disclosures regarding the ESG development of the Group as well as the investments of its funds under management in its sustainability report to be published in the Spring 2023. The report will also include a review of sustainability developments in portfolio companies and of assets.

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Sustainability disclosures for CapMan as an alternative investment fund manager

CapMan Plc subsidiary CapMan AIFM Oy (“CapMan AIFM”), CapMan alternative investment fund manager, discloses information in accordance with the Sustainable Finance Disclosure Regulation (2019/2088) (the “SFDR”). CapMan assess the taxonomy eligibility of its Real Estate funds according to the Taxonomy Regulation (2020/852).

Taxonomy eligibility of Real Estate funds

	Turnover	CAPEX	OPEX
BVK-mandate	100%	100%	100%
CapMan Nordic Real Estate I	100%	100%	100%
CapMan Nordic Real Estate II	97%	100%	91%
CapMan Nordic Real Estate III	99%	100%	97%
CapMan Nordic Property Income	100%	100%	100%
Hotels II	100%	100%	100%
CapMan Residential	100%	100%	100%
Kokoelmakeskus	100%	100%	100%

Transparency of sustainability risk policies

CapMan AIFM integrates sustainability risks in its decision-making process, as referred to under Article 3 of the SFDR. Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Environmental risks can relate to, among others, to climate-related risks (physical and transitional), biodiversity or pollution. Social risks can relate to for instance safety and well-being, human rights in the supply chain, and employee or tenant satisfaction or others. Governance risks can relate to for example inadequate management of ESG, management incentives, corruption, bribery, cybersecurity, or data privacy. The potential sustainability risks to which any investment is exposed may cause a negative impact on the value of investments.

Before any investment decisions are made, and as part of its overall investment analysis, CapMan will identify the material sustainability risks associated with the proposed investment. Investment decisions will then be made by referencing the relevant investment policies and objectives, including an action plan for mitigating any sustainability risks at asset level.

Description of and policies to identify and prioritise sustainability risks are included in CapMan’s ESG Investment Policy. CapMan further restricts investments in certain sectors and activities as detailed in its Restriction list. Both documents are available online at www.capman.com/sustainability

Transparency of adverse sustainability impacts

CapMan AIFM considers principal adverse impacts on sustainability impacts of its investment decisions as described by Article 4 of the SFDR.

Sustainability factors may impact the revenue and cost structure of target investments directly, or have external impacts, such as impacting the quality of life for community stakeholders or perceived value for customers. Accordingly, they also impact return on investment. CapMan strives to integrate sustainability factors with its general core business, creating a strong culture that drives sustainable practices both at CapMan and in its portfolio companies and real estate. These principal adverse impacts are identified and prioritised through CapMan’s due diligence processes, which are detailed in CapMan’s ESG Investment Policy.

CapMan AIFM reviews the principal adverse impacts annually and discloses the information in its Principal Adverse Impacts Statement. For the full sustainable finance disclosure regulation statement as well as the principal adverse impacts statement, please visit www.capman.com/sustainability/sfdr-statement/

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PEOPLE

Our value-driven people strategy

CapManians are characterised by their ambitious and entrepreneurial attitudes and inspired, forward-looking way of working. By aligning work with our values and providing meaningful jobs, we strive to attract and retain the best talent in the industry.

Updated People Strategy

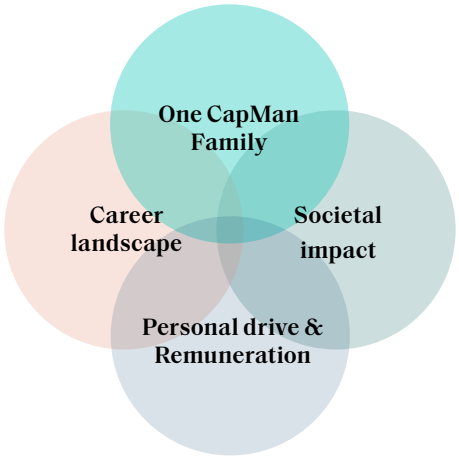
In 2022, CapMan's People Strategy was updated to align with the new business strategy. The People Strategy is one of the six strategic focus areas of the company.

The basis for the strategy work was to identify the unique characteristics of our culture and highlight new priorities to serve business goals and the requirements of our operating environment. Team leaders and employees around the organisation participated in the work. Multiple discussions and workshops resulted in a common understanding and commitment.

Our goal is to develop CapMan as the home of top performers and attract the best talent in the industry. We foster a culture where high professionalism and ambition unite with low hierarchy and fruitful collaboration with colleagues.

At the core of the People Strategy is our Employee Value Proposition, defined by the four dimensions of the Strategy. CapMan endeavours to offer its employees interesting career prospects and an opportunity to influence society by working in a successful organisation where people are cared for, and where success is rewarded.

CapMan People Strategy 2022



One CapMan Family

- We share the same values, believe in each other and set the bar high.
- We foster entrepreneurial attitude with trust and flexibility.
- Teamwork takes us to success.

Societal impact

- We get to make a difference and drive change in society.
- We create sustainable long-term value.
- We are a responsible employer and make sustainable choices.

Career landscape

- This is a home of top performers.
- We work with the best people, and top companies and partners.
- We get to operate, learn and grow on a wide scope.

Personal drive & Remuneration

- We are purpose-driven and purpose-led.
- We support the growth and wellbeing of each individual.
- We reward success.

We believe that an employee experience based in inspirational and motivating work will result in enrichment of society. Thus, we have a unique opportunity as an employer to provide truly meaningful work.

Diversity at CapMan

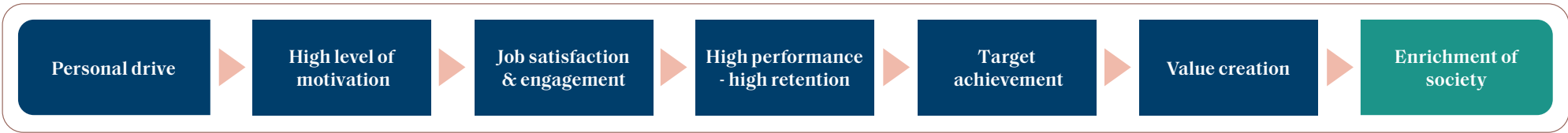
CapMan aims to recruit people who combine talent, education and skills with great attitude and drive. We also believe that Diversity Equity and Inclusion (DEI) bring value to our organisation in the form of diverse views and ideas, which are inextricably linked to our success.

CapMan is committed to promoting an equal distribution of genders across all positions and career steps in the company. This is supported by a recruitment process and a framework for promotions and internal recruitments that prioritises the experience and knowledge needed in the position as selection criteria over gender, age or other non-job-related traits.

When recruiting, we aim to consider different backgrounds and strengths while challenging our unconscious biases and ideas of ideal candidates to utilise the whole competence potential. We expect understanding of DEI also from our recruitment partners and other service providers. In 2022, discussions regarding personnel diversity and creating a strategy for its

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development took place throughout the organisation and also on Management Group level. Our goal is to continuously increase diversity, especially on a decision-making level.

We have zero tolerance for harassment and bullying both at the office and at personnel and customer events. All employees must be familiar with this policy and recognize every person's right to be treated with dignity and respect. All employees are aware of how to report suspected discrimination, bullying or harassment according to CapMan's Fairness Procedure and Whistleblower Policy. CapMan will always investigate any complaint of discrimination, bullying or harassment sensitively and without prejudice. All complaints are taken seriously and must always be made in good faith.

Continuous learning and development

Leadership training

We believe that all success is based on good leadership, and we seek to ensure that CapMan leaders have all the needed capabilities and competencies for responsible leadership. In 2022, CapMan arranged leadership trainings as live events and online sessions. Online events offer flexibility and reduce the need for travel. On the other hand, we appreciate the added value of face-to-face encounters. The trainings consisted mostly of group sessions focusing on leadership principles and sharing of best practices. In autumn, a two-day training event brought CapMan team leaders together to discuss the new People Strategy and its implementation.

Manager briefs

During the pandemic, we established a habit of holding regular Team Leader events, so-called Manager Briefs, by People Operations to meet colleagues, share information and catch up on current leadership topics. In 2022, altogether eight events were held.

Negotiation and presentation skills

During 2022, the negotiation and presentation skills training programme launched a year earlier was continued. The training is designed to develop and strengthen negotiation and selling skills and provide tools for strong presentation and communication especially for investment professionals. Training programmes were organised in Helsinki and Stockholm. The trainings focused on working in small groups with a coaching approach to develop interaction and the culture of giving feedback.

Introduction days

CapMan has organised two-day introductory events for new employees for a number of years. In 2022, the Introduction Days resumed as live events in Helsinki after several years of online-only events due to restrictions caused by the pandemic. At the Introduction Days, the joiners obtain a comprehensive overview of CapMan's business areas, culture and organisation. The event also includes team activities and a dinner. The event is held semi-annually, and in 2022 approximately 60 employees across all CapMan offices participated in the events. The events

were highly appreciated especially due to the chance to meet colleagues around the organisation.

Fostering togetherness

Multiple internal personnel events were organized at the CapMan offices in 2022 to create possibilities for networking in an informal atmosphere. After the pandemic, regular breakfast events were a popular option to meet with colleagues. In November, the whole company gathered in Stockholm to spend a day together at the annual CapMan Day. Before the Holidays, the children of our employees were invited to the Helsinki office to enjoy a Christmas-themed breakfast complete with little presents.

Further policies and procedures related to diversity and learning and development are described in CapMan's People Policy, which is available on the website.

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CapManians in figures

186

CAPMANIANS*

16%

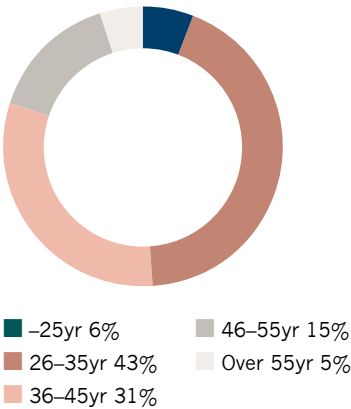
INCREASE IN FTES*
IN 2022

39

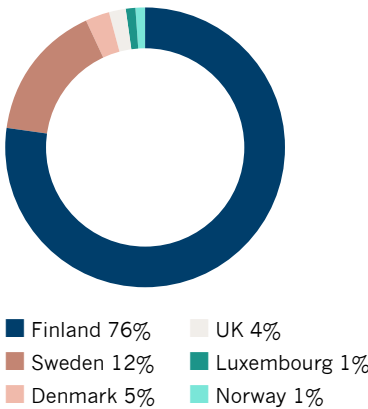
NEW CAPMANIANS
JOINED DURING 2022

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

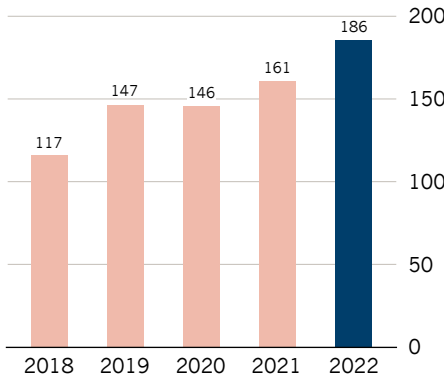
CapManians –
By age



CapManians –
By geography

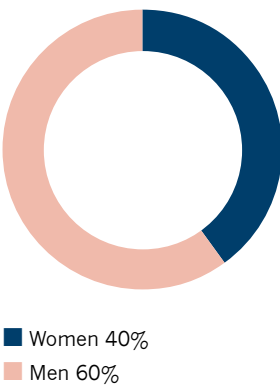


Growth in number of employees*

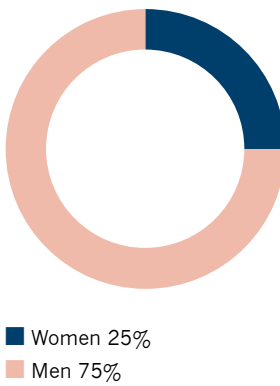


* Based on the annual FTE number, which describes the full-time equivalent number of employees.

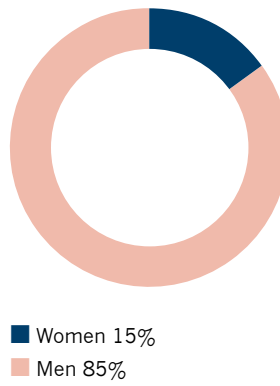
CapMan –
All employees



CapMan – Senior and
executive positions



CapManians –
Investment professionals



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CapMan was awarded a Future Workplaces Certification 2022. The Certification is granted by Signi to companies who are leading their culture with exceptional employee insight. The Certificate requires excellent overall performance in the employee satisfaction survey.

Employee Survey

Signi Culture Survey: work satisfaction at CapMan is on a good level

The Signi Culture Survey was carried out in September 2022 in all offices. The survey reviewed the most meaningful factors at work and their realization for CapMan employees. Additionally, the survey included general job satisfaction and eNPS (Employee Net Promoter Score) assessments. The response rate was 87%, which indicates high commitment among employees towards the survey.

Based on the results of the survey, work well-being at CapMan is on a good level. The overall outcome of general job satisfaction was 84/100, whereas in 2020 it was 80/100. The employees were very willing to recommend CapMan as an employer: the total eNPS score of the organisation was 58 (2020: 41). The eNPS target score was 40, which is generally considered to be an excellent outcome. In the future, the company's eNPS target is to maintain a level of eNPS over 50.

Hybrid work

During 2022, the company applied a Hybrid Work Model. At CapMan, the office is considered our main hub, but each team defines the optimal amount of office work and remote work, and practices are discussed together. During weekdays from Monday to Thursday, approximately 60% of CapManians worked at the office, whereas approximately 40% of the employees worked from the office on Fridays.

58

– ENPS SCORE DEPICTING EMPLOYEES' WILLINGNESS TO RECOMMEND CAPMAN AS A WORKPLACE

(41 in 2020)

RISKS

Risk management process and key risk categories

CapMan faces many different risks and uncertainties, which could if realised affect its strategic direction, financial position, earnings, operations and reputation. Assessment and management of risks is an integral part of CapMan’s ability to conduct its operations in a successful manner. CapMan classifies risks according to various categories and identifies principal risks for each category. CapMan performs an annual review of the risk environment and reports on any material developments quarterly.

Risk management strategy and process

Risk management constitutes a significant part of CapMan’s corporate governance. Risk needs to be managed rather than avoided and consideration of risk should not stifle innovation. Rather, consideration of risk should enable CapMan to make better decisions.

As the risk definition includes both positive and negative effects of uncertainty on company objectives, harnessing opportunities, as compared to only managing threats, should be considered as part of risk management.

The Board of Directors decides on the risk appetite and risk tolerance with the target to ensure continuity of operations and to optimise CapMan’s ability to meet its objectives

The Chief Operating Officer, supported by the independent Risk & Valuation team, has day-to-day responsibility for the implementation and continuous development of the risk management process.

Risk management objectives

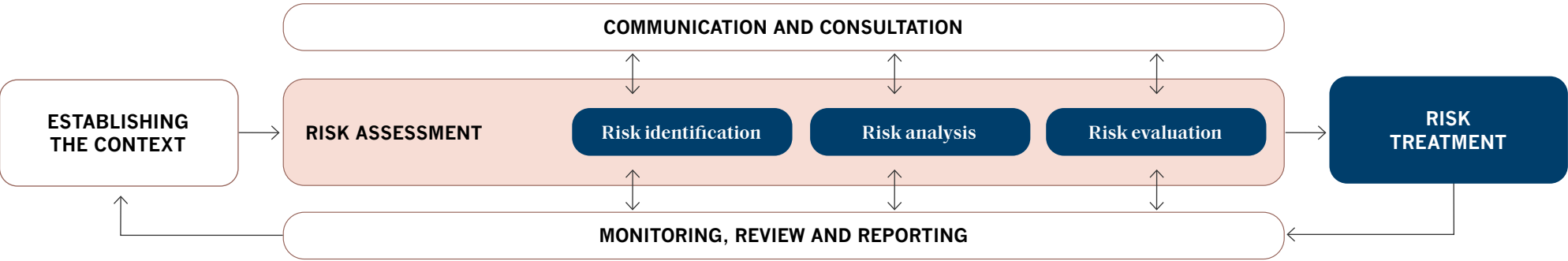
Risk management at CapMan aims to

- Set the risk appetite and tolerance in accordance with CapMan’s strategy;
- identify and assess key risk factors in CapMan’s operations and business environment; and
- manage these risk factors to allow CapMan to achieve its strategic and financial objectives.

Further risk management objectives

- Ensure the safety and wellbeing of employees;
- ensure the continuity of business operations;
- increase risk awareness throughout the organisation;
- protect the reputation of CapMan, its personnel and investors;
- effectively allocate resources for risk treatment; and
- identify opportunities.

CapMan’s risk management process



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Key risk categories

CapMan categorises its risks and identifies the following principal risks for each category:

Risk category	Principal risks
1. Strategic risk	<ul style="list-style-type: none">• Failure to achieve strategic or performance targets• Failure to select the correct strategy in a competitive environment• Failure to recruit key personnel• Failure to scale the business
2. Financial risk	<ul style="list-style-type: none">• Poor financial performance• Insufficient liquidity position• Failure to obtain financing
3. Market risks	<ul style="list-style-type: none">• Interest rate, inflation and asset price volatility• Changes in customer preferences
4. Operational risks	<ul style="list-style-type: none">• Cyber threats and system errors• Inadequate or failed processes or controls• Corruption, fraud or criminal behaviour• Mistakes
5. Regulatory risks	<ul style="list-style-type: none">• Adverse changes in the regulatory environment
6. Sustainability risk	<ul style="list-style-type: none">• Physical and transition risks of climate change• Inefficient procedures to address safety and well-being• Human rights risks in the supply chain
7. Reputational risk	<ul style="list-style-type: none">• Negative public perception

The drivers of principal risks under each risk category are further described below.

1. Strategic risk

Strategic risks occur when, for internal or external reasons, the company is unable to achieve its strategic targets, or the chosen strategy proves incorrect or ineffective.

Strategic risk management at CapMan is a part of the over-all Group strategy development. For example, strategic risks are considered when evaluating which businesses, investment strategies or funds are pursued, what kinds of investors or clients are targeted with different products and services, how concentrated the customer base is, or how to ensure business continuity. Moreover, as CapMan’s success is based on skilled and motivated personnel, who may be difficult to replace or

recruit, a people strategy together with continuous succession planning are a key part of strategic risk management.

CapMan aims to have a diversified portfolio of businesses with entrepreneurial teams and a diversified customer base. Strategic risks and targets are continuously monitored by senior management and Board of Directors.

2. Financial risk

Financial risk refers to risks impacting the financial position and/or performance of the company.

CapMan's turnover is to a large extent based on long-term agreements and therefore risk levels are relatively low in the short term. Similarly, the majority of the cost base is fixed in the short term. Therefore, the biggest drivers for financial risk for CapMan are returns of fund investments as well as the timing and magnitude of carried interest, both of which have significant exposure to market risk as well as the performance of individual funds and portfolio assets. Monitoring and managing these underlying risks is a key activity of all investment teams. The risks are also monitored by the Risk & Valuations team on a continuous basis.

Another key financial risk for CapMan is Group liquidity and financing, as CapMan typically has sizeable off-balance sheet liabilities relating to the commitments made to funds.

Financial risks are actively managed by continuous follow-up of the liquidity position and cash flow forecasts and by maintaining sufficient liquidity buffers relative to open commitments. CapMan has long term financial objectives, including targets for growth, return on equity and equity ratio, which are continuously monitored and regularly reported to senior management and Board of Directors. CapMan also has a revolving credit facility to ensure its ability to cover unexpected cash requirements. The company targets a long maturity profile for debts by actively managing its credit portfolio in order to secure long-term debt financing at attractive terms also in the future.

3. Market risk

Market risk refers to the risk of losses arising from movements in market prices, or the risk that the market or customer behaviour changes in a way that makes CapMan’s business model or product/service offering sub-optimal.

CapMan is exposed to significant market risk both due to its significant investments in funds, as well as due to its reliance on the international fundraising market in raising capital for its funds under management. Market risk may also impact the timing and magnitude of carried interest by causing delay or value impair-

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ment of exits from the funds. Market risk is part of operating in the finance industry and can be only partially mitigated.

CapMan aims to have a diversified portfolio of businesses and investment strategies, covering multiple asset classes and geographies. CapMan has also strategically improved its earnings mix by launching different types of funds and also services less dependent on the financial markets. Investments to funds and the diversification as well as income from different business areas are monitored as part of executing CapMan's strategy and each time new investments are decided.

4. Operational risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes or systems, human error or from external events.

For CapMan, the most important operational risks relate to cyber and IT systems, compliance with often complex regulations and agreements, fraud, corruption or other criminal behaviour, and mistakes or human error.

CapMan has continuous process to monitor and manage operational incidents and risks. Issues are actively managed and there are controls in place to mitigate risk for the most critical functions. CapMan implements Anti-Money Laundering (AML) policies and procedures designed to prevent and detect money laundering, bribery and corruption and related activities. The activities involve KYC (Know Your Customer) procedures on fund investors and portfolio companies. These topics are covered by regular trainings for employees. CapMan works together with reputable insurance brokers to ensure reasonable insurance coverage for potential liability that might result from any material conventional operative incidents.

5. Regulatory risk

Regulatory risk refers to the risk of adverse changes in the regulatory environment.

Fund and wealth management are regulated industries and CapMan has subsidiaries that are regulated under AIFMD or MiFID regimes. There are also several other laws and regulations that may impact CapMan's operations or strategy. CapMan has a dedicated Compliance function, supported by Risk & Valuation, Legal and ESG teams, to monitor regulatory changes in co-operation with external advisors. In fund and investment structuring CapMan also uses advisors to ensure up-to-date understanding of the latest regulations, including concerning taxation. CapMan does not practise aggressive tax planning.

The most significant ongoing regulatory developments that impact the finance industry in Europe are related to sustainability. CapMan continues to monitor and adapt to sustainability-related and other regulation that impacts the industry.

6. Sustainability risk

Sustainability risk refers to environmental, social or governance events or conditions that, if they occur, could cause a material negative financial impact, or negatively impact the environment or the people involved in CapMan's operations or portfolio, and/or other stakeholders.

CapMan has limited direct sustainability risk, due to limited scope of operation and lack of any manufacturing operations. However, CapMan AIFM integrates sustainability risks in its decision-making process, as referred to under Article 3 of the SFDR. Environmental risks can relate to, among others, to climate-related risks (physical and transitional), biodiversity or pollution. Social risks can relate to for instance safety and

well-being, human rights in the supply chain, and employee or tenant satisfaction or others. Governance risks can relate to for example inadequate management of ESG, management incentives, corruption, bribery, cybersecurity, or data privacy. The potential sustainability risks to which any investment is exposed may cause a negative impact on the value of investments. CapMan AIFM considers principal adverse impacts on sustainability impacts of its investment decisions as described by Article 4 of the SFDR. On a Group level, sustainability risk may also contribute significantly to reputational risk, in the event that there would be a significant incident – even when the direct financial impact on CapMan is limited due to low exposure through own investments.

CapMan is committed to multiple sustainability reporting initiatives to make its sustainability actions more transparent. CapMan has implemented a restriction list to restrict or exclude certain activities or industries from the investment scope.

7. Reputational risk

Reputational risk is the risk of negative publicity, poor public perception or uncontrollable events to have an adverse impact on CapMan's reputation, thereby affecting its ability to meet strategic or financial objectives or reducing shareholder value.

Reputational risk is a core risk for CapMan, since the business mainly relies on mutual trust between business parties. Realisation of reputational risk could impact fundraising and deal flow as well as the ability to attract and retain key employees, all of which could have substantial impact on CapMan's performance. CapMan aims to build an ethical culture and has identified high ethics as one of its values. CapMan has a Code of Conduct and other policies in place to guide its employees beyond being compliant with laws and regulations. CapMan also has controls, such as a Whistleblowing Channel, in place and aims to maintain a continuous dialogue with relevant stakeholders.

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Corporate Governance Statement 2022

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 public 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 shareholders. Among other things, the General Meeting adopts the financial statements, decides on distribution of assets based on the proposal of the Board, elects the members of the Board 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 2022, CapMan’s Annual General Meeting (AGM) was held on 16 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 72 shareholders representing approximately 31% 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 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, serving as an expert member. As an expert member the Chairman of the Board 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 2022: 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 CapMan Plc, served as the expert member on the Shareholders’ Nomination Board.

The Nomination Board convened three times in 2022. The Nomination Board conducted an evaluation of the Board work, discussed, in particular the size, composition and diversity of the Board 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 26 January 2022. The proposals were published as a stock exchange release.

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

4 Board of Directors

4.1 Composition 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

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and ends at the close of the Annual General Meeting following their election. The Board elects a Chair and a Vice Chair from among its members. The Shareholders' Nomination Board makes the proposals on the composition of the Board 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 16 March 2022 elected six members to the Board of Directors. Mr. Johan Bygge, Ms. Catarina Fagerholm, Ms. Mammu Kaario, Mr. Olli Liitola, Mr. Johan Hammarén and Mr. Andreas Tallberg were re-elected to the Board. Mr. Eero Heliövaara had announced that he was not available for re-election. At its organisational meeting on 16 March 2022, 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 7.

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 on 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 2022 both genders were represented in the Board (33% female, 67% male), the members were between 53 and 66 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 from the company. At least two of the members that are independent from the company shall also be independent of the company's significant shareholders.

The Board made an assessment on the independence of the Board members in its organisational meeting on 16 March 2022. According to the assessment Johan Bygge, Catarina Fagerholm, 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 7.

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 the 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 and direct investments exceeding EUR 5 million
- to decide on 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 complies with relevant rules and regulations
- to approve the principles of corporate governance, internal control, risk management as well as other essential policies and practices
- to decide on the CEO's remuneration as well as on the remuneration policy of other executives and CapMan's key employees
- to confirm the central duties and operating principles of the Board committees

The Chair 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 2022

In 2022, the Board of Directors met eight times. The Board had seven meetings in the composition as elected by the 2022 AGM and one meeting in the composition as elected by the 2021 AGM.

The table on page 7 presents Board members' attendance at the meetings in 2022.

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 organisational 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

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Board of Directors in 2022

Name	Personal information	Shares and share-based rights as of 31 Dec 2022	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	11,530	8/8	Remuneration Committee: 2/2 Nomination Board: 3/3
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	7/8	Audit Committee: 5/5
Catarina Fagerholm	Member of the board since 2018 Born: 196 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: 2/2
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	N/A	1/1	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 Member of the Remuneration Committee Independent of the company and significant shareholders	2,150,000	8/8	Remuneration Committee 0/0

*) In addition, Andreas Tallberg's controlling interest company Oy Nissala Ab and closely associated company Oy G.W. Sohlberg Ab, and Johan Hammarén's controlling interest company Oy Hammarén & Co are minority owners in Silvertärnan Ab, which owns 13.5% of the shares in CapMan Plc.

**) A member of the Board of Directors until the AGM held on 16 March 2022

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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 organisational meeting held on 16 March 2022, 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
- 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 Governance 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 organisational meeting on 16 March 2022 elected Mammu Kaario (Chair), Catarina Fagerholm and Johan Bygge as members of the Audit Committee. In 2022, the Committee met five times. The table on page 7 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 of the CEO and the rest of the management team as well as the remuneration policy covering the company's other personnel.

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

- CEO remuneration

- company's executive remuneration principles and individual situations as required
- company's overall principles for total compensation structure
- Remuneration Policy and Report for the governing bodies.

The Committee further contributed to:

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

The Board has in its organisational meeting on 16 March 2022 elected Andreas Tallberg (Chair), Catarina Fagerholm and Olli Liitola as members of the Remuneration Committee. The Committee convened twice in 2022.

The table below on page 7 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 2022, 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 terms and conditions of the CEO's service 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 Chair 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 coordination of marketing and brand, (ii) implementation of decisions by the Board and the CEO/ Management Group, (iii) supporting decision-making through providing information and active participation, and (iv) spreading information within the teams and implementing decisions 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 in the end of the financial year of 2022 are presented in the table below.

Management Group in 2022

Name	Responsibilities	Personal information	Shares and share-based rights on 31 Dec 2022
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: 221,265
Atte Rissanen	CFO	Born: 1987 Education: M. Sc. (Econ.)	Shares: 229,718
Heidi Sulin	COO	Born: 1979 Education: LL.M.	Shares: 108,275
Christian Borgström	Head of CapMan Wealth Services	Born: 1971 Education: M.Sc. (Econ.)	Shares: 893,400
Antti Kumm	Head of CapMan Growth Equity	Born: 1976 Education: M.Sc. (Econ.), CFA	Shares: 50,031
Pia Käll	Head of CapMan Buyout	Born: 1980 Education: M.Sc. (Tech.)	Shares: 143,400
Maximilian Marschan	Head of CaPS	Born: 1974 Education: M.Sc. (Econ.)	Shares: 177,900
Mika Matikainen	Head of CapMan Real Estate	Born: 1975 Education: M. Sc. (Econ), M.Soc.Sc	Shares: 162,000
Ville Poukka	Head of CapMan Infra	Born: 1981 Education: M.Sc. (Econ)	Shares: 217,683
Mari Simula	Head of Fund Investor Relations	Born: 1982 Education: M.Sc. (Tech.)	Shares: 353,142

* In addition, Joakim Frimodig’s controlling interest company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 13.5% of all shares in CapMan Plc.

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, process-

es, 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.

9 Internal control and risk management pertaining to the financial reporting

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

CapMan’s internal control and risk management concerning financial reporting is designed to provide, inter alia, reasonable assurance concerning the reliability, comprehensiveness and timeliness of the financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The objective is also to promote 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 to the group reporting system for consolidation.

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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 respon-

sibility areas. The CEO has nominated the group's COO 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.

9.3.3 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 2022.

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

CapMan's 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.

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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 function 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 on managers and persons closely associated with them, which are, according to MAR, obliged to disclose all transactions made with financial instruments issued by CapMan. CapMan has determined the members of the Board 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 defined 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 group's compliance function before trading in financial instruments issued by CapMan.

CapMan's whistleblowing channel offers a possibility to alert CapMan about suspicions of misconduct in confidence and/or anonymously, including market abuse. The channel is available on the company's intranet. During 2022, no whistleblowing reports were received.

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 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 2022. Ms. Kristina Sandin, APA, acted as the lead auditor. The audit fees paid to the auditor amounted to 361,000 euros (293,000 euros 2021) and the fees related to other non-audit related services amounted to 12,000 euros (10,000 in 2021).

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.

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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 2022)*: 11,530 shares
Main Occupation: CEO at Oy G.W. Sohlberg AB
Key Board Memberships:
 CapMan Oyj (Chair, 2017–)
 Nissala Oy (Chair)
 Mehiläinen (Chair)
 Retta 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.

* Tallberg's controlling interest company Oy Nissala Ab and closely associated legal person Oy G.W. Sohlberg Ab are minority owners of Silvertärnan Ab, which owns 13.5% of the shares in CapMan Plc.



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 2022): 38,071 shares
Main Occupation: Board professional
Key Board Memberships:
 CapMan Plc (Deputy Chair, 2017–)
 Ponsse Oyj
 Aspo 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 2022): 28,500 shares
Main Occupation: Board professional
Key Board Memberships:
 CapMan Plc (Member, 2021–)
 Guard Therapeutics (Chair, 2021–)
 Scandi Standard (Chair, 2021–)
 Getinge AB (Member, 2007–)
 AP3, Swedish National Pension fund (Vice Chair, 2019–)
 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.

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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 2022): 73,011 shares
Main occupation: Board professional
Key Board Memberships: CapMan Plc (2018–) Attendo AB (publ) Restel Ltd Bygghmax 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 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 2022)*: –
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.

* Hammarén's controlling interest company Oy Hammarén & Co is a minority owner of Silvertärnan Ab, which owns 13.5% of the shares in CapMan Plc.



Olli Liitola

Member of the board

Born: 1957
Independence: Independent board member
Education: M.Sc. (Eng.)
Holdings in CapMan Plc (31 December 2022): 2,150,000 shares
Main occupation: Board professional
Key Board Memberships: CapMan Plc (2019–) Harvia Group Oyj (Chair 2014–)

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 served as Chairman of the Board at Lunawood Oy, 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.

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Joakim Frimodig

CEO

Education: BA, Oxon
At CapMan since: 2016
Holdings in CapMan Plc (31 December 2022): 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.

Positions of trust
 2021– Board Member, LPeC – Listed Private Capital
 2020– Board Member, Tukikummit Foundation
 2019– Board Member, Silvertärnan Ab
 2019– Chair of the Board, CapMan For Good Foundation

* In addition, Joakim Frimodig’s holding company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 13.5% of all shares in CapMan Plc



Anna Berglind

Head of People and Culture

Education: VTM, Certified Business Coach®
At CapMan since: 2018
Holdings in CapMan Plc (31 December 2022): 221,265 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 2022): 893,400 shares

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

Positions of trust
 2021– Board Member, Päivikki ja Sakari Sohlbergin säätiö
 2020– Board Member, Stiftelsen Rudolf och Emelie Gesellius fond sr
 2019– Board Member, the Helsinki Bourse Club
 2018– Board Member, Wilhelm och Else Stockmanns stiftelse sr.
 2018– Board Member, Oy G.W.Sohlberg Ab
 2016– Chairman of the Board, Stiftelsen Leon och Alice Borgströms minne sr.
 2016– Board Member, Oy Nordic Medcom Ab
 2015– Board Member, Stiftelsen Pro Helsingfors sr.
 2015– Board Member, Héléne och Walter Grönqvist stiftelse sr.
 2011– Co-Chairman of the Board, Lisi Wahls stiftelse för studieunderstöd sr.

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Pia Käll

Managing Partner, CapMan Buyout

Education: M.Sc. (Eng.)
At CapMan since: 2016
Holdings in CapMan Plc (31 December 2022):
 143,400 shares

Pia Käll joined CapMan Buyout in 2016 as a partner and was designated managing partner in 2017. Before joining CapMan, Käll 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.

Positions of trust
 2022– Board Member, Elisa Oyj
 2022– Chair of the Board, Netox Oy
 2020– Board Member, PDSVISION
 2016– Board Member, Yrkesakademien



Maximilian Marschan

Managing Partner, CaPS

Education: M.Sc. (Econ.)
At CapMan since: 2009
Holdings in CapMan Plc (31 December 2022):
 177,900 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 is also a member of the board at the CapMan for Good Foundation and has for years organised fundraising for the Tukikummit foundation, which works to prevent marginalisation of children and youth.

Positions of trust
 2019– Board Member, CapMan for Good foundation



Mika Matikainen

Managing Partner, CapMan Real Estate

Education: M.Sc. (Econ.), M.Sc. (Soc.)
At CapMan since: 2006
Holdings in CapMan Plc (31 December 2022):
 162,000 shares

Mika Matikainen joined CapMan in 2006, one year after the inception of CapMan Real Estate, and became the head of CapMan Real Estate and a management group member of CapMan in 2010. Matikainen has 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 2022):
 50,031 shares

Antti Kummu is Head of CapMan Growth and member of CapMan management team. Antti has been a Partner of CapMan Growth since 2017 and Managing Partner since July 2021. He has 25 years of experience in working with growth companies as an entrepreneur, senior financier, growth company CFO and private equity investor and holds a long experience as board member or chairman of the board in multiple companies.

Positions of trust
 2020– Chair of the Board, Finnish Minerals Group Oy

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Ville Poukka

Managing Partner, CapMan Infra

Education: M.Sc. (Econ.)

At CapMan since: 2017

Holdings in CapMan Plc (31 December 2022):
217,683 shares

Ville Poukka has 17 years of experience in private equity and investment banking. Poukka is chair at CapMan Infrast 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 member of the board in Koiviston Auto. Before CapMan Poukka worked at Danske Bank as Managing Director and was responsible for Nordic Energy and Infrastructure sector team in M&A advisory.

Positions of trust

2022– Board Member, Koiviston Auto Group



Atte Rissanen

CFO

Education: M.Sc. (Econ.)

At CapMan since: 2017

Holdings in CapMan Plc (31 December 2022):
229,718 shares

Atte Rissanen is CapMan's CFO and responsible for strategy and business development. He has been with the Group since 2017, first as Director responsible for strategy and business development and since January 2022 in his current position. Rissanen previously held corporate finance positions at Summa Capital and EY.



Mari Simula

Head of Fund Investor Relations

Education: M.Sc. (Eng.)

At CapMan since: 2007

Holdings in CapMan Plc (31 December 2022):
353,142 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 2022):
108,275 shares

Heidi Sulin has been COO of CapMan and member of the Management Group since November 2021. Sulin holds nearly 20 years of experience working in the Nordic private equity and investment sector both from the consultant and principal perspective. She has held varied roles, ranging from interim CEO to COO, General Counsel and other supportive group functions roles which give her a wide generalist experience. Sulin is one of CapMan's many re-joiners – she worked for the Company as General Counsel on 2007–2016.

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Group turnover and result in 1–12 2022

CapMan Group's turnover totalled MEUR 67.5 in the period spanning 1 January–31 December 2022 (1 January–31 December 2021: MEUR 52.8). The 28 per cent increase in turnover was mainly due to an increase in fee income and carried interest compared to the previous year.

Operating expenses were MEUR 51.0 (MEUR 42.1) in total and consisted of personnel expenses, depreciations and amortisations, and other operating expenses.

Personnel expenses, including employer contributions, were MEUR 34.6 (MEUR 30.6). The growth was mainly due to a higher headcount as well as MEUR 1.4 in expenses from the early payment of the vested reward shares from the 2020 incentive plan.

Depreciations and amortisations were MEUR 4.2 (MEUR 1.5) and included an impairment of goodwill in the amount of MEUR 2.6 related to the disposal of the JAY Solutions business after the financial year.

Other operating expenses amounted to MEUR 11.2 (MEUR 10.0).

Fair value changes of investments were MEUR +36.5 in 2022 (MEUR +33.9).

Following the strong development in turnover, controlled cost development and positive fair value changes, the Group's operating profit was MEUR 53.1 (MEUR 44.6). Operating profit excluding items affecting comparability was MEUR 55.7 (MEUR 44.6).

Financial income and expenses amounted to MEUR -5.5 (MEUR -4.0). Financial expenses increased mainly due to a MEUR 1.2 write-down of loan receivables from an investment team operating in Russia and formerly part of CapMan Group.

Profit before taxes was MEUR 47.6 (MEUR 40.6) and profit after taxes was MEUR 41.0 (MEUR 35.4). Profit after taxes excluding items affecting comparability was MEUR 43.6 (MEUR 35.4).

Diluted earnings per share were 24.8 cents (21.4 cents). Diluted earnings per share excluding items affecting comparability were 26.4 cents (21.4 cents).

A quarterly breakdown of turnover and profit, together with turnover, operating profit/loss, and profit/loss by segment for the period as well as items affecting comparability are described in the Notes to the Financial Statements in section 2 Segment information.

Management Company business

Turnover generated by the Management Company business for the financial year 2022 totalled MEUR 55.9 (MEUR 43.6). The 28 per cent increase was mainly due to an increase in carried interest and fee income from the previous year.

Fee income was MEUR 46.2 (MEUR 40.8) and grew by 13 per cent. New capital in funds and programmes, as well as other asset management services, contributed favourably to fee income for the year.

Carried interest income for the year totalled MEUR 9.6 (MEUR 2.9), mainly from the CapMan Growth Equity 2017 and CapMan Nordic Real Estate funds, which transferred to carry during 2022.

Of the turnover, 82 per cent was based on income booked over time (91 per cent in 2021). The comparatively lower share of turnover booked over time was due to a higher share of carried interest in 2022 compared to the previous year.

Operating expenses of the Management Company business amounted to MEUR 33.6 (MEUR 30.7). Operating profit of the Management Company business was MEUR 22.3 (MEUR 13.2) and grew by 69 per cent.

Service business

Turnover generated by Service business totalled MEUR 11.1 (MEUR 8.6 in 2021). All turnover was based on long-term contracts and grew by 29 per cent due to growth of CaPS and JAY Solutions.

CapMan and non-controlling shareholders of JAY Solutions agreed on the sale of JAY Solutions to Bas Invest AB at the end of 2022 and the transaction was completed on 1 February 2023. CapMan owned 60 per cent of JAY Solutions before the transaction. The purchase consideration was MEUR 8, in addition to which the sellers are entitled to an additional consideration of MEUR 0.5, should JAY Solutions reach operating targets as established together with the buyer. Following the closing of the transaction after the end of the financial year, CapMan has recorded a MEUR 2.6 impairment of goodwill during the financial year. The disposal of JAY Solutions is not expected to have an impact on CapMan's financial position or results for 2023. Starting from 2023, CapMan's Service business only includes the procurement service CaPS.

Operating expenses of the Service business amounted to MEUR 7.7 (MEUR 5.1), of which 2.6 was an item affecting comparability resulting from the disposal of JAY Solutions.

The operating profit of the Service business was MEUR 3.0 (MEUR 4.2). Excluding items affecting comparability, operating profit was MEUR 5.6 (MEUR 4.2) and grew by 35 per cent.

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Investment business

Fair value of fund investments was MEUR 169.1 on 31 December 2022 (31 December 2021: MEUR 130.0). Fair value changes were entirely driven by fund investments in 2022 and were MEUR +36.5 (MEUR +33.9), corresponding to a 25.3 per cent increase in value (1 January–31 December 2021: +26.9 per cent). The positive development of CapMan's own funds is mainly due to completed exits and a very favourable development of many portfolio companies. Valuations have also been adjusted downward following changes in peer group valuations, due to which the positive fair value changes have been more modest during the second half of 2022. The valuation of external funds has increased particularly due to financing rounds and partial exits completed during 2022.

CapMan invested a total of MEUR 29.3 in its funds in 2022 (MEUR 20.9). CapMan received distributions from funds totalling MEUR 27.6 (MEUR 23.5 and disposals MEUR 16.5). The amount of remaining commitments that have yet to be called totalled MEUR 89.1 as at 31 December 2022 (31 December 2021: MEUR 90.3). 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.

Operating profit for the Investment business was MEUR 35.7 (MEUR 32.7).

Table 1: CapMan's investments booked at fair value as at 31 December 2022

	Fair value 31 Dec 2022 (MEUR)
Fund investments	169.1
Other long-term investments	0.4
Total	169.5

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). Sensitivity analysis by investment area is presented in the Tables section of this report.

Balance sheet and financial position as at 31 December 2022

CapMan's balance sheet totalled MEUR 270.5 as at 31 December 2022 (31 December 2021: MEUR 240.3). Non-current assets amounted to MEUR 188.4 (MEUR 159.8), of which goodwill totalled MEUR 7.9 (MEUR 15.3). Goodwill was written down following the disposal of JAY Solutions.

As at 31 December 2022, fund investments booked at fair value totalled MEUR 169.1 (MEUR 130.0 as at 31 December 2021).

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

Long-term receivables amounted to MEUR 5.5 (MEUR 10.1) and decreased due to a write-down of loan receivables from an investment team operating in Russia and formerly part of the Group, as well as the transfer of receivables from long-term to short-term, among others.

Current assets amounted to MEUR 76.4 (MEUR 80.4). Cash in hand and at banks amounted to MEUR 55.6 (MEUR 65.2).

The assets of JAY Solutions, including its goodwill – MEUR 5.8 – and its liabilities – MEUR 0.7 – were classified as assets held for sale and associated liabilities at the end of 2022. The disposal of JAY Solutions was completed on 1 February 2023.

CapMan's interest-bearing net debt amounted to MEUR 37.4 as at 31 December 2022 (MEUR 17.8). CapMan's total interest-bearing debt as at 31 December 2022 is outlined in Table 2.

Table 2: CapMan's interest bearing debt

	Debt amount 31 Dec 2022 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2021 (MEUR)
Senior bond (issued in 2018)	-	-	4.13%	31.5
Senior bond (issued in 2020)	50.0	Q4 2025	4.00%	50.0
Senior bond (issued in 2022)	40.0	Q2 2027	4.50%	-
Long-term credit facility (drawn/available)	0/20.0	Q3 2024	1.75-2.70%	0/20.0

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CapMan's interest bearing net debt increased due to the issue of a MEUR 40.0 sustainability-linked bond maturing in 2027. The proceeds of the bond were used for the voluntary redemption of the senior bond maturing in 2023 and general company purposes.

CapMan'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 2022.

Trade and other payables totalled MEUR 18.5 on 31 December 2022 (31 December 2021: MEUR 16.7).

The Group's cash flow from operations totalled MEUR +6.0 for 2022 (MEUR +11.0). Withholding taxes due to the early payment of the vested reward shares from the 2020 incentive plan as well as other changes in working capital contributed to the comparably smaller inflows of cash from operations. 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 +2.4 (MEUR +19.2) and includes, inter alia, investments and repaid capital received by the Group. CapMan makes investments mainly through its investment company and its investments and cash on hand are classified as fund investments.

Cash flow before financing totalled MEUR +8.5 (MEUR +30.2) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR -18.0 (MEUR -23.0) and included the drawdown and repayment of debt as well as the payment of dividends and equity repayment.

Sustainability

Following the updated strategy responsibility is at the core of all activities. CapMan's vision is to become the most responsible private assets company in the Nordics. A strategic objective

is to integrate sustainability into all operations and implement it in the product offering, fundraising, investment activities, fund management, services and the development of personnel and work environment, among others.

As part of its environmental commitment, CapMan made a commitment to set Science Based Targets in line with a 1.5 °C scenario in the beginning of 2022 and has now established a roadmap and timeline for meeting the commitment. The plan is now under validation by the Science Based Targets initiative. As part of the process, CapMan establishes interim reduction targets for 2027 and 2032 and will during 2023 define the year when CapMan seeks to reach net zero emissions.

Monitoring employee satisfaction is a critical component of assessing CapMan's social responsibility. CapMan reached an eNPS score of 58 in 2022, which reflects a high willingness among employees to recommend CapMan as an employer. The score increased from the latest achieved measurement of 41.

In addition, CapMan has included guidance regarding diversity, equity and inclusion in its people and recruitment policies and started a process for increasing awareness regarding these topics among employees.

In order to promote good governance, CapMan has introduced sustainability metrics as part of variable remuneration. Part of long-term share-based incentives are determined following the achievement of ESG targets.

CapMan continues to integrate sustainability targets and key sustainability risks into its investment decisions. As part of the process, CapMan has developed tools that promote sustainable investment, value creation and risk management, expanded investment policies and established new guidelines and processes at both CapMan Group and portfolio companies and assets.

ESG targets established in the beginning of 2022 are monitored at Group and investment team level and achievements for 2022 are reported as part of CapMan's sustainability report published in Spring 2023.

Assets under management as at 31 December 2022

Assets 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 open-ended funds. Assets 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. The practice for calculating assets under management was updated at the end of 2022 to include all fee generating assets managed by CapMan Wealth Services. The comparison period figures have been adjusted accordingly. Assets increase as fundraising for new funds progresses or as investments are executed under investment mandates and declines as exits are completed.

Assets under management was MEUR 5,039 as at 31 December 2022 (31 December 2021: MEUR 4,908). The increase in assets under management was mainly due to the establishment of and commitments to new funds. The increase was modest due to completed exits, negative fair value changes in open-ended real estate funds and the liquidation of old funds during 2022. Assets under management per fund type is displayed in Table 3.

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

	31.12.2022 (MEUR)	31.12.2021 (MEUR)
Real Estate	3,187	3,060
Private Equity & Credit	933	1,069
Infra	442	355
Other	478	424
Total assets under management	5,039	4,908

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Key figures 31 December 2022

CapMan's return on equity was 30.5 per cent on 31 December 2022 (31 December 2021: 29.4 per cent) and comparable return on equity 32.4 per cent (29.4 percent). Return on investment was 23.1 per cent (21.2 per cent) and comparable return on investment was 24.2 per cent (21.2 per cent). Equity ratio was 52.7 per cent (53.3 per cent).

According to 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 50 per cent.

Table 4: CapMan's key figures

	31.12.2022	31.12.2021
Earnings per share, cents	25.1	21.9
Diluted, cents	24.8	21.4
Adjusted diluted earnings per share, cents	26.4	21.4
Shareholders' equity/share, cent	90.2	81.4
Share issue adjusted number of shares, avg.	157,560,284	156,579,585
Return on equity, %	30.5	29.4
Return on equity, comparable, %	32.4	29.4
Return on investment, %	23.1	21.2
Return on investment, comparable, %	24.2	21.2
Equity ratio, %	52.7	53.3
Net gearing, %	26.3	14.0

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 15 March 2023 that a total of EUR 0.17 per share would be paid to shareholders, equivalent of a total of MEUR 26.9, from distributable funds for 2022. The distribution of funds would be divided into a dividend of EUR 0.08 per share, equivalent to a total of approx. MEUR 12.6 as well as an equity repayment of EUR 0.09 per share to be returned from the invested unrestricted equity fund, equivalent to a total of approx. MEUR 14.2. CapMan's distributable funds amounted to MEUR 45.7 on 31 December 2022. 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 2023

CapMan Group's Financial Statements and the Report of the Board of Directors for 2022 will be published as part of the company's Annual Report for 2022 in February 2023 during week 8. CapMan Plc's 2022 AGM will be held on Wednesday 15 March 2023 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 21 February 2023 the latest. Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 21 February 2023 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 2022 during week 8 and will be available on the company's website by 21 February 2023 the latest.

Decisions of the 2022 Annual General Meeting

Decisions of the AGM regarding distribution of funds

CapMan's 2022 Annual General Meeting (AGM) decided, in accordance with the proposal of the Board of Directors, that 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, would be paid to shareholders. In total, EUR 0.15 per share would be paid to shareholders, equivalent of a total of MEUR 23.6, from distributable funds for 2021. The dividend and equity repayment were paid in two instalments six months apart. The first instalment was paid on 25 March 2022 and the second instalment was paid on 23 September 2022. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange release on the decisions taken by the General Meetings issued on 16 March 2022.

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Decisions of the AGM regarding the composition of the Board

The 2022 AGM decided that the Board of Directors comprises six members. Mr. Andreas Tallberg, Mr. Johan Bygge, Ms. Catarina Fagerholm, Mr. Johan Hammarén, Ms. Mammu Kaario and Mr. Olli Liitola were elected as 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 16 March 2022.

Authorisations given to the Board by the AGM

The 2022 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 2023 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 16 March 2022.

Shares and shareholders

Shares and share capital

There were no changes in CapMan's share capital during 2022.

Share capital totalled EUR 771,586.98 as at 31 December 2022. CapMan had 158,054,968 shares outstanding as at 31 December 2022 (156,617,293 shares as at 31 December 2021).

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 2022, 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 71,270 as at 31 December 2022 (31 December 2021: EUR 79,949). No changes occurred in the number of own shares held by CapMan Plc during 2022.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 2.71 on 31 December 2022 (31 December 2021: EUR 3.04). The trade-weighted average price for 2022 was EUR 2.66 (EUR 2.78). The highest price paid was EUR 3.19 (EUR 3.27) and the lowest EUR 2.22 (EUR 2.24). The number of CapMan Plc shares traded totalled 36.2 million (31.3 million), valued at MEUR 96.4 (MEUR 87.0).

The market capitalisation of CapMan Plc shares as at 31 December 2022 was MEUR 427.5 (31 December 2021: MEUR 475.3).

Shareholders

The number of CapMan Plc shareholders increased by 9 per cent from 2021 and totalled 30 608 as at 31 December 2022 (31 December 2021: 28,137).

There were no flagging notifications in 2022.

As of 31 December 2022, the Board of Directors and Management Group owned 5,873,426 CapMan shares in total either directly or through controlling interest companies, which corresponded to 3.7 per cent of all shares and votes outstanding.

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 186 people on average in 2022 (1 January–31 December 2021 average: 161), of whom 141 (125) worked in Finland and the remainder in the other Nordic countries, Luxembourg and the United Kingdom. The figures include 20 people (21) employed by JAY Solutions. A breakdown of personnel by country is presented in Section 5 Employee benefit expenses.

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Remuneration and incentives

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

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

CapMan has two long-term schemes consisting of investment based long-term share-based incentive plans (Performance Share Plan) for key employees.

In the investment based long-term share-based incentive plans the participants are committed to shareholder value creation by investing a significant amount in CapMan Plc shares.

CapMan's 2020 investment-based long-term incentive plan includes one performance period that commenced on 1 April 2020 and ends on 31 March 2023. An early payment of the vested reward shares from the 2020 incentive plan was conducted in April 2022 to facilitate participants' investment into the new 2022 investment-based long-term incentive plan. Irrespective of the early payment, the 2020 plan will remain in force until the end of its performance period on 31 March 2023 in line with the original terms.

CapMan's 2022 investment-based long-term incentive plan includes three performance periods that commenced on 1 April 2022 and end on 31 March 2023, 2024 and 2025, respectively. The participants may earn a performance-based reward from each of the performance periods and a matching reward from the 2022–2025 period. The rewards from the plan will be paid fully in company shares in 2024, 2025 and 2026.

The aim of the 2022 investment-based long-term incentive plan is to align remuneration with CapMan's sustainability agenda, to retain the plan participants in the company's service, and to offer them a competitive reward plan based on owning, earning and accumulating the company's shares.

The prerequisite for receiving a reward on the basis of the plans 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 plans is based on the company share's Total

Shareholder Return and on a participant's employment or service upon reward payment. The Board shall resolve whether new shares or existing shares held by the company are given as reward. The target group of the plans consists of approximately 20 people, including the members of the Management Group.

Additional information about remuneration schemes is presented in Section 30 Share-based payments.

Other significant events in 2022

CapMan has raised a total of MEUR 168 in the first closing of the Infra II fund. The fund invests in infrastructure in the energy, transportation and digital communications sectors in the Nordics consistent with the first Infra fund. The fund has a target size of MEUR 400 and fundraising for the fund continues.

CapMan Residential fund grew to MEUR 816. CapMan also established a new long-term Social Real Estate fund that invests in real estate with a social policy goal in the Nordics. The first commitments for the fund are expected in the first half of 2023.

The CapMan Special Situations fund reached MEUR 71 at the end of 2022.

In October 2022, CapMan Infra I fund's exit from Norled was closed. In September 2022, Growth I fund exited Avidly and Buyout VIII fund Fortaco.

Scala Fund Advisory Oy, a wholly owned subsidiary of CapMan Plc, merged into its parent company in September 2022. Subsidiaries and foreign branches are disclosed in the Note 31.

In September 2022, CapMan announced its new strategy and updated financial objectives. The new strategy was outlined during the company's Capital Markets Day.

In June 2022, the CapMan Growth Equity 2017 fund was transferred into carry following the exit from Picosun. The fund has eight assets remaining and CapMan receives carried interest from each exit.

In April 2022, CapMan issued a MEUR 40 sustainability-linked bond. The proceeds from the bond were used for a voluntary redemption of its MEUR 31.5 senior bond due in 2023 and general financing purposes and it significantly extended the maturity of CapMan's loan portfolio.

In April 2022, CapMan resolved on a directed share issue of 1,437,675 new shares as early payment of the vested reward shares from the 2020 incentive plan to CapMan Group management and selected key employees. The new shares were registered with the Trade Register on 4 May 2022. The 2020 incentive plan will incur MEUR 2.0 in costs for the full year 2022, of which MEUR 1.4 for the second quarter of 2022 is related to the payment of the vested reward. The Board of Directors of CapMan Plc resolved to establish a new Performance Share Plan 2022–2025 for CapMan Group management, as well as selected Group key employees.

The 2013 vintage CapMan Nordic Real Estate fund was transferred into carry. The fund has three assets remaining and CapMan receives carried interest from each exit.

In March 2022, Nest Capital III, a Nordic private debt fund, held its final close at MEUR 109.

Events after the end of the financial year

In February 2023, CapMan Plc and non-controlling shareholders of JAY Solutions sold their share of CapMan's subsidiary JAY Solutions to Swedish Bas Invest AB. The disposal of JAY Solutions is not expected to have a significant impact on CapMan's result for 2023 or its financial position.

The Board of Directors of CapMan Plc has decided to appoint Pia Käll, M.Sc. (Eng.), (born 1980) as the CEO of the company as of 15 March 2023. Andreas Tallberg, who has served as the Chair of the Board of Directors since 2017, has announced that he is not available for re-election to the Board of Directors. CapMan's Shareholders' Nomination Board proposes to the company's 2023 Annual General Meeting that CapMan's current CEO Joakim Frimodig be elected as a member of the company's Board of Directors. The proposed members of the Board of Directors have stated that if the Annual General Meeting decides on the composition of the Board of Directors in accordance with the proposal of the Shareholders' Nomination Board, the Board of Directors will elect Frimodig as Chair from among its members. Frimodig would serve as full-time Chair of the Board of Directors as of 15 March 2023.

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Significant risks and short-term uncertainties

General risks

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

Market risks

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

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

Rising inflation and its potential impact on long-term interest rates may raise yield expectations and reduce willingness to invest. In addition, rising inflation may negatively impact cost efficiency in portfolio companies and at CapMan.

The Russian invasion of Ukraine and the resulting increase in geopolitical uncertainty may weaken investor interest also towards the Nordic countries.

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. Large customers or customer concentration in open-ended funds may diminish the growth outlook of such funds, should one or several customers decide to redeem their units.

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

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

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

Risks related to carried interest and performance-based income

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

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

CapMan recognises revenue from carried interest, to the extent that 1) carried interest is based on realised cash flows and repayment risk is estimated to be very low, 2) CapMan is entitled to carried interest, 3) a confirmation on the amount has been received and 4) 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

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, inability to retain and attract key personnel, 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.

In addition, changes in the regulatory environment may have a significant effect on CapMan's business operations.

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The impact of the Russian invasion of Ukraine on CapMan's business

Following the Russian invasion of Ukraine, CapMan has in April 2022 written down MEUR 3.4 of investments in former CapMan Russia funds on its balance sheet as well as a MEUR 1.2 of loan receivables from an investment team operating in Russia and formerly part of CapMan Group. The balance of both items is now zero. CapMan's operations do not have other direct links to Ukraine or Russia. The Russian invasion of Ukraine may impact CapMan's business through, among others, the following earnings streams mainly due to the increase in geopolitical uncertainty.

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 fund-raising and exits from existing funds. If ongoing fundraising projects are postponed or delayed due to increased geopolitical uncertainty, 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.

In addition to investments in CapMan Russia funds, which have been written down, funds managed by CapMan do not have direct investments or other significant exposure to Ukraine or Russia.

Fees from wealth advisory services: Fees from wealth advisory services are mainly based on long-term contracts and the

impact of the invasion 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 delayed exit processes due to geopolitical uncertainty may impact the timing and magnitude of carried interest from funds. CapMan does not provide guidance regarding carried interest.

Service business fees: Service fees are based on long-term contracts and are less susceptible to the impact of the invasion.

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. Due to the Russian invasion of Ukraine, CapMan wrote down the value of its fund investments in two old Russia funds. However, the geopolitical uncertainty may impact the investment business also indirectly, although mid and/or long-term impacts and their scope are difficult to assess. 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 unlisted assets may lag the listed market in the return to so-called normal levels.

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 15 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 50 per cent.

Outlook estimate for 2023

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 assets under management to grow in 2023. The company's objective is to grow operating profit excluding carried interest income and fair value changes. 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 long term, taking into consideration annual fluctuations related to the nature of the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2023.

Helsinki, 2 February 2023
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Key figures

Key Performance Indicators for CapMan Group

M€	2018	2019	2020	2021	2022
Turnover ¹⁾	33.5	49.0	43.0	52.8	67.5
Management fees	22.1	24.9	29.0	36.6	38.8
Sale of services	10.3	17.2	13.1	13.3	19.1
Carried interest	1.0	6.9	0.9	2.9	9.6
Other operating income	0.0	0.0	0.1	0.0	0.0
Materials and services					-1.0
Operating expenses	-29.1	-41.8	-35.1	-42.1	-50.0
Fair value gains/losses of investments ¹⁾	7.6	12.2	4.4	33.9	36.5
Operating profit	12.0	19.4	12.3	44.6	53.1
Operating profit, comparable	12.0	25.0	12.3	44.6	55.7
Financial income and expenses	-2.7	-1.8	-3.1	-4.0	-5.5
Profit before taxes	9.3	17.6	9.2	40.6	47.6
Profit for the financial year	8.5	15.9	6.3	35.4	41.0
Return on equity (ROE), % ²⁾	6.8	12.7	5.2	29.4	30.5
Return on equity (ROE), comparable, % ²⁾	6.8	16.0	5.2	29.4	32.4
Return on investment (ROI), %	6.7	10.5	6.3	21.2	23.1
Return on investment (ROI), comparable, %	6.7	13.5	6.3	21.2	24.2
Equity ratio, %	58.7	59.9	51.9	53.3	52.7
Net gearing, %	4.3	7.2	22.5	14.0	26.3
Dividends and return of capital paid ³⁾	17.7	20.0	21.9	23.6	26.9
Personnel	117	148	146	161	186

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

²⁾ CapMan has changed the calculation of Return on equity (ROE) 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 the financial year 2022.

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Key Ratios Per Share

	2018	2019	2020	2021	2022
Earnings per share, cents	5.5	9.2	3.3	21.9	25.1
Diluted earnings per share, cents	5.4	9.0	3.3	21.4	24.8
Comparable diluted earnings per share, cents	5.4	11.6	3.3	21.4	26.4
Shareholders' equity/share, cents	82.6	85.1	72.7	81.4	90.2
Dividend/share, cents ¹⁾	12.0	13.0	14.0	15.0	17.0
Dividend/earnings % ¹⁾	218.2	141.3	424.2	68.5	67.7
Average share issue adjusted number of shares	146,522	152,155	155,797	156,580	157,560
during the financial year ('000)	147,142	153,755	156,459	156,617	158,055
Share issue adjusted number of shares at year-end ('000)	147,116	153,728	156,433	156,591	158,029
Own shares ('000)	26	26	26	26	26

¹⁾ Proposal of the Board of Directors to the Annual General Meeting for the financial year 2022.

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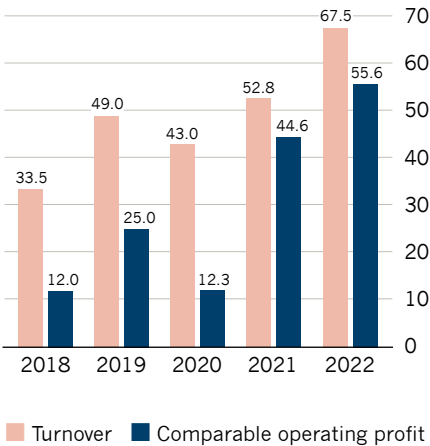
Calculation of Key Ratios

FINANCIAL STATEMENTS

Key figures - CapMan Group

CapMan’s turnover and operating profit were at record levels in 2022. 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 50 per cent.

Turnover and comparable operating profit, M€

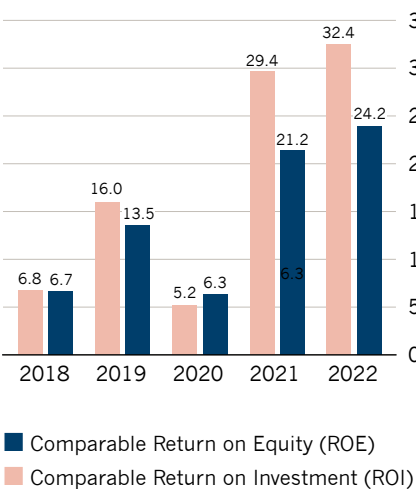


Comparable earnings/share and dividend/share*, €

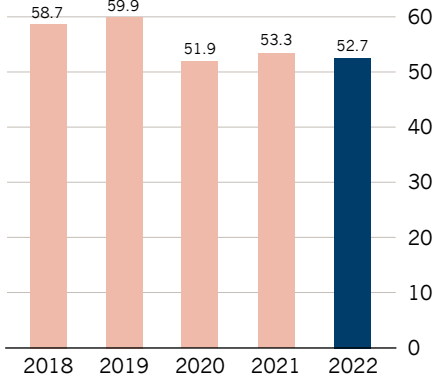


* The Board of Directors propose that a total distribution of EUR 0.17/share be paid for 2022.

Comparable ROI and ROE, %



Equity ratio, %

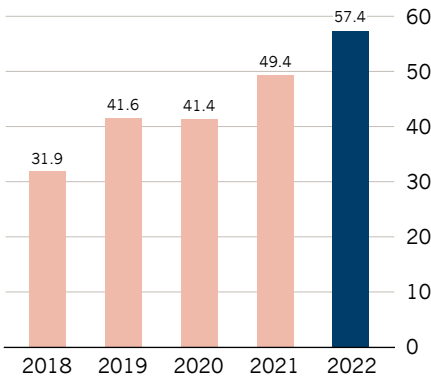


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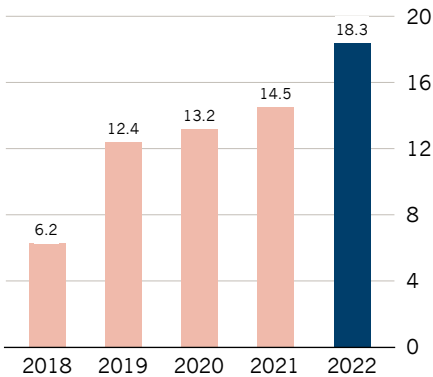
Fees and carry

The combined growth objective for the Management Company and Service businesses is more than 15 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€

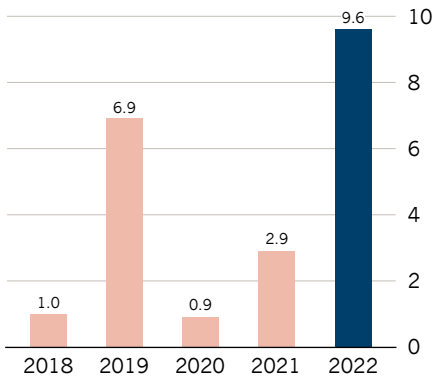


Comparable fee-based profitability*, M€



** Comparable operating profit of Management Company and Service Business excl. carried interest.*

Comparable carried interest income, M€

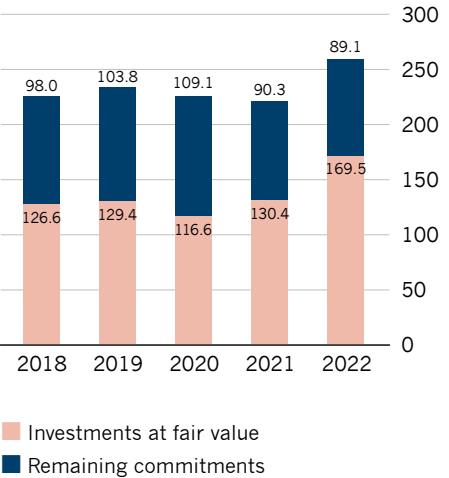


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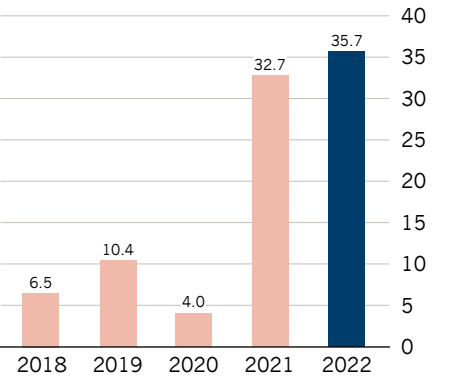
Investment business

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.

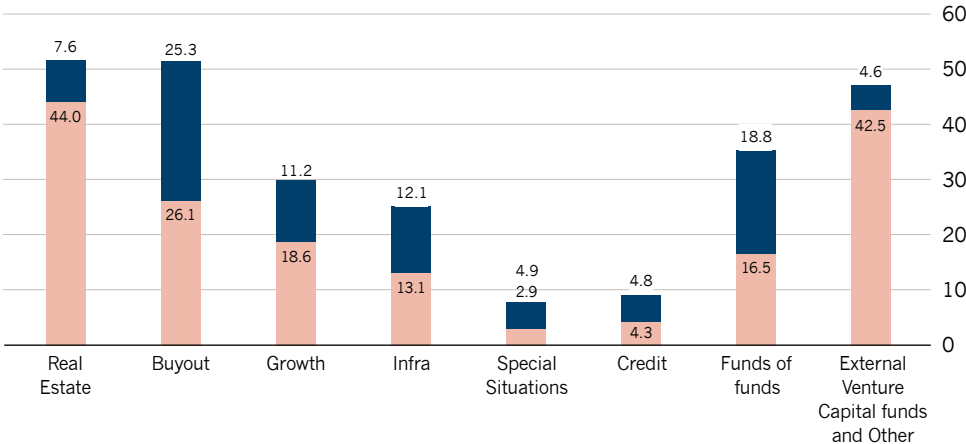
Investments and commitments, M€



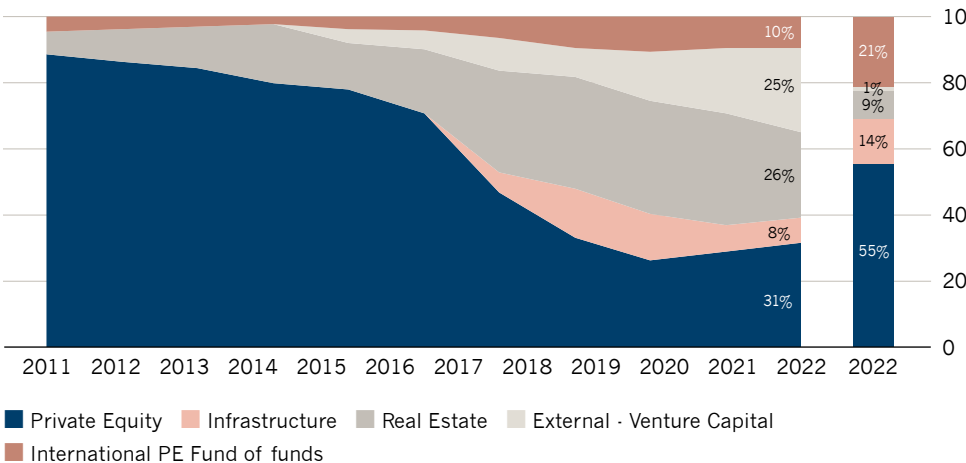
Comparable result impact of own investments, M€



Investments and commitments by type, 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 2022.

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Calculation of Key Ratios

Return on equity (ROE), %*	=	$\frac{\text{Profit / loss}}{\text{Shareholders' equity (average)}} \times 100$	
Return on investment (ROI), %	=	$\frac{\text{Profit / loss + income taxes + interest expenses and other financial expenses}}{\text{Balance sheet total - non-interest bearing debts (average)}} \times 100$	
Equity ratio, %	=	$\frac{\text{Total shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$	
Net gearing, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity}} \times 100$	
Earnings per share (EPS)	=	$\frac{\text{Profit/loss for the financial year - hybrid loan interest}}{\text{Share issue adjusted number of shares (average)}}$	
Shareholders' equity per share	=	$\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares at the end of the financial year}}$	
Dividend per share	=	$\frac{\text{Dividend paid in the financial year}}{\text{Share issue adjusted number of shares at the end of the financial year}}$	
Dividend per earnings, %	=	$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$	

* 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.

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Group Statement of Comprehensive Income (IFRS)

1,000 EUR	Note	2022	2021
Management fees		38,847	36,585
Sale of services		19,072	13,341
Carried interest		9,613	2,858
Turnover	2, 3	67,532	52,784
Material and services		-985	0
Other operating income	4	2	22
Employee benefit expenses	5	-34,571	-30,632
Depreciation and impairment	6	-4,180	-1,476
Other operating expenses	7	-11,236	-9,969
Fair value gains/losses of investments	9	36,547	33,912
Operating profit		53,108	44,642
Financial income and expenses	10	-5,475	-4,042
Profit before taxes		47,633	40,600
Income taxes	11	-6,585	-5,239
Profit for the financial year		41,049	35,362
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Translation difference		-295	-39
Total comprehensive income		40,754	35,322
Profit attributable to:			
Equity holders of the Company		39,616	34,320
Non-controlling interest		1,433	1,042
Total comprehensive income attributable to:			
Equity holders of the Company		39,321	34,281
Non-controlling interest		1,433	1,042
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share (basic), cents	12	25.1	21.9
Earnings per share (diluted), cents	12	24.8	21.4

The Notes are an integral part of the Financial Statements.

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Group Balance Sheet (IFRS)

1,000 EUR	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Tangible assets	14	3,571	1,754
Goodwill	15	7,886	15,314
Other intangible assets	16	100	459
Investments at fair value through profit and loss	17		
Investments in funds		169,063	130,011
Other financial assets		434	393
Receivables	18	5,545	10,066
Deferred tax assets	19	1,790	1,836
		188,389	159,834
Current assets			
Trade and other receivables	20	20,718	15,223
Financial assets at fair value through profit and loss	21	65	0
Cash and bank	22	55,571	65,207
		76,353	80,429
Assets held for sale	13	5,769	0
Total assets		270,512	240,263

1,000 EUR	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders			
Share capital	23	772	772
Share premium account		38,968	38,968
Other reserves		35,425	52,718
Translation difference		-582	-286
Retained earnings		65,473	33,607
Total capital attributable to the Company's equity holders		140,056	125,778
Non-controlling interests		2,088	1,616
Total equity		142,144	127,394
Non-current liabilities			
Deferred tax liabilities	19	8,418	4,627
Interest-bearing loans and borrowings	24	91,854	82,038
Other non-current liabilities	25	7,343	7,552
		107,615	94,217
Current liabilities			
Trade and other payables	26	18,446	16,722
Interest-bearing loans and borrowings	27	1,112	970
Current income tax liabilities		478	959
		20,036	18,652
Liabilities associated with assets held for sale	13	717	0
Total liabilities		128,367	112,869
Total equity and liabilities		270,512	240,263

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Group Statement of Changes in Equity (IFRS)

		Attributable to the equity holders of the Company						Non-controlling interests	
1,000 EUR	Note	Share capital	premium	Share account	Other reserves	Translation difference	Retained earnings		Total
Equity on 1 January 2021	23	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	23	772		38,968	52,718	-286	33,607	125,778	1,616
Profit for the year							39,616	39,616	1,433
Other comprehensive income for the year									
Currency translation differences						-295		-295	
Total comprehensive income for the year						-295	39,616	39,321	1,433
Performance Share Plan							-1,126	-1,126	
Dividends and return of capital					-17,297		-6,755	-24,052	-1,083
Transactions with non-controlling interests					4		131	135	122
Equity on 31 December 2022	23	772		38,968	35,425	-582	65,473	140,056	2,088

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Group Cash Flow Statement (IFRS)

1,000 EUR	Note	2022	2021
Cash flow from operations			
Profit for the financial year		41,049	35,362
Adjustments on cash flow statement	8	-17,632	-22,337
Change in working capital:			
Change in current non-interest-bearing receivables		-8,054	-1,545
Change in current trade payables and other non-interest-bearing liabilities		-2,215	6,087
Interest paid		-3,955	-3,971
Taxes paid		-3,149	-2,571
Cash flow from operations		6,044	11,025
Cash flow from investing activities			
Acquisition of subsidiaries		0	231
Proceeds from sale of subsidiaries		322	221
Investments in tangible and intangible assets		-333	-140
Investments at fair value through profit and loss		3,039	17,522
Long-term loan receivables granted		-844	-144
Receivables from long-term receivables		175	1,389
Interest received		83	91
Cash flow from investing activities		2,441	19,170

1,000 EUR	Note	2022	2021
Cash flow from financing activities			
Share issue		0	90
Proceeds from borrowings	28	39,791	140
Repayment of long-term loan	28	-31,520	0
Payment of lease liabilities		-1,189	-976
Dividends paid and return of capital		-25,073	-22,244
Cash flow from financing activities		-17,992	-22,990
Change in cash and cash equivalents			
		-9,507	7,205
Cash and cash equivalents at start of year		65,207	58,002
Translation difference		244	
Cash and cash equivalents at end of year	22	55,944	65,207

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Group information

CapMan's business comprise 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 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 2022 have been approved for publication by CapMan Plc's Board of Directors on February 1, 2023. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the financial statements and make decisions on amendments to them at the Annual General Meeting.

1. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in force at December 31, 2022 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 following amended standards and interpretations that have come into effect as of January 1, 2022. They had no impact on the consolidated financial statements.

- Amendments to standards IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets. These amendments provide further clarifications for a more consistent application of the standards, or update references.
- Annual Improvements 2018-2020. 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.

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

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

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

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for financial years beginning on or after January 1, 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for financial years beginning on or after January 1, 2023).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for financial years beginning on or after January 1, 2023).

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

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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 corner stone of its business purpose is to obtain capital from investors to its closed-end private equity funds and to provide investment management services to those funds to gain both capital appreciation and investment income. Direct investments represent a relatively small part compared to total assets under management. CapMan obtains funds from many external investors for investment purposes. Documented exit strategies exist for each fund's portfolio investments. Each fund's portfolio investments and the real estate investments are fair valued and such fair value information is provided both to the fund investors on reporting date and also for CapMan's internal management reporting purposes. In addition, management has assessed that the following characteristics further

support investment entity categorization: CapMan holds several investments itself in the funds, investments in the funds are held by several investors, the investors are not related parties and the investments are held mostly in form of equity.

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

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

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

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

Therefore, management has concluded that despite it from formal perspective exercises power over the funds by controlling the general partner of the fund, its actual operational ability is limited in the investment management mandate in a manner that the general partner is considers to act as an

agent. Furthermore, CapMan's exposure to variable returns from the fund and its power to affect the level of returns is very low for the reasons described above. Therefore, CapMan has determined that it does not have control over the funds under its management.

Subsidiaries

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

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

Associates

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

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

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Segment reporting

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

Translation differences

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

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

In the consolidated financial statements, the income statements of subsidiaries that use a functional currency other than the euro are translated into euros using the average rates for the accounting period. Their balance sheets are translated using the closing rate on the balance sheet date. All resulting exchange differences are recognised in other comprehensive income.

Translation differences caused by changes in exchange rates for the cumulative shareholders’ equity of foreign subsidiaries have been recognised in other comprehensive income.

Tangible assets

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

The estimated useful lives are as follows:

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

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

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

Intangible assets

Goodwill

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

Other intangible assets

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

Agreements and trademarks acquired in business mergers are booked at fair value at the time of acquisition. As they

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

The estimated useful lives are:

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

Impairment of assets

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

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

An impairment loss is recognised whenever the recoverable amount of an asset is below the carrying amount, and it is recognised in the income statement immediately. An impairment loss of a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generat-

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ing 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 or derivative 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 management by CapMan. The valuation of CapMan's funds' investment is based on International Private Equity and Venture Capital Valuation Guidelines (IPEVG) and IFRS 13.

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 measured 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, except for derivative instruments, which are used for a fair value hedge purpose. In these cases, the effectively hedging component of the derivative instrument's fair value change is recognised in the same line item as the hedged item's change in the statement of comprehensive income, and the remainder of the derivative's fair value change is recognised as a financing cost. CapMan uses derivative instruments, such as foreign currency forward contracts, to hedge against currency changes of foreign currency denominated trade receivables, but does not apply hedge accounting to these derivatives. In these cases, the change of fair value of the derivative instrument that offsets an equal change of the foreign currency denominated trade receivable, being the hedged item, is recognised on the same line item as the change of the hedge item, i.e. in turnover.

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.

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

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

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

Cash and cash equivalents

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

Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continued use. The recognition criteria are regarded to

be met when a sale is highly probable, the asset (or a disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary, the management is committed to the plan to sell the asset and the sale is expected to take place within one year from the date of classification.

As from the classification date, a non-current asset (or a disposal group) held for sale is measured at the lower of its carrying amount and fair value less costs of disposal. Once classified as held for sale, intangible and tangible assets are no longer amortised nor depreciated.

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, leasing liabilities and derivative liabilities. Financial liabilities are initially recognised at fair value. Transaction costs are reported in the initial book value of the financial liability. Financial liabilities, except for derivative liabilities, are subsequently carried at amortized cost using the effective interest method. Derivative liabilities are measured at fair value through profit or loss. 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 the share-based long-term incentive plan is measured at the grant date based on the starting share price of the plan, its assumed development during the vesting period, forfeiture rate and estimated dividends to be paid during the vesting period. The fair value is expensed on a straight-line

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basis over the vesting period. The accumulated amount expensed is adjusted, should the forfeiture rate change or should shares allocated to the plan be sold during the vesting period.

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 30. Share-based payments.

Revenue recognition

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

Management fees 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 man-

agement 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). Fee 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 includes a significant financing component. When determining the transaction price in these cases, the promised amount of consideration is adjusted for the effects of the time value of money and customer's credit characteristics.

Carried interest income

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

The recipients of carried interest in the private equity industry are typically the investment professionals responsible for a fund's investment activities. In CapMan's case, carried interest is split between CapMan Plc and funds' investment teams.

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 pref-

erential 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 callable 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.

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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 32.

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 15.

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2. Segment information

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

In the **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 and distributes software licences 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.

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.

CapMan has changed the turnover specification in segment reporting so that management and service fees are combined to a single line item Fee income as of the half-year report for the current year 2022.

2022

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Fee income	46,249	11,117		553	57,919
Carried interest	9,613				9,613
Turnover, external	55,861	11,117		553	67,532
Turnover, internal	83	534		-617	
Materials and services		-985			-985
Other operating income		2		0	2
Personnel expenses, of which	-21,414	-3,331	-459	-9,368	-34,571
Salaries and bonuses	-21,414	-3,331	-459	-6,641	-31,844
Share-based payment				-2,727	-2,727
Depreciation, amortisation and impairment	-947	-2,978	-10	-245	-4,180
Other operating expenses	-6,652	-1,114	-364	-3,106	-11,236
Internal service fees	-4,620	-231		4,851	0
Fair value changes of investments			36,547		36,547
Operating profit	22,312	3,015	35,714	-7,932	53,108
Items impacting comparability:					
Impairment of goodwill		2,600			2,600
Items impacting comparability, total		2,600			2,600
Adjusted operating profit	22,312	5,615	35,714	-7,932	55,708
Financial items					-5,475
Income taxes					-6,585
Profit for the period					41,049

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2022

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Items impacting comparability:					
Impairment of goodwill					2,600
Items impacting comparability, total					2,600
Adjusted profit for the period					43,649
Earnings per share, cents					25.1
Items impacting comparability, cents					1.7
Adjusted earnings per share, cents					26.8
Earnings per share, diluted, cents					24.8
Items impacting comparability, cents					1.6
Adjusted earnings per share, diluted, cents					26.4
Geographical distribution of turnover:					
Finland					38,032
Other countries					29,500
Total					67,532

2021

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Fee income	40,771	8,619		536	49,927
Carried interest	2,858				2,858
Turnover	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, amortisation and impairment	-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	13,193	4,173	32,698	-5,422	44,642
Financial items					-4,042
Income taxes					-5,239
Result 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

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3. Turnover

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

Management company business revenue is primarily related to long-term contracts. Management fees are typically recorded over time, whereas service fees include both transaction fees recorded at a point in time and other service fees, such as fees from wealth and asset management services, recorded over time. Carried interest is recognised at a point in time. Revenue from the Service business is based on both long-term and short-term contracts and includes solely fees recognised over time. Segment information disclosed in Note 2 provides more information on the businesses included in each reportable segment.

The below table disaggregates the revenue into management fees, fees from services and carried interest, as well as timing of revenue recognition by reportable segment.

2022

EUR 1,000	Management company business	Service business	Investment business	Other	Total
Management fees	38,847	0	0	0	38,847
Service fees	7,401	11,117	0	553	19,072
Carried interest	9,613	0	0	0	9,613
Revenue from customer contracts, external	55,861	11,117	0	553	67,532
Timing of revenue recognition:					
Services transferred over time	45,622	11,117		553	57,293
Services transferred at a point in time	10,239				10,239
Revenue from customer contracts, external	55,861	11,117		553	67,532

2021

EUR 1,000	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
Revenue from customer contracts, external	43,629	8,619		536	52,784
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

4. Other operating income

EUR 1,000	2022	2021
Other items	2	22
Total	2	22

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5. Employee benefit expenses

EUR 1,000	2022	2021
Salaries and wages	27,170	25,553
Pension expenses - defined contribution plans	3,894	3,564
Share-based payments	2,727	787
Other personnel expenses	780	728
Total	34,571	30,632

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

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

Average number of people employed

	2022	2021
By country		
Finland	141	125
Sweden	25	25
Denmark	8	5
Norway	2	1
Luxembourg	2	1
United Kingdom	7	4
In total	186	161
By segment		
Management company business	109	92
Service business	30	30
Investment business and other	46	39
In total	186	161

6. Depreciation

EUR 1,000	2022	2021
Depreciation by asset type		
Intangible assets		
Other intangible assets	396	447
Total	396	447
Tangible assets		
Machinery and equipment	73	65
Right-of-use assets, buildings (IFRS 16)	1,097	932
Right-of-use assets, machinery and equipment (IFRS 16)	14	32
Total	1,184	1,029
Total depreciation	1,580	1,476
Impairment by asset type		
Goodwill	2,600	
Total impairments	2,600	

7. Other operating expenses

EUR 1,000	2022	2021
Included in other operating expenses:		
Other personnel expenses	1,474	1,062
Office expenses	539	542
Travelling and entertainment	1,218	542
External services	5,551	5,740
Other operating expenses	2,454	2,083
Total	11,236	9,969
Short-term lease expense (IFRS 16)	97	236
Expense for leases of low-value assets (IFRS 16)	190	134

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Audit fees

Ernst & Young chain of companies:

EUR 1,000	2022	2021
Audit fees	361	293
Other fees and services	12	10
Total	373	303

Non-audit services performed by Ernst & Young in 2022 was 12 thousand euros (2021: 10 thousand euros in total) and consisted of other fees and services in total.

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

EUR 1,000	2022	2021
Personnel expenses	2,727	787
Depreciation, amortisation and write-downs	4,180	1,476
Fair value gains/losses of investments	-36,547	-33,912
Finance income and costs	5,475	4,042
Taxes	6,585	5,239
Other adjustments	-52	32
Total	-17,632	-22,337
Total cash outflow for leases (IFRS 16)	-1,263	-1,020

9. Fair value gains/losses of investments

EUR 1,000	2022	2021
Investments at fair value through profit and loss		
Investments in funds	36,547	33,857
Market portfolio	0	55
Total	36,547	33,912

10. Finance income and costs

EUR 1,000	2022	2021
Finance income		
Interest income from loan receivables	104	171
Exchange gains	491	142
Change in fair value of financial liabilities	250	0
Total	845	313
Finance costs		
Interest expenses for loans	-4 139	-3 390
Change of expected credit losses	-1 670	41
Change in fair value of financial liabilities	0	-414
Other interest and finance expenses	-437	-547
Interest expense of lease liabilities (IFRS 16)	-74	-44
Total	-6 320	-4 354

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11. Income taxes

EUR 1,000	2022	2021
Current income tax	2,611	2,653
Taxes for previous years	131	155
Deferred taxes		
Temporary differences	3,842	2,431
Total	6,584	5,239
Income tax reconciliation		
Profit before taxes	47,633	40,600
Tax calculated at the domestic corporation tax rate of 20%	9,527	8,120
Effect of different tax rates outside Finland	78	110
Tax exempt income	-4,622	-2,638
Performance share plan	-225	157
Goodwill impairment	520	
Other non-deductible expenses	690	219
Unrecognized tax assets on tax losses and use of previously unrecognised tax losses	599	-851
Taxes for previous years	131	155
Other differences	-113	-33
Income taxes in the Group Income Statement	6,585	5,239

12. Earnings per share

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

	2022	2021
Profit attributable to the equity holders of the Company, € ('000)	39,616	34,320
Profit applied to calculate diluted earnings per share	39,616	34,320
Weighted average number of shares ('000)	157,560	156,580
Treasury shares ('000)	-26	-26
Weighted average number of shares ('000)	157,534	156,553
Effect of share-based incentive plans ('000)	2,170	3,994
Weighted average number of shares adjusted for the effect of dilution ('000)	159,704	160,547
Earnings per share (basic), cents	25.1	21.9
Earnings per share (diluted), cents	24.8	21.4

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13. Assets held for sale

On December 22, 2022, CapMan Plc and the non-controlling shareholders of JAY Solutions Oy, subsidiary of CapMan Plc, signed an agreement to sell their ownership of JAY Solutions Oy to Bas Invest AB and to the management of JAY Solutions Oy. The transaction was closed on February 1, 2023. CapMan had an ownership interest of 60% in JAY Solutions Oy, but the subsidiary was consolidated in full without separating non-controlling interest because of a symmetric option arrangement. Resulting from the sale, CapMan classified assets and liabilities related to JAY Solutions Oy as non-current assets held for sale under IFRS 5 on December 31, 2022. In conjunction with this, CapMan valued these net assets to the lower of their carrying amount and their fair value less costs on disposal and resulting from this, recorded an impairment loss of EUR 2.6 million to goodwill allocated to JAY Solutions in the financial year 2022 (see Note 15 for details). Impairment loss is reported under reportable segment Service Business (see Note 2), where JAY Solutions' assets and liabilities held for sale are included. The sale of shares is not expected to have a significant impact on CapMan's operating profit or financial position in 2023.

Assets and liabilities related to JAY Solutions Oy have been classified as held for sale and disclosed separately in the Consolidated Balance Sheet. The carrying amounts of those assets and liabilities are presented in the below table:

	2022	2021
Goodwill	4,828	
Other non-current assets	134	
Current assets	807	
Assets held for sale	5,769	
Current liabilities	717	
Liabilities associated with assets held for sale	717	

14. Tangible assets

EUR 1,000	2022	2021
Machinery and equipment		
Acquisition cost at 1 January	2,347	2,389
Additions	168	9
Transfers	0	-51
Transfer to assets held for sale	-8	0
Translation difference	-9	0
Disposals	0	0
Acquisition cost at 31 December	2,498	2,347
Accumulated depreciation at 1 January	-2,183	-2,118
Transfer to assets held for sale	-73	-65
Depreciation for the financial year	3	0
Translation difference	7	0
Accumulated depreciation at 31 December	-2,246	-2,183
Book value on 31 December	252	164
Right-of-use assets		
Machinery and equipment (IFRS 16)		
Additions	0	12
Depreciations	-14	-32
Book value on 31 December	10	24
Leased premises (IFRS 16)		
Additions	2,840	194
Depreciations	-1,097	-932
Book value on 31 December	3,285	1,543
Other tangible assets		
Acquisition cost at 1 January	23	23
Book value on 31 December	23	23
Tangible assets total	3,571	1,754

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15. Goodwill

EUR 1,000	2022	2021
Acquisition cost at 1 January	28,009	28,009
Transfer to assets held for sale	-7,428	0
Acquisition cost at 31 December	20,581	28,009
Accumulated impairment at 1 January	-12,695	-12,695
Impairment	-2,600	0
Transfer to assets held for sale	2,600	
Accumulated impairment at 31 December	-12,695	-12,695
Book value on 31 December	7,886	15,314

Impairment test

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

EUR 1,000	2022	2021
CapMan Wealth Services	7,412	7,412
JAY Solutions	4,828	7,428
Other	474	474
Total	12,714	15,314

JAY Solutions

As JAY Solutions is considered an asset held for sale as at December 31, 2022, its recoverable amount is based on fair value less costs of disposal in the goodwill impairment test. Because the expected selling price of JAY Solutions's shares less their disposal costs is lower than its carrying amount, an impairment loss of EUR 2.6 million was recorded and reported on the line item Depreciation, amortisation and impairment in the consolidated income statement and in reportable segment Service Business (see Note 2). The fair value of JAY Solutions is classified in the fair value hierarchy level 1, as it is based on the selling price agreed in the Share Purchase Agreement.

In the previous year, impairment test of JAY Solutions was based on value-in-use and no impairment losses were recognised. The table further below discloses the key assumptions applied in the previous year's impairment test.

CapMan Wealth Services

Recoverable amount of CapMan Wealth Services 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. Based on the impairment test, goodwill allocated to CapMan Wealth Services was not impaired.

Key assumptions applied in the impairment test based on value-in-use are set forth in the table below:

EUR 1,000	2022	2021	
	CapMan Wealth Services	CapMan Wealth Services	JAY Solutions
Pre-tax discount rate	17.8%	8.9%	10.6%
Average turnover growth	20.8%	18.3%	37.2%
Average EBIT margin	50.6%	48.1%	38.4%
Terminal growth rate	1.0%	1.0%	1.0%

Discount rate takes into account listed domestic asset and wealth managers as a benchmark group. Cost of equity includes risk premiums for Finland and company size. These both have increased during the financial year. As a risk-free rate, a reference rate of Finnish 10-year government bonds has been applied, and it has increased as well during the year. The beforementioned facts results in a significantly higher discount rate for 2022 than for 2021.

Of key assumptions applied in this year's impairment test, 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 18 percentage points lower, recoverable amount would equal the carrying amount of the respective cash-generating unit. At the moment, recoverable amount exceeds carrying amount by EUR 22 million, and no reasonably possible change in any of the other key assumptions would lead to impairment.

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16. Other intangible assets

EUR 1,000	2022	2021
Acquisition cost at 1 January	6,944	6,762
Additions	166	131
Transfers	0	51
Transfer to assets held for sale	-494	0
Acquisition cost at 31 December	6,616	6,944
Accumulated depreciation at 1 January	-6,484	-6,037
Depreciation for the financial year	-396	-447
Transfer to assets held for sale	364	0
Accumulated depreciation at 31 December	-6,516	-6,484
Book value on 31 December	100	459

17. Investments at fair value through profit or loss

Investments in funds

EUR 1,000	2022	2021
Investments in funds at 1 January	130,011	116,066
Additions	29,312	19,750
Distributions	-27,598	-40,047
Disposals	-1	0
Fair value gains/losses of investments	36,685	34,135
Transfers	654	107
Investments in funds at 31 December	169,063	130,011
Investments in funds by investment area at the end of period*		
Buyout	26,107	10,926
Credit	4,285	1,821
Russia	307	3,368
Real Estate	44,024	43,965
Growth Equity	18,573	19,040
Infra	12,810	10,543
Special Situations	2,925	1,853
Fund of funds	16,463	12,303
External Venture Capital funds	42,459	25,588
Other investment areas	1,110	604
Total	169,063	130,011

* The division of investment areas has been changed

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 99.4 million. The fair value included EUR 0.8 million of cash.

Other financial assets

EUR 1,000	2022	2021
Other investments at 1 January	393	191
Additions	46	202
Fair value gains/losses of investments	-5	0
Other investments at 31 December	434	393

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18. Receivables - Non-current

EUR 1,000	2022	2021
Trade receivables	5,188	5,661
Loan receivables	263	1,731
Interest receivables	0	135
Other receivables	83	2,539
Accrued income	12	0
Total	5,545	10,066

Non-current trade receivables are related to previously offered 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 0.2 million from Äkäs Capital Oy, a related party of CapMan Plc.

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.

As at December 31, 2022, loss allowance measured at an amount equal to lifetime expected credit losses is fully related to credit-impaired loan receivables from entities controlled by the former or current investment teams, and granted for making co-investments in funds managed by CapMan. The most significant credit-impaired loan receivables are from entities controlled by the former CapMan Russia investment team. CapMan has determined these loan receivables being credit-impaired, because the underlying funds have filed for liquidation and it seems not probable that the loans and accrued interests would be repaid to CapMan in full. The other credit-impaired loan receivables are related to loans granted to making co-investments to such funds, whose carry potential is estimated to be low, and therefore, CapMan has determined it seems not probable that the borrowing entity would repay these loans and accrued interests in full.

As at December 31, 2021, the allowance measured at an amount equal to lifetime expected credit losses was related to loan receivables granted to entities controlled by investment teams, of which credit risk had increased significantly since initial recognition."

EUR 1,000	2022	2021
Loan receivables, gross	1,848	1,805
Loss allowance, 12-month ECL*	-4	-1
Loss allowance, lifetime ECL*	-1,581	-73
Loan receivables, net	263	1,731

*ECL = expected credit losses

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

19. Deferred tax assets and liabilities

Changes in deferred taxes during 2022:

EUR 1,000	31.12.2021	Charged to Income Statement	Translation difference	Charged in equity	31.12.2022
Deferred tax assets					
Accrued differences	1,836	-46	0	0	1,790
Total	1,836	-46	0	0	1,790
Deferred tax liabilities					
Accrued differences	582	684	-5	0	1,261
Unrealised fair value changes	4,045	3,112	0	0	7,157
Total	4,627	3,796	-5	0	8,418

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Changes in deferred taxes during 2021:

EUR 1,000	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

20. Trade and other receivables

EUR 1,000	2022	2021
Trade receivables	8,661	6,002
Loan receivables	815	280
Accrued income	1,648	1,305
Other receivables	9,593	7,637
Total	20,717	15,224

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

EUR 1,000	2022	2021
Trade receivables, gross	8,770	6,076
Loss allowance	-109	-74
Trade receivables, net	8,661	6,002

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

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

Loan receivables include mainly current loan receivables from related parties and other employees. Accrued income includes mainly prepayments.

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

Trade and other receivables by currency at end of year

Trade and other receivables	Amount in foreign currency	Amount in euros	proportion
EUR		17,622	68%
USD	6,751	6,330	24%
SEK	14,258	1,282	5%
GBP	19	21	0%
DKK	5,634	758	3%
NOK	2,515	239	1%

21. Financial assets at fair value through profit or loss

EUR 1,000	2022	2021
Fair value of derivative instruments		
Foreign exchange forwards	65	
Total	65	
Nominal value of derivative instruments		
Foreign exchange forwards	6,327	
Total	6,327	

Financial assets at fair value through profit or loss include derivative assets. CapMan uses short-term derivative instruments to hedge against currency changes in foreign currency denominated trade receivables. CapMan does not apply hedge accounting to derivative instruments and derivatives are initially measured at costs and thereafter to fair value at the end of the reporting period. Fair values of derivatives are based on market values or values derived from market values at the end of the reporting period (fair value hierarchy level 2). Translation difference incurred to foreign currency denominated trade receivables is recognised to turnover and that fair value change of the derivative instrument that is effectively hedging the underlying trade receivable, is recorded to turnover and the remainder of the derivative's fair value change is recorded to financial expenses. In the comparison period, no derivative instruments were used.

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22. Cash and cash equivalents

EUR 1,000	2022	2021
Bank accounts	55,571	65,207
Total	55,571	65,207

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.

Because of some assets classified as asset held for sale (see Note 13), below reconciles the cash and cash equivalents reported in the balance sheet to the cash and cash equivalents reported in the cash flow statement:

EUR 1,000	2022	2021
Cash and cash equivalents in the balance sheet	55,571	65,207
Cash and cash equivalents related to assets held for sale	373	
Cash and cash equivalents in the cash flow statement	55,944	65,207

23. Share capital and shares

Movements in the number of shares ('000):	Number of B shares	Total
At 1 January 2021	156,433	156,433
Share subscriptions with options	158	158
At 31 December 2021	156,591	156,591
Directed share issue without payment	1,438	1,438
At 31 December 2022	158,029	158,029

EUR 1,000	Share capital	Share premium account	Other reserves	Total
At 1 January 2021	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
Repayment of capital			-17,297	-17,297
At 31 December 2022	772	38,968	35,421	75,161

Other reserves

During the financial year, in conjunction with the partial early payment of the vested reward shares in performance share plan 2020-23, a total of 1,437,675 shares were issued in a directed share issue without payment. During the current and previous financial year, repaid capital was deducted from the unrestricted equity fund. During the previous financial year, additionally shares subscribed with option rights were recorded to the unrestricted equity fund.

Share-based incentive plans are presented in Note 30. Share-based payments.

Translation difference

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

Dividends paid and proposal for profit distribution and repayment of capital

For the financial year 2021, dividend and repayment of invested unrestricted equity fund amounted to EUR 0.15 per share or EUR 23.6 million in total. Dividend and equity repayment was paid in two instalments, the first of which, amounting to EUR 12.5 million, was paid on March 25, 2022, and the second of which, amounting to EUR 11.1 million, was paid on September 23, 2022.

The Board of Directors will propose to the Annual General Meeting to be held on 15 March 2023 that a dividend of EUR 0.08 per share, equivalent to a total of approx. EUR 12.6 million, and a repayment of invested unrestricted equity fund of EUR 0.09 per share, equivalent to a total of approx. EUR 14.2 million, would be paid to the shareholders. The aggregate amount of proposed dividends and repayment of invested unrestricted equity fund would be approx. EUR 26.9 million, and it is proposed to be paid in two instalments six months apart.

Ownership and voting rights agreements

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 2022 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.

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Distribution of shareholdings by number of shares and sector as at 31 December 2022

Shareholding	Number of Owners	%	Number of shares	%
1–1,000	19,788	64.65%	7,124,642	4.51%
1,001–10,000	9,498	31.03%	29,657,736	18.76%
10,001–100,000	1,212	3.96%	28,547,184	18.06%
100,001–500,000	83	0.27%	16,531,200	10.46%
500,001–1,000,000	9	0.03%	6,558,320	4.15%
1,000,001–	17	0.06%	65,951,346	41.73%
Anonymous ownership	0	0.00%	3,684,540	2.33%
Total	30,607	100.00%	158,054,968	100.00%
of which Nominee registered			6,654,876	4.21%
On the book-entry register joint account			18,709	0.01%

Sector	Number of shares and votes	%
Finnish Private Individuals	84,539,873	53.49%
Other	44,577,066	28.20%
Pension & Insurance	18,009,917	11.39%
Fund company	5,913,507	3.74%
Foundation	1,303,766	0.82%
Treasury Shares	26,299	0.02%
Anonymous ownership	3,684,540	2.33%
Total	158,054,968	100.00%
of which Nominee registered	6,654,876	4.21%
On the book-entry register joint account	18,709	0.01%

Source: EuroClear Finland Ltd, as at 31 December 2022. Figures are based on the total number of shares 158,054,968 and total number of shareholders 30,620. CapMan Plc had 26,299 shares as at 31 December 2022.

CapMan's largest shareholders as at 31 December 2022

	Number of shares and votes	Proportion of shares, %
Silvertärnan Ab	21,280,519	13.46%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	9,650,326	6.11%
Mikko Laakkonen	6,478,320	4.10%
Keskinäinen työeläkevakuutusyhtiö Varma	3,675,215	2.33%
Joensuun Kauppa ja Kone Oy	3,289,502	2.08%
Vesasco Oy	3,088,469	1.95%
Valtion Eläkerahasto	2,500,000	1.58%
Momea Invest Oy	2,150,000	1.36%
Hannu Laakkonen	1,992,742	1.26%
Laine Capital Oy	1,523,348	0.96%
Total	55,628,441	35.19%
Nominee registered	6,654,876	4.21 %
Shareholdings of management	5,873,426	3.72 %

CapMan has not received any flagging notifications during year 2022. An up-date information of all flagging notifications can be found at www.capman.com

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

EUR 1,000	2022	2021
Senior bonds	89,650	81,235
Capital loans	0	120
Lease liabilities (IFRS 16)	2,204	683
Total	91,854	82,038

On April 13, 2022, CapMan issued unsecured sustainability-linked notes in the aggregate principal amount of EUR 40 million. The notes will mature on April 13, 2027 and carry initially a fixed annual interest of 4.5%. In conjunction with this, CapMan redeemed the remaining EUR 31.5 million of its notes issued in 2018. These notes carried a fixed annual interest of 4.125% that was paid semi-annually. CapMan also has unsecured notes in the aggregate principal amount of EUR 50 million issued in December 2020, which will mature on December 9, 2025 and carry a fixed annual interest of 4.0% paid annually. Both loan agreements include covenants related to equity ratio.

25. Other non-current liabilities

EUR 1,000	2022	2021
Acquisition related liabilities	6,933	7,183
Other liabilities	410	369
Total	7,343	7,552

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.

26. Trade and other payables - Current

EUR 1,000	2022	2021
Trade payables	1,167	1,230
Advance payments received	571	1,200
Accrued expenses	12,994	10,947
Other liabilities	3,714	3,346
Total	18,446	16,722

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		14,311	78%
SEK	24,294	2,184	12%
GBP	774	873	5%
DKK	7,140	960	5%
NOK	1,233	117	1%

27. Interest-bearing loans and borrowings - Current

EUR 1,000	2022	2021
Short-term bank facility		
Lease liabilities (IFRS 16)	1,060	930
Liabilities to non-controlling interests	52	40
Total	1,112	970

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28. Financial assets and liabilities

Financial assets 2022

EUR 1,000	Note	Balance sheet value	Fair value
Investments at fair value through profit or loss			
Investments in funds	17	169,063	169,063
Other financial assets*	17	434	434
Loan receivables	18	1,078	1,078
Trade and other receivables	18, 20	25,185	25,185
Financial assets at fair value	21	65	65
Cash and bank	22	55,571	55,571
Total		251,396	251,396

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

Financial assets 2021

EUR 1,000	Note	Balance sheet value	Fair value
Investments at fair value through profit or loss			
Investments in funds	17	130,011	130,011
Other financial assets*	17	393	393
Loan receivables		1,731	1,731
Trade and other receivables	20	20,885	20,885
Cash and bank	22	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 liabilities 2022

EUR 1,000	Note	Balance sheet value	Fair value
Non-current liabilities	24	91,854	91,854
Non-current operative liabilities	25	7,343	7,343
Trade and other liabilities	26	18,446	18,446
Current liabilities	27	1,112	1,112
Total		118,755	118,755

Financial liabilities 2021

EUR 1,000	Note	Balance sheet value	Fair value
Non-current liabilities	24	82,038	82,038
Non-current operative liabilities	25	7,552	7,552
Trade and other liabilities	26	16,722	16,722
Current liabilities	27	970	970
Total		107,282	107,282

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Net debt

EUR 1,000	2022	2021
Cash and cash equivalents	55,571	65,207
Borrowings - repayable within one year	-1,112	-970
Borrowings - repayable after one year	-91,854	-82,038
Net debt	-37,395	-17,801
Cash and cash equivalents	55,571	65,207
Gross debt - variable interest rates	-3,196	-1,653
Gross debt - fixed interest rates	-89,770	-81,355
Net debt	-37,395	-17,801

Changes in liabilities arising from financing activities

2022 EUR 1,000	January 1, 2022	Cash flows	Liabilities associated with assets held for sale	Other changes	December 31, 2022
Non-current loans and borrowings	81,354	8,259	-120	157	89,650
Non-current lease liabilities	683	-1,125		2,646	2,204
Current loans and borrowings	40	12			52
Current lease liabilities	930	-64		194	1,060
Total	83,007	7,082	-120	2,997	92,966

2021 EUR 1,000	January 1, 2021	Cash flows	Other changes	December 31, 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

29. Commitments and contingent liabilities

Securities and other contingent liabilities

EUR 1,000	2022	2021
Contingencies for own commitment		
Business mortgage	60,000	60,000
Other contingent liabilities	2,062	2,365
Remaining commitments to funds by investment area		
Buyout	25,273	35,871
Credit	4,768	2,438
Russia	1,066	1,066
Real Estate	7,577	10,558
Other investment areas	2,181	3,554
Funds of funds	245	245
Growth Equity	11,171	11,298
Infra	12,127	4,952
Special Situations	4,853	3,135
CapMan Wealth Services funds	13,868	8,794
External private equity funds	4,665	6,205
External Vecture Capital funds	1,316	2,224
Total	89,110	90,340

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30. Share-based payments

As at the balance sheet date, CapMan has two investment based long-term share-based incentive plans (“Share plan 2020-2023” and “Share plan 2022-25”) in force. 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 2020-23 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. An early payment of the vested reward shares was conducted in April 2022, but irrespective of this, the plan will remain in force until the end of its performance period on 31 March 2023 in line with the original terms. The early payment and the change in the forfeiture rate resulted in an EUR 1.1 million additional expense for 2022 and EUR 0.7 million increase in the plan’s fair value. The rest of the rewards will be paid in 2023. The plan is equity-settled by nature and while the participants earn a certain gross amount of reward shares, it can be partially paid in cash to cover the withholding tax consequences. 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 investment-based long-term incentive plan 2022-25 includes three performance periods. The performance period commenced on 1 April 2022 and will end on 31 March 2023, 2024 and 2025, respectively. The participants may earn a performance-based reward from each of the per-

formance periods and a matching reward from the 2022-2025 period. The rewards from the plan will be paid in 2024, 2025 and 2026. The aim of the plan is to align remuneration with CapMan’s sustainability agenda, to retain the plan participants in the company’s service, and to offer them a competitive reward plan based on owning, earning and accumulating the company’s shares. 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 plan is equity-settled by nature and while the participants earn a certain gross amount of reward shares, it can be partially paid in cash to cover the withholding tax consequences. 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 22 persons, including the members of the Management Group.

The fair value of the investment-based incentive plans 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, lack of marketability due to the lock-up period as well as forfeiture rate have been incorporated into the measurement of the fair value as decreasing factors.

The total expense recognised for the period arising from share-based payment transactions amounted to EUR 2.7 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 and 2022-25, the shares to be withheld and paid in cash to cover withholding tax liabilities will amount to EUR 2.6 million.

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Key information on the investment-based incentive plans is presented in the below table.

Investment-based incentive plans

	Share plan 2020–2023	Share plan 2022–2025
Grant date	16.4.2020	13.4.2022
Vesting period starts	16.4.2020	13.4.2022
Vesting period ends	31.8.2023	13.4.2024, 13.4.2025 and 13.4.2026
Grant date share price, EUR	1.764	2.420
Share price at the end of the period, EUR	2.705	2.705
Expected annualised volatility	27%	26%
Assumed risk-free interest rate	0.0%	1.0%
Present value of the expected dividends, EUR	0.45	0.63
Forfeiture rate assumption	0%	0%
Increase in fair value of share premiums granted during the period	0.7	3.3
Fair value of the plan, EUR million	3.4	3.3
Expense recorded during the financial year, EUR million	2.0	0.8
Cumulative expense recorded for the plan, EUR million	3.3	0.8
Future cash payment related to withholding taxes, EUR million	-1.0	-1.5
Number of participants in the plan	19	20

Changes in the number of share rewards during the period

	Share plan 2020–2023	Share plan 2022–2025
Outstanding in the beginning of the period 1.1.2022	4,417,500	0
Granted	0	3,980,848
Forfeited	15,000	42,500
Exercised	2,917,500	0
Expired	0	0
Exercised at the end of the period 31.12.2022	2,917,500	0
Outstanding at the end of the period 31.12.2022	1,485,000	3,938,348

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31. Related party disclosures

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
CapMan Plc, parent company	Finland		
CapMan Capital Management Oy	Finland	100%	100%
CapMan Sweden AB	Sweden	100%	100%
CapMan AB	Sweden	100%	100%
CapMan (Guernsey) Limited	Guernsey	100%	100%
CapMan (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%
RG Growth (Guernsey) GP Ltd	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%
RG Growth (Guernsey) II GP Ltd	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 Real Estate UK Limited	United Kingdom	100%	
Nest Capital 2015 GP Oy	Finland	100%	100%
Kokoelmakeskus GP 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%

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
CapMan Infra Lux Management S.á.r.l.	Luxembourg	60%	
CapMan Growth Equity 2017 GP 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	93%	93%
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	56%	
Maneq 2010 AB	Sweden	86%	86%
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%
CM Nordic Gems GP Oy	Finland	100%	100%
CMH II Feeder GP Sarl	Luxembourg	100%	100%
CapMan Nordic Infrastructure II Manager S.á.r.l.	Luxembourg	100%	100%
CMNPI GP II Sarl	Luxembourg	100%	100%
Foreign branches			
CapMan Real Estate Denmark, filial av CapMan AB, Sverige	Denmark	100%	
CapMan Real Estate Oy, filial i Norge	Norway	100%	
CapMan Procurement Services (CaPS) Oy, filial i Sverige	Sweden	93%	
CapMan Buyout Management Oy, filial i Sverige	Sweden	70%	
CapMan Infra Management Oy, filial i Sverige	Sweden	60%	

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Transactions with related parties

In 2022, CapMan issued a long-term loan of EUR 210 thousand with a fixed interest rate to Äkäs Capital Oy, a controlled entity of Maximilian Marschan, member of the Management Group. Äkäs Capital Oy used the loan to purchase an additional 1.5% ownership share in CapMan Procurement Services (CaPS) Oy, a subsidiary of CapMan Plc. In 2021, CapMan Plc sold an ownership interest of 0.5% in CapMan Procurement Services (CaPS) Oy to Äkäs Capital Oy. The selling price was approximately EUR 50 thousand. Further, in 2021, Silverage Holdings Oy, a controlled entity of Christian Borgström, member of the Management Group, issued a capital loan of EUR 120 thousand with fixed interest rate to JAY Solutions Oy, a subsidiary of CapMan Plc.

Receivables from and liabilities to related parties

1 000 EUR	2022	2021
Loan receivables, non-current, from related parties	235	9
Capital loan liability to related parties	120	120

Commitments to related parties

1 000 EUR	2022	2021
Loan commitments	112	66

Management remuneration

1 000 EUR	2022	2021
CEO Joakim Frimodig		
Salaries and other short-term employee benefits	453	376
Pension costs	80	65
Additional pension costs	45	38
Share-based payments	793	236
Total	1,371	715
Management group excl. CEO		
Salaries and other short-term employee benefits	3,483	3,135
Share-based payments	1,106	382
Total	4,590	3,517

Remuneration and fees

1 000 EUR	2021	2020
Andreas Tallberg	69	68
Johan Bygge as of March 17, 2021	44	34
Peter Ramsay until March 17, 2021		11
Mammu Kaario	55	55
Catarina Fagerholm	45	45
Eero Heliövaara until March 16, 2022	11	43
Olli Liitola	42	42
Johan Hammarén	42	42
Total	309	341

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 660,000 shares (785,000 shares in 2021) to the investment-based long-term incentive plan 2020-23 and 740,000 shares to the investment based long-term incentive plan 2022-25. The Management Group members were not granted any stock options. The Management Group and other employees have similar terms in the investment-based long-term incentive plans and stock options granted earlier.

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32. Financial risk management

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

The 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 fulfilled.

The Group has a Risk and Valuation 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 Risk and Valuation team is responsible for reviewing the monthly reporting and forecasts for portfolio companies. Valuation proposals are examined by the Risk and Valuation team and subsequently reviewed and decided by the Valuation Committee, which comprises at least Valuation Controller, Risk Manager and at least one CapMan AIF Manager's Board of Directors. 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.

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 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 December 31, 2022, the undrawn commitments to the funds amounted to EUR 89.1 million (90.3) and the financing capacity available (cash available for use and third party financing facilities) amounted to EUR 73.8 million (83.2). The cash available includes the cash of CapMan Fund Investments SICAV-SIF EUR 0.8 million (0.2) which is reported in fund investments in the group balance sheet.

On April 13, 2022, CapMan issued unsecured sustainability-linked notes in the aggregate principal amount of EUR 40 million. The notes will mature on April 13, 2027 and carry initially a fixed annual interest of 4.5%. In conjunction with this, CapMan redeemed the remaining EUR 31.5 million of its notes issued in 2018. These notes carried a fixed annual interest of 4.125% that was paid semi-annually. CapMan also has unsecured notes in the aggregate principal amount of EUR 50 million issued in December 2020, which will mature on December 9, 2025 and carry a fixed annual interest of 4.0% paid 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 of EUR 20 million. CapMan has not used the credit facility during the financial year or the previous year. The long-term credit facility agreement includes a covenant related to net gearing.

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Maturity analysis

31 December 2022

1 000 EUR	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			50,000	40,000	
Accounts payable	1,167				
Interests, bonds		3,800	7,474	2,303	
Company acquisitions liabilities			6,933		
Commitments to funds	0	11,544	6,779	590	70,198
Lease liabilities (IFRS 16)	323	976	1,089	876	

31 December 2021

1 000 EUR	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
Lease liabilities (IFRS 16)	237	686	689		

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b) Interest rate risk

At the end of the financial year, interest-bearing liabilities carry 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 or the previous year. The interest rate of the credit facility is the aggregate of the reference rate (Euribor) and the margin, which is dependent on the Group's net gearing and is in the range of 1.75 % to 2.70 %.

The sustainability-linked senior bond issued in April 2022 carry initially an annual coupon rate of 4.500% paid annually. Failure to fulfill the agreed sustainability-linked targets by the end of 2023 could increase the interest rate by 0.500 %-points, at maximum, for the remainder of the loan term.

The senior bond issued in December 2020 carry a coupon rate of 4.000% p.a., which is paid once a year.

Loans according to interest rate

1 000 EUR	2022	2021
Floating rate	0	0
Fixed rate	89,770	81,355
Total	89,770	81,355

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. CapMan has some credit-impaired co-investment loan receivables from entities controlled by the former or current investment teams. Co-investment loans are determined to be credit-impaired, if the expected distributions from the underlying fund would not enable full repayment of the loan to CapMan. Events triggering an evaluation to determine, if a loan receivable is credit-impaired, are typically decreased or lost carry potential or decreased fair value of the underlying fund's remaining investments or fund filing for liquidation. More information on the expected credit losses of receivables is presented in notes 18 and 20.

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. Apart from credit-impaired loan receivables, credit risk of loan commitments is deemed low, when the repayment is subject to distributions received from the fund and the fund is capable of making distributions equaling or exceeding the needed cash for repaying the loans and accrued interests.

d) Currency risk

Changes in exchange rates, particularly between the US dollar 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 value gains or US dollar fund investments and revenue related to US dollar nominated account receivables.

CapMan has started to hedge its US dollar nominated account receivables against changes in exchange rates as of December 2022, and therefore, hedging will have a full impact as of 2023. The group does not, however, apply hedge accounting to the derivative instruments used for hedging purposes.

The group also has assets in Swedish kronor therefore the changes in exchange rates between the Swedish krona 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.

As at December 31, 2022, 87% of the Group's financial assets were in euros, 10% in US dollars 2% in Swedish krona and 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

1 000 EUR	SEK	USD	Other currencies	Total
2022	6,280	26,003	1,799	34,082
2021	4,369	23,268	729	28,366

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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 50%. The company's objective is to pay an annually increasing dividend to its shareholders.

At the balance sheet date, CapMan has two unsecured senior bonds outstanding, of which the sustainability-linked unsecured bond of EUR 40 million, with initially fixed interest rate, will mature on April 13, 2027 and the other unsecured bond of EUR 50 million, with fixed interest rate, will mature on December 9, 2025. In addition, CapMan has a long-term credit facility of EUR 20 million available until August 5, 2024, which was not in use at the balance sheet date.

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

1 000 EUR	2022	2021
Interest-bearing loans	92,966	83,008
Cash and cash equivalents	-55,571	-65,207
Net debt	37,395	17,801
Equity	142,144	127,394
Net gearing	26.3%	14.0%
Return on equity	30.5%	29.4%
Equity ratio	52.7%	53.3%

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 2022

1 000 EUR	Fair value	Level 1	Level 2	Level 3
Investments in funds	169,063	1,197	0	167,866
Other non-current investments	434	408	0	25
Current financial assets at FVTPL*	65	0	65	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 3 The asset that is not based on observable market data.

Non-current investments at fair value through profit or loss

1 000 EUR	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	236		129,776	130,012
Additions			29,313	29,313
Distributions			-27,600	-27,600
Disposals			-1	-1
Fair value gains/losses			36,685	36,685
Transfers*	961		-307	654
at the end of period	1,197		167,866	169,063
Other investments				
at Jan 1	368	0	25	393
Additions	45			45
Fair value gains/losses	-5			-5
at the end of period	408	0	25	434

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

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

1 000 EUR	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

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

Non-current investments at fair value through profit or loss

1 000 EUR	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.

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Sensitivity analysis of Level 3 investments at 31 December 2022

Investment area	Fair value MEUR 31.12.2022	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	18.7	Peer group	Peer group earnings multiples	EV/EBITDA 2022 9.3x	+/- 10%	+/- 1.3 MEUR
			Discount to peer group multiples	24%	+/- 10%	-/+ 0.5 MEUR
Buyout	26.1	Peer group	Peer group earnings multiples	EV/EBITDA 2022 7.4x	+/- 10%	+ /- 2.3 MEUR
			Discount to peer group multiples	16%	+/- 1 %	-/+ 0.6 MEUR
Real Estate	44.0	Valuation by an independent valuer	FX rate	EUR/SEK 11.1218	+/- 1%	+/- 0.1 MEUR
				EUR/DKK 7.4365	+/- 1%	+/- 0.1 MEUR
				EUR/NOK 10.5138	+/- 1%	+/- 0.0 MEUR
Infra	13.1	Discounted cash flows	Terminal value	EV/EBITDA 17.1x	+/- 5%	+/- 1.0 MEUR
			Discount rate; market rate and risk premium	15%	+/- 100 bps	- / + 1.0 MEUR
Credit	4.3	Discounted cash flows	Discount rate; market rate and risk premium	10%	+/- 100 bps	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Special Situations	2.9	Peer group	Peer group earnings multiples	EV/EBITDA 2022 7.6x	+/- 10%	+/- 0.2 MEUR
			Discount to peer group multiples	23%	+/- 10%	-/+ 0.0 MEUR
Investments in funds-of-funds	16.5	Reports from PE fund management company				
Investments in external venture capital funds	42.5	Reports from PE fund management company and possible adjustment by CapMan	Company level negative adjustment for the reported value by CapMan	14%	+/- 10%	- 0.7 MEUR / + 0.7 MEUR

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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	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 MEUR /- 3.7 MEUR
			Discount to peer group multiples	30%	+/- 10%	-/+ 1.9 MEUR
Real Estate	44.0	Valuation by an independent valuer				
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 bps	- / + 1.1 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 bps	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Special Situations	1.9	Peer group	Peer group earnings multiples	EV/EBITDA 2021 16.0x	+/- 10%	+/- 0.1 MEUR
			Discount to peer group multiples	23%	+/- 10%	-/+ 0.0 MEUR
Funds-of-funds	12.3	Reports from PE fund management company				
Investments in external venture capital funds	25.8	Reports from PE fund management company				

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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 primarily based on the valuations by the respective fund managers. No separate sensitivity analysis is prepared by CapMan for these investments. However, CapMan evaluates the significant investments individually and makes adjustments to them if necessary. Separate sensitivity analysis is prepared by CapMan for these adjustments.

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

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

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

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

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

The Group has a Risk and Valuation 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 Risk and Valuation team is responsible for reviewing the monthly reporting and forecasts for portfolio companies. Valuation proposals are examined by the Risk and Valuation team and subsequently reviewed and decided by the Valuation Committee, which comprises at least Valuation Controller, Risk Manager and at least one CapMan AIF Manager’s Board of Directors. 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.

On 24 February 2022, Russia began a full-scale invasion of Ukraine that is the largest conventional military attack on a sovereign state in Europe since World War II. In response, a large number of countries (including EU, the US and UK) began applying significant further sanctions on Russia with the aim of crippling the Russian economy. The conflict itself and the sanctions imposed in response is estimated to pose a substantial economic risk for the region and internationally. Direct and indirect impact of the conflict is reflected on the fair values of investee companies in form of revised earnings and cash flow forecasts. Moreover, management’s judgement is reflected in investment recorded at fair value in the context of applying the discount rate to valuations based on peer group multiples.

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EUR	Note	1.1.–31.12.2022	1.1.–31.12.2021
Turnover	1	5,263,341.70	6,160,794.33
Other operating income	2	1,083,303.07	171,248.39
Raw materials and services	3	0.00	-312,181.99
Employee benefit expenses	4	-9,132,098.80	-5,425,486.62
Depreciation	5	-99,398.53	-99,902.75
Other operating expenses	6	-4,041,336.19	-3,120,533.38
Operating loss		-6,926,188.75	-2,626,062.02
Finance income and costs	7	19,344,116.96	721,167.76
Profit before appropriations and taxes		12,417,928.21	-1,904,894.26
Appropriations	8	0.00	8,449,936.42
Income taxes		0.00	1,981.20
Loss for the financial year		12,417,928.21	6,547,023.36

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Parent Company Balance Sheet (FAS)

EUR	Note	31.12.2022	31.12.2021
Non-current assets			
Intangible assets			
Tangible assets			
Investments	9	41,656.94	94,242.75
Shares in subsidiaries	10	205,785.37	141,559.88
Investments in associated companies	11		
Other investments		127,798,504.09	110,727,424.33
Investments total		34,211.38	34,211.38
		10,559,049.01	10,558,185.53
Non-current assets, total		138,391,764.48	121,319,821.24
Current assets		138,639,206.79	121,555,623.87
Long-term receivables			
Short-term receivables			
Cash and bank	12	6,727,077.34	2,766,557.73
	13	21,059,643.21	33,083,540.33
Current assets, total		25,218,756.17	32,456,355.12
Total assets		53,005,476.72	68,306,453.18
Vastaavaa yhteensä		191,644,683.51	189,862,077.05

EUR	Note	31.12.2022	31.12.2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
Share capital		771,586.98	771,586.98
Share premium account		38,968,186.24	38,968,186.24
Invested unrestricted shareholders' equity		32,374,156.86	49,671,049.95
Retained earnings		944,536.16	689,906.06
Profit for the financial year		12,417,928.21	6,547,023.36
Shareholders' equity, total		85,476,394.45	96,647,752.59
Liabilities			
Non-current liabilities	15	91,283,773.76	82,933,766.44
Current liabilities	16	14,884,515.30	10,280,558.02
Liabilities, total		106,168,289.06	93,214,324.46
Total shareholders' equity and liabilities		191,644,683.51	189,862,077.05

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Parent Company Cash Flow Statement (FAS)

EUR	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from operations		
Profit before extraordinary items	12,417,928	-1,904,894
Finance income and costs	-19,344,117	-721,168
Adjustments to cash flow statement		
Depreciation, amortisation and impairment	99,399	99,903
Gain on sale of subsidiary shares	-1,433,384	-90,464
Change in net working capital		
Change in current assets, non-interest-bearing	1,126,446	-123,559
Change in inventories	0	312,182
Change in current liabilities, non-interest-bearing	-808,489	1,332,499
Interest paid	-3,312,011	-3,231,057
Interest received	230,135	302,332
Dividends received	22,966,087	5,137,929
Direct taxes paid	0	6,376
Cash flow from operations	11,941,994	1,120,079
Cash flow from investments		
Acquisition of subsidiaries	0	-1,417,416
Cash of a dissolved or merged subsidiary	765,825	9,573
Investments in subsidiaries	-17,234,994	-11,729,576
Sale of subsidiary shares	321,702	221,465
Capital reduction of subsidiaries	428,957	19,682,180
Investments in tangible and intangible assets	-111,038	-59,112
Investments in other placements, net	-25,383	1
Loan receivables granted	-1,470,139	-4,012,050
Repayment of loan receivables	1,118,426	5,481,026
Cash flow from investments	-16,206,644	8,176,091

EUR	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from financing activities		
Share issue	0	90,303
Repayment of capital	-17,296,893	-18,788,256
Proceeds from long-term borrowings	39,778,500	0
Repayment of long-term borrowings	-31,520,000	0
Repayment of short-term borrowings	0	-94,600
Dividends paid	-6,288,998	-3,127,876
Change in group liabilities	4,302,718	2,698,874
Group contributions received	7,807,936	5,305,000
Cash flow from financing activities	-3,216,737	-13,916,555
Change in cash and cash equivalents	-7,481,387	-4,620,384
Cash and cash equivalents at beginning of year	32,456,355	37,076,739
Translation difference	243,789	
Cash and cash equivalents at end of year	25,218,757	32,456,355

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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.

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.

Financial risk management and derivative instruments

The financial risk management of CapMan Group is centralised with the parent company. The financial risk management principles are provided in the Notes to the Group financial statements under 32. Financial risk management. CapMan Plc uses derivative instruments, such as foreign exchange forwards, to hedge against currency changes incurred to its certain and significant foreign currency denominated trade receivables. Derivative instruments are measured at the lower of their cost or market value.

Non-current liabilities

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

Current liabilities

Bonds maturing within one year are presented as current liabilities and measured at their nominal value. Derivative liabilities are measured at fair 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.

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1. Turnover by area

EUR	2022	2021
Sale of services		
Finland	1,998,491	1,996,547
Foreign	3,264,851	3,797,075
Sale of securities in inventories	0	367,172
Total	5,263,342	6,160,794

2. Other operating income

EUR	2022	2021
Turnover translation difference	-370,371	0
Gain on sale of subsidiary shares	1,453,658	0
Other operating income	16	171,248
Total	1,083,303	171,248

3. Raw materials and services

EUR	2022	2021
Change in inventories	0	-312,182
Total	0	-312,182

4. Personnel

EUR	2022	2021
Salaries and wages	8,224,832	4,684,192
Pension expenses	814,879	635,511
Other personnel expenses	92,388	105,783
Total	9,132,099	5,425,487
Management remuneration		
Salaries and other remuneration of the CEO		
Joakim Frimodig	1,741,618	376,060
Board members	318,996	340,554
Average number of employees	33	37

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

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5. Depreciation

EUR	2022	2021
Depreciation according to plan		
Other long-term expenditure	52,586	53,120
Machinery and equipment	46,813	46,782
Total	99,399	99,903

6. Other operating expenses

EUR	2022	2021
Other personnel expenses	354,313	361,276
Office expenses	331,262	399,743
Travelling and entertainment	315,634	207,002
External services	1,884,903	1,798,776
Internal services	873,811	95,579
Other operating expenses	281,413	258,158
Total	4,041,336	3,120,533
Audit fees		
Audit	107,021	96,340
Other fees and services	18,564	10,200
Total	125,585	106,540

7. Finance income and costs

EUR	2022	2021
Dividend income		
Group companies	22,966,087	5,743,329
Total	22,966,087	5,743,329
Other interest and finance income		
Group companies	720,139	710,347
Others	857,581	583,781
Total	1,577,720	1,294,128
Interest and other finance costs		
Impairment of shares and interests	336,851	-2,717,801
Write-down of receivables	-1,184,363	-7,451
Group companies	0	-6,856
Others	-4,352,178	-3,584,182
Total	-5,199,690	-6,316,290
Finance income and costs total	19,344,117	721,168

8. Appropriations

EUR	2022	2021
Group contributions received	0	8,449,936

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9. Intangible assets

EUR	2022	2021
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	2,677,518	2,622,692
Additions	0	54,826
Acquisition cost at 31 December	2,677,518	2,677,518
Accumulated depreciation at 1 January	-2,583,275	-2,530,155
Depreciation for the financial period	-52,586	-53,120
Accumulated depreciation at 31 December	-2,635,861	-2,583,275
Book value on 31 December	41,657	94,243
Intangible rights total	41,657	94,243

10. Tangible assets

EUR	2022	2021
Machinery and equipment		
Acquisition cost at 1 January	1,215,985	1,211,699
Additions	111,038	4,286
Acquisition cost at 31 December	1,327,023	1,215,985
Accumulated depreciation at 1 January	-1,097,165	-1,050,383
Depreciation for the financial period	-46,813	-46,782
Accumulated depreciation at 31 December	-1,143,978	-1,097,165
Book value on 31 December	183,045	118,820
Other tangible assets		
Acquisition cost at 1 January	22,739	22,739
Book value on 31 December	22,739	22,739
Tangible assets total	205,784	141,559

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11. Investments

EUR	2022	2021
Shares in subsidiaries		
Acquisition cost at 1 January	110,347,424	116,845,122
Additions	17,234,994	19,498,370
Disposals	-850,765	-23,203,328
Impairments	336,851	-2,792,740
Acquisition cost at 31 December	127,068,504	110,347,424
Shares in associated companies		
Acquisition cost at 1 January	34,212	34,212
Disposals	0	0
Acquisition cost at 31 December	34,212	34,212
Shares, other		
Acquisition cost at 1 January	10,558,185	12,446,125
Additions	75,314	232,780
Disposals	-4,618	-2,120,720
Impairment	-69,832	0
Acquisition cost at 31 December	10,559,049	10,558,185
Investments total	137,661,765	120,939,821

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

12. Long-term receivables

EUR	2022	2021
Receivables from Group companies		
Capital loan receivables	730,000	380,000
Loan receivables	1,329,471	1,290,194
Other loan receivables	209,805	1,284,363
Accounts receivable	5,187,801	192,000
Long-term receivables total	7,457,077	3,146,558

13. Short-term receivables

EUR	2022	2021
Receivables from Group companies		
Accounts receivable	0	74,618
Accrued income	145	0
Dividend receivables	256,320	322,270
Loan receivables	14,289,759	20,424,619
Other receivables	3,497,576	10,884,722
Total	18,043,800	31,706,230
Accounts receivable	1,435,601	630,773
Loan receivables	808,530	241,145
Other receivables	330,845	122,131
Accrued income	440,868	383,262
Short-term receivables total	21,059,644	33,083,540

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14. Shareholders' equity

EUR	2022	2021
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	49,671,050	68,369,002
Invested unrestricted shareholders' equity, disposals	-17,296,893	-18,788,256
Share subscriptions with options	0	90,303
Invested unrestricted shareholders' equity at 31 December	32,374,157	49,671,050
Retained earnings at 1 January	7,236,929	3,821,282
Dividend payment	-6,292,393	-3,131,376
Retained earnings at 31 December	944,536	689,906
Profit for the financial year	12,417,928	6,547,023
Shareholders' equity, total	85,476,394	96,647,753

Calculation of distributable funds

EUR	2022	2021
Retained earnings	944,536	689,906
Profit for the financial year	12,417,928	6,547,023
Invested unrestricted shareholders' equity	32,374,157	49,671,050
Total	45,736,621	56,907,979

CapMan Plc's share capital is divided as follows:

Number of shares	2022	2021
Series B share (1 vote/share)	158,054,968	156,617,293

15. Non-current liabilities

EUR	2022	2021
Senior bonds	89,650,433	81,238,545
Other non-current liabilities	1,633,340	1,695,221
Non-current liabilities total	91,283,773	82,933,766

16. Current liabilities

EUR	2022	2021
Accounts payable	146,661	353,532
Liabilities to Group companies		
OP Corporate Bank plc; Group account	10,555,514	6,252,796
Accounts receivable	68,382	0
Accounts payable	8,543	15,009
Other liabilities	114,736	50,428
Accrued expenses	89,537	89,537
Total	10,836,712	6,407,770
Other liabilities	926,408	1,341,514
Accrued expenses	2,974,734	2,177,741
Current liabilities total	14,884,515	10,280,558

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17. Contingent liabilities

Leasing agreements

EUR	2022	2021
Operating lease commitments		
Within one year	211,124	113,746
After one but not more than five years	97,088	63,077
Total	308,212	176,823
Other hire purchase commitments		
Within one year	703,098	529,955
After one but not more than five years	58,592	1,104,073
Total	761,690	1,634,028

Securities and other contingent liabilities

EUR	2022	2021
Contingencies for own commitment		
Enterprise mortgages	60,000,000	60,000,000
Investment commitments to other funds*	250,740	250,740
Other contingent liabilities	2,044,288	2,347,089
Total	62,295,028	62,597,829
Contingencies for subsidiaries' commitments		
Investment commitments	207,656	643,372
Total	207,656	643,372

* Figure for the comparison period has been adjusted to include also investment commitment to fund CapMan Private Rahasto III Ky.

18. Derivative instruments

EUR	2022	2021
Nominal amount of derivatives		
Foreign exchange forwards	6,327,027	0
Total	6,327,027	0
Fair value of derivatives		
Foreign exchange forwards	64,927	0
Total	64,927	0

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Helsinki 1.2.2023

Andreas Tallberg
Chairman

Mammu Kaario

The Auditor’s Note

Our report has been issued today.

Catarina Fagerholm

Johan Hammarén

Helsinki 1.2.2023

Ernst & Young Oy
Audit firm

Olli Liitola

Johan Bygge

Kristina Sandin
Authorised Public Accountant

Joakim Frimodig
CEO

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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, 2022. 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.

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Key Audit Matter	How our audit addressed the Key Audit Matter	Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p><i>We refer to the accounting policies in the financial statements and the Note 3.</i></p> <p>CapMan’s turnover in consolidated group accounts amounted to 67,5 million euros. It consists of management fees, sale of services and carried interest income.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>In addition, we assessed the adequacy of disclosures relating to the fee and commission income of the group.</p>	<p>Valuation of non-liquid investments</p> <p><i>We refer to the accounting policies in the financial statements and the Notes 17 and 32.</i></p> <p>The Group’s investment portfolio 31.12.2022 amounts to 169,1 million euros. The investment portfolio includes mainly investments to funds managed by CapMan group companies. Determination of the fair value of funds and direct investments to portfolio companies is executed 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.</p> <p>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).</p>	<p>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.</p> <p>We performed additional procedures for areas of higher risk and estimation, involving our valuation specialists.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • 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. <p>In addition, we assessed the adequacy of disclosures relating to the non-liquid investments.</p>

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Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of goodwill</p> <p><i>We refer to the accounting policies in the financial statements and the Notes 15 and 13.</i></p> <p>At the balance sheet date 31 December 2022, the value of goodwill amounted to 12,7 million euros representing 5 % of the total assets and 9 % of the total equity. At 31 December 2022, 4,8 million euros of the goodwill is presented as part of Assets held for sale. During financial year 2022, an impairment amounting to 2,6 million euros has been recognized.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>We assessed the historical accuracy of managements' estimations and compared the key assumptions applied by the management in impairment tests to</p> <ul style="list-style-type: none">• 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. <p>We also assessed the sufficiency of the disclosures as well as whether the disclosures about the sensitivity of the impairment assessment are appropriate.</p>

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.

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- 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 require-

ments 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 14, 2018 and our appointment represents a total period of uninterrupted engagement of five 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 1, 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Kristina Sandin
Authorized Public Accountant

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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 30,608 shareholders as of the end of 2022.

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 158,054,968 shares as of 31 December 2022. CapMan's shares are included in the book entry securities register and have no nominal value. CapMan's share capital as of 31 December 2022 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 4% 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 2022

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 €0.17 per share be paid to shareholders for 2022.

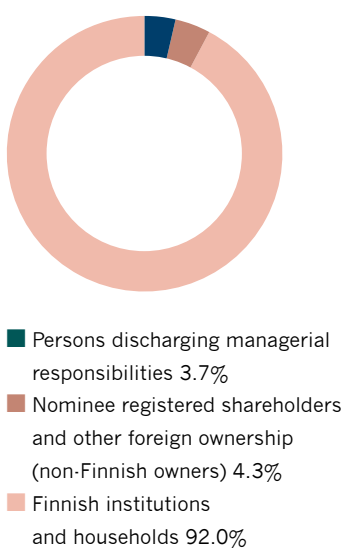
IR contacts

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.

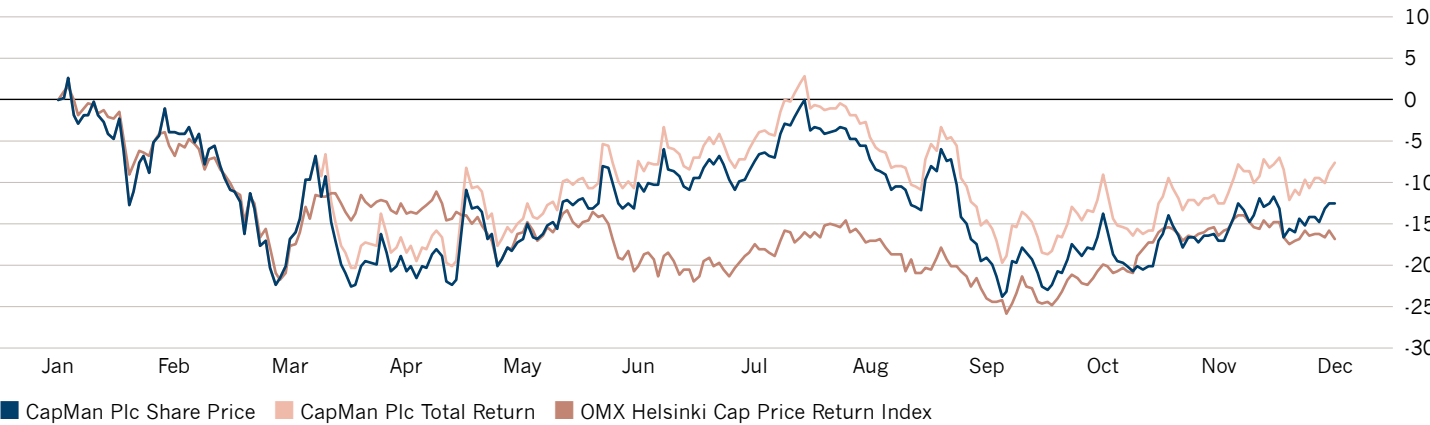
Read more

www.capman.com/shareholders/

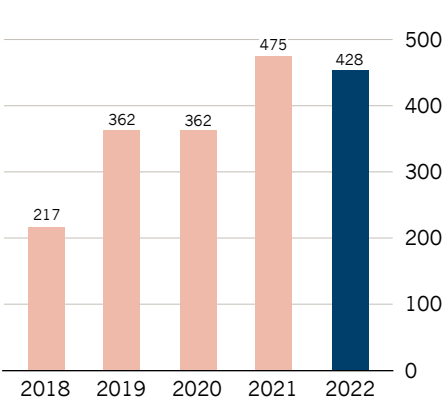
Holding and voting rights by shareholder class



Share price and index development in 2022



Market capitalisation, M€



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Annual General Meeting 2023

CapMan Plc's Annual General Meeting 2023 will be held on Wednesday 15 March 2023 at 10.00 a.m. EET at Kämp Symposion at the address Pohjoisesplanadi 29, 00100 Helsinki. All shareholders registered with the company's list of shareholders maintained by Euroclear Finland Oy on Friday 3 March 2023 are entitled to attend.

Shareholders can use their shareholder rights also by voting in advance (either personally or through a proxy representative). Shareholders can also submit questions in advance. 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 €0.17 per share, consisting of a dividend of €0.08 per share and equity repayment of €0.09 per share, will be paid for 2022.

CapMan Plc's financial reporting in 2023

CapMan Plc will publish one half-year report and two interim reports during 2023:

- Interim Report for the period 1 January–31 March 2023 on 28 April 2023
- Half-Year Financial Report for the period 1 January–30 June 2023 on 3 August 2023
- Interim Report for the period 1 January–30 September 2023 on 26 October 2023

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 Krokfors, tel. +358 (0)9 5300 5337 and Joni Sandvall, tel. +358 (0)9 5300 5484
OP Joona Tersa, tel. +358 10 252 4351

Contact person

Linda Tierala
 Director, Communications & IR
linda.tierala@capman.com

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