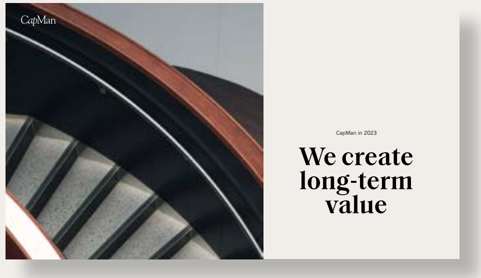
CapMan

2023 Annual Report

CapMan

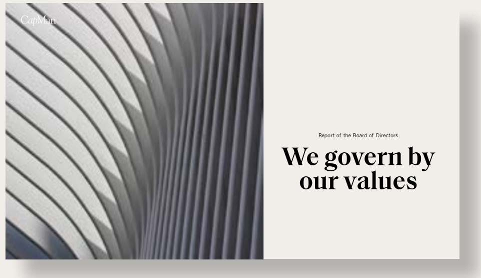
Today we are building the society we want to see in 2040

CAPMAN IN 2023

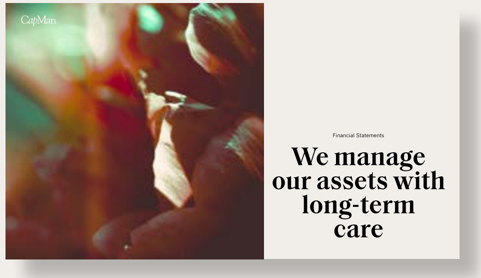


CORPORATE GOVERNANCE STATEMENT

REPORT OF THE BOARD OF DIRECTORS



FINANCIAL STATEMENTS



SUSTAINABILITY

CapMan in 2023

We create long-term value

CONTENTS

We build better managed and financially stable assets to contribute to overall economic and societal wellbeing

PRIVATE MARKETS EXPERT

CAPMAN

CapMan is a leading Nordic private assets expert with an active approach to value creation. As one of the private equity pioneers in the Nordics we have built value in unlisted businesses, real estate, and infrastructure for over three decades. Our objective is to provide attractive returns and innovative solutions to our investors across the private assets spectrum. We also offer procurement services.

Altogether, CapMan employs approximately 180 professionals in Helsinki, Jyväskylä, Stockholm, Copenhagen, Oslo, London and Luxembourg. CapMan's stock is listed on Nasdaq Helsinki since 2001.

The information provided in this report are from the period 1 January – 31 December 2023 or as of 31 December 2023, unless otherwise specified.

30,000+

SHAREHOLDERS, SHARE LISTED ON NASDAQ HELSINKI

1989

CAPMAN GROUP FOUNDED

183

EMPLOYEES

51%

INTERNATIONAL AUM

400

LPS AS CUSTOMERS

CAPMAN AT A GLANCE

SIGNIFICANT IMPACT

We manage **Real Assets** and **Private Equity & Wealth** areas through our local and specialised investment teams. Our investment areas cover real estate, infrastructure, minority, majority and private credit investments in portfolio companies and wealth management. Our service business includes procurement services.

We are a sector-agnostic investor driving sustainability transformations in our portfolio. An example of this is mid-term greenhouse gas reduction and long-term net-zero targets that we have set under the Science Based Targets initiative in line with the 1.5°C scenario. We also promote the creation of new jobs and have set ambitious goals for job satisfaction, both within our operations and at our portfolio companies.

€5.0 BN

- ASSETS UNDER MANAGEMENT

25

- FUNDS UNDER MANAGEMENT

1.5°C

- CLIMATE TARGETS IN LINE WITH THE TARGET SET IN THE PARIS AGREEMENT

2040

- NET ZERO TARGET YEAR

46

- PORTFOLIO COMPANIES

14,500

- AGGREGATE EMPLOYEES IN PORTFOLIO COMPANIES

220

- REAL ESTATE ASSETS

9,400

- AGGREGATE TENANTS IN REAL ESTATE ASSETS

About CapMan

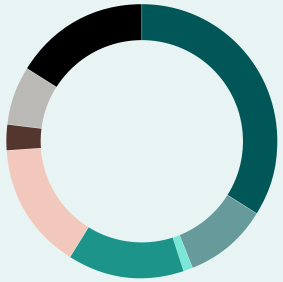
CapMan manages funds that invest in unlisted markets following a multistrategy approach. Our roots are Nordic but our handprint and our networks are global.

Customer base: CapMan raises capital for its funds under management from institutional investors globally. These investors serve as Limited Partners (LPs) in the funds under management. As of 31 December 2023, we had approximately 400 institutional investors as customers, of which the majority was pension funds based in the Nordic region and Germany. The ultimate beneficiaries of our customers are pension beneficiaries, insurance policy holders, households, academic institutions and other beneficiaries of our investors.

Investment spectrum: The capital raised is invested in Finnish, Swedish, Norwegian, and Danish real estate, infrastructure assets and unlisted companies, following each fund's specific investment strategy.

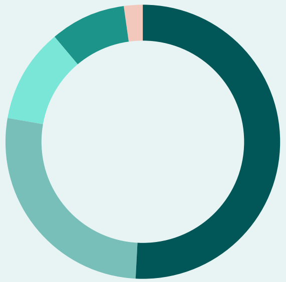
Value creation & exit: The assets and portfolio companies are actively managed and developed by a specialized investment team with the aim of creating long-term value accounted for as fair value changes throughout the investment and realized at exit. The holdings are sold typically after 4–6 years to an industrial buyer or another investor. Portfolio companies may also be exited through a flotation on a public exchange.

LPs per type



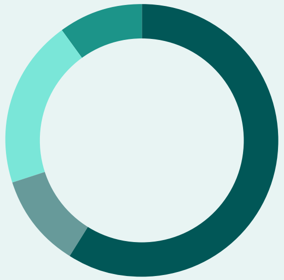
- Pension funds 34%
- Fund of funds 10%
- Asset managers 1%
- Private investment companies 14%
- Other institutional investors 15%
- CapMan 3%
- Trusts 7%
- Others 16%

LPs by geography



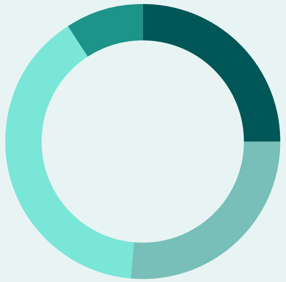
- Nordic region 51%
- DACH 27%
- North America 11%
- Other Europe 27%
- Other 2%

Assets under management per strategy



- Real Estate 59%
- Infra 11%
- Private Equity 20%
- Others 10%

Funds by investment phase



- Investment 25%
- Value creation & exit 26%
- Open-ended 39%
- Other 9%

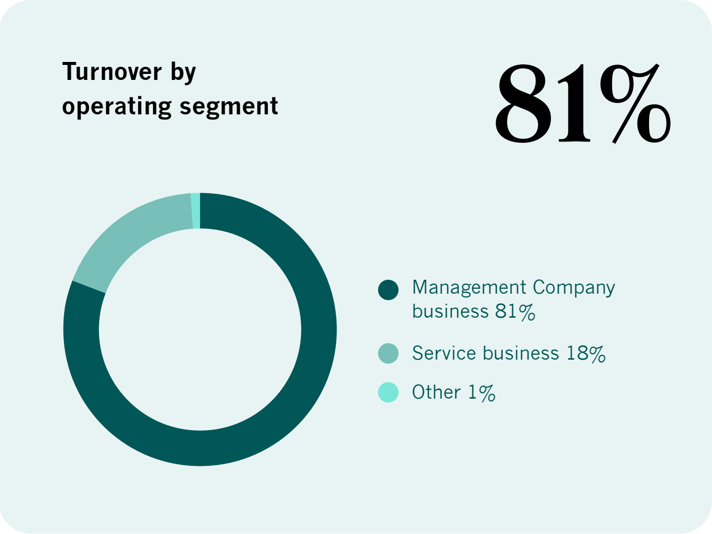
Operations and structure

CapMan's activities include private equity fund management and advisory services, procurement services as well as investments. In the **Management Company Business**, the funds managed by CapMan make investments in Nordic real estate and infrastructure assets as well as unlisted companies. The Management Company Business also includes wealth services offered to primarily Finnish smaller institutions, family offices and high net worth individuals.

The **Service Business** includes procurement services offered to procurement service member companies in Finland, Sweden and the Baltics by pooling non-strategic procurement and obtaining more favourable procurement terms.

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. A direct commitment from our balance sheet aligns interests with our customers'. The Investment Business seeds new funds and allows faster deployment of capital according to the funds' investment strategies.

In addition, CapMan's operations include a **Platform** of expert services that deliver fund management, fund operations, sustainability management and advisory and other activities.



CAPMAN VALUES

ACTIVE OWNERSHIP
DEDICATION
HIGH ETHICS

CEO'S REVIEW

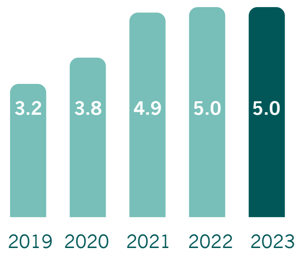
We are today building the society we want to see in 2040. The long-term perspective of private assets allows us to align with our vision for the future as we carry out active value creation that integrates sustainability factors.

I started as CapMan's CEO in March 2023 at a time when many industry practices were being put to the test. Rapid interest rate increases during the year and growing geopolitical uncertainty have impacted the parameters driving investment activity. The M&A market is slower, fund return requirements have risen, and the fundraising environment is more competitive than ever before.

Challenging periods demonstrate the in-built resilience of investing in private assets. It is during times like these that the funds that outperform the market are created and the best deals are made. Our mission is to create value for our investors while we promote a sustainable and human-centric society through our investments. Active value creation that integrates sustainability is in CapMan's DNA. It is the key to attractive returns on investments over the long term, successful growth and increasing shareholder value.

Now is an opportune moment to invest in growth. Our objective is to double our assets under management to EUR 10 billion by 2027. During 2023, we have strengthened our **Real Assets** investment focus with the introduction of new funds and expansion of existing investment strategies and they now account for 70% of our assets under management. Real Assets includes real estate, infrastructure and in the future also timberland and natural capital following the acquisition of **Dasos Capital**. Our **Private Equity** funds remain on track with their value creation agenda, laying the ground work for further expansion. Due to these and other fundraising projects ongoing this year, assets under management are expected to grow significantly in 2024.

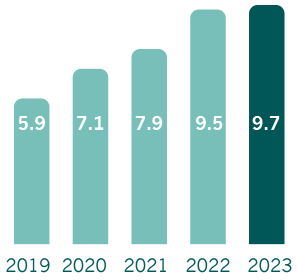
Assets under management, MEUR



Assets under management 2023, mrd. EUR

5.0

Comparable fee profit*, MEUR



Comparable fee profit 2023, MEUR

9.7

* Comparable operating profit excl. carried interest and fair value changes.

Fee profit, which is a key metric of our business, continued to grow for the fourth consecutive year, although the result was significantly weaker due to lower carried interest and fair value changes of especially external venture capital funds.

CapMan's ability to attract international capital supports growth targets

Despite a more challenging fundraising market, we succeeded in expanding our customer base even further among international institutional investors. During 2023, we raised nearly MEUR 400 in new assets under management. Over half of that capital came from outside the Nordic countries and about a third from investors who made their first investment in a CapMan fund. This is a testament to the strong value creation of our funds, the ability to realise value for investors, and to make new and attractive investments despite the slow transaction market and uncertain operating environment.

Private assets are maintaining their position as an attractive asset class globally. The unlisted market is also becoming more mainstream, offering a wider range of investors the opportunity to invest in segments that are not covered by the listed market. This allows players like CapMan to offer new and bespoke solutions to a previously largely untapped investor base.

ACTIVE OWNERSHIP

We deliver innovative solutions proactively and with a hands-on approach.

DEDICATION

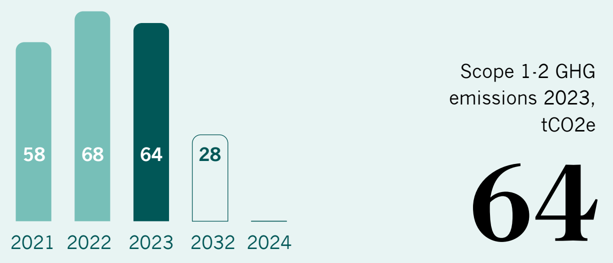
We are hungry but humble and encourage continuous development and learning.

Progress towards a net-zero and nature positive society

As an active private asset manager, CapMan invests in companies and properties across multiple sectors with significant value creation potential both from a financial and sustainability perspective. It is in CapMan's core to create value which is sustainable in the long run. In 2023, the **Science Based Targets initiative** (SBTi) confirmed our mid-term greenhouse gas emission reduction targets, which we track our progress against. As a natural progression, we have now committed to achieving net-zero emissions by 2040 and to manage our real estate and infrastructure assets and portfolio companies in line with net zero by 2040 at the latest, a decade earlier than the global target of 2050.

Although working proactively towards climate goals is important, it is not enough. The world is overshooting six out of the nine planetary boundaries, which represent the critical processes within which humans can thrive. For long-term sustainable operations we need to stay within the planetary boundaries. As a solution, we are therefore one of the first in our industry to launch an initiative to promote nature-positive business models across all our investment areas.

Scope 1-2 GHG emissions, tCO2e*



* Based on CapMan's Science Based GHG reduction and net-zero target

Focus on active value creation across strategies

I am pleased that our **Infra** and **Private Equity** investment strategies continued to demonstrate strong development in 2023. This is evidence of our ability to actively create value even in an uncertain operating environment. In total, we made 12 new investments and seven exits in 2023.

The **Infra** team made three investments during 2023 from its second fund. The acquisition of **Serverius**, a data centre in the Netherlands, and **Fuzion**, a data centre in Denmark, expanded the fund's portfolio into new geographies. Early in the year, CapMan Infra invested in **Napier**, a Norwegian salmon harvest vessel operator.

For **Real Estate**, the repricing of the property market creates investment opportunities. The large share of institutional investors in our real estate funds and the closed-end nature of most funds protects them from redemptions and the team can focus on value development in the portfolio without pressure of early exits to meet liquidity requirements. During 2023, we invested in a Swedish logistics centre project and residential properties in Copenhagen and the Helsinki area, as well as exited warehouse and industrial properties in Denmark and Sweden.

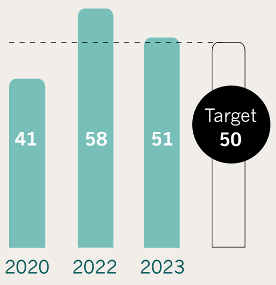
We also expanded our real estate platform as we established the Social Real Estate fund, which targets EUR 500 million in equity commitments. The fund invests in essential public service properties across the Nordic countries and made its first investments in school facilities in Helsinki and Copenhagen. Nordic Real Estate IV, our flagship real estate fund, is preparing for fundraising. We expect it to hold its first close in 2024 and reach a final close of EUR 750 million.

Private Equity strategies continued implementing their value creation agendas throughout the year. **Growth** exited **Coronaria** and invested in **Silmäasema**. The establishment of the third Growth fund in the beginning of 2024 is a testament to the strong track record of the team. **Buyout** exited **Malte Månson** and continues to realise value from the portfolio. **Special Situations** closed its first fund and invested in **Aro Systems**, a property management company, early in the year. The current economic situation favours the fund's flexible and event-driven strategy. **Nest Capital**, our private debt arm, also benefits from the current market situation. The team made three new investments during the year and exited one investment.

A workplace where top talent succeed and develop

Our strength is the combination of highly motivated experts in their respective fields and a strong team spirit. Successful value creation is built on highly skilled, motivated and thriving personnel. During the year, we invested in the development of our personnel. We have measured our wellbeing at work for several years, and our employee Net Promoter Score (eNPS) continues to exceed our target level (50 eNPS). The indicator measures employees' willingness to recommend CapMan as an employer. CapMan's work culture is described as inspiring, and employees feel that the workplace community supports high performance and professional fulfilment. Measured by almost all indicators, we outperform our peer group in terms of workplace attractiveness, and we strive to continue with our positive development also in the future.

Employee satisfaction, eNPS



Employee satisfaction 2023, eNPS

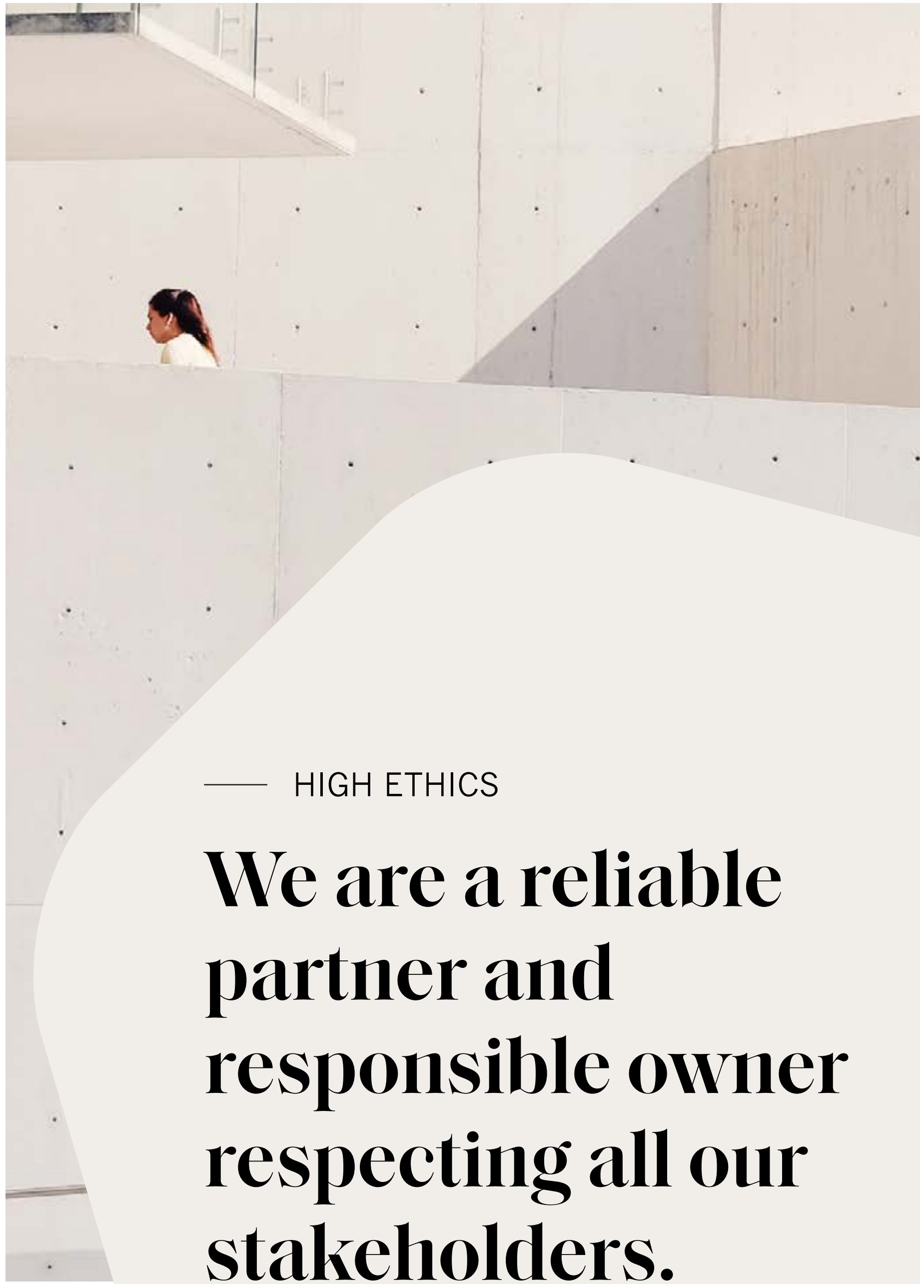
51

Shareholder value through participation in building a sustainable society

As the CEO, I am confident in our ability to achieve our strategic goals while contributing to building a sustainable society in partnership with our portfolio companies and assets. The long-term outlook for the private assets market is strong, and the current softer business cycle favours companies such as CapMan that employ active ownership and sustainable value creation strategies. We create tailwinds in market headwinds.

I would like to thank CapMan's investors and shareholders for their trust and all our employees for their good work and commitment to our common goals. We continue to implement our strategy systematically and are well positioned to achieve our growth objectives. The measures we have taken build a more international, sustainable, and financially stronger private markets frontrunner.

PIA KÅLL
CEO, CAPMAN PLC



HIGH ETHICS

We are a reliable partner and responsible owner respecting all our stakeholders.

Corporate Governance Statement

We make future shaping decisions

CORPORATE GOVERNANCE STATEMENT 2023

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 and Risk 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 cgfinland.fi/en. For further information regarding CapMan's corporate governance, please visit the company's website at 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 supported 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 2023, CapMan's Annual General Meeting (AGM) was held on 15 March in Helsinki. In total 126 shareholders representing approximately 32 % of the registered share capital and voting rights attended the meeting in person or by voting in advance. The decisions are available on the company's website at 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: capman.com/shareholders/governance/.

3. Shareholders' Nomination Board

CapMan Plc's 2018 AGM decided to establish a Shareholders' Nomination Board to prepare 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 2023: 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), Mikko Kalervo Laakkonen and Erkka Kohonen (Senior Portfolio Manager, Varma Mutual Pension Insurance Company). Additionally, Joakim Frimodig, 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 2023. The Nomination Board 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 2 February 2023. The proposals were included in the notice to the Annual General

Meeting, which was published as a stock exchange release.

The Charter of the Shareholders' Nomination Board is available on CapMan's website 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 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.

Board members' competencies relevant to the impacts of the organisation are partly reported through disclosures of Board members' backgrounds and stakeholder representation is reported through the disclosures and independence evaluation of the Board members.

The Annual General Meeting held on 15 March 2023 elected six members to the Board of Directors. Mr. Johan Bygge, Ms. Catarina Fagerholm, Ms. Mammu Kaario, Mr. Olli Liitola and Mr. Johan Hammarén were re-elected to the Board and Mr. Joakim Frimodig was elected as a new member of the Board. Mr. Andreas Tallberg had announced that he was not available for re-election. At its organisational meeting on 15 March 2023, the Board elected from among its members Joakim Frimodig as its Chair and Mammu Kaario as Vice Chair. Joakim Frimodig serves as a full-time Chair of the Board, and his duties include execution of CapMan's business strategy together with the CEO, especially in relation to significant growth initiatives and M&A transactions.

The biographical details of the Board members are presented in the first table in this statement.

4.2 Diversity of the Board of Directors

The Shareholders' Nomination Board shall take into account the Board's diversity principles and independence requirements set forth in the Code when preparing the proposal on the Board composition to the shareholders' meeting. 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 2023 both genders were represented in the Board (33 % women, 67 % men), the members were between 45 and 67 years of age, their educational backgrounds were relevant to the company's operations, and they had experience on both international and local operating environments. The Shareholders' Nomination Board does not specifically review the inclusion of under-represented social groups.

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 15 March 2023. 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. Joakim Frimodig was non-independent of the company due to his CEO position in the company during the past 3 years. Joakim Frimodig and Johan Hammarén were non-independent of the company's significant shareholder due to their memberships in the Board of Directors of Silvertärnan Ab, which is a significant shareholder of the company.

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 first table in this statement.

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 controls of the company's accounts and finances. One of the Board's key tasks is to approve, and monitor the progress of, the strategic goals, including linking those to sustainability targets. 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 of the company

- 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 there are appropriate arrangements in place to secure that the business complies with applicable rules and regulations
- to approve the key 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 2023

In 2023, the Board of Directors met eight times. The Board had seven meetings in the composition as elected by the 2023 AGM and one meeting in the composition as elected by the 2022 AGM. The Board evaluates its work, including sustainability matters, annually. The evaluation is generally conducted as an internal self-evaluation. Where deemed appropriate, external consultants may be used in the evaluation.

The first table in this statement presents Board members' attendance at the meetings in 2023.

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 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 generally do not have autonomous decision-making power, but the Board makes the decisions within its competence collectively.

In its organisational meeting held on 15 March 2023, CapMan's Board of Directors established an Audit and Risk Committee and Remuneration Committee.

5.1 Audit and Risk Committee

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

The duties of the Audit and Risk 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 and risk committee.

In addition, the Committee has introduced sustainability topics, including the review of the materiality assessment, in its agenda over the year following the company's strategic objectives and agenda.

The Board has in its organisational meeting on 15 March 2023 elected Mammu Kaario (Chair), Catarina Fagerholm and Johan Bygge as members of the Audit and Risk Committee. In 2023, the Committee convened five times. The table on this page presents the Committee members' attendance at the meetings.

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

CapMan

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 group as well as the remuneration principles observed by the company.

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 remuneration of individual executives 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 (including sustainability goals)

The Board has in its organisational meeting on 15 March 2023 elected Joakim Frimodig (Chair), Catarina Fagerholm and Olli Liitola as members of the Remuneration Committee. The Committee convened twice in in 2023. Both meetings were held with the composition elected by the Board in its organisational meeting in 2022. The table below on page 7 presents the Committee members' attendance at the meetings.

Catarina Fagerholm and Olli Liitola are independent of the company and its significant shareholders. Joakim Frimodig is not independent of the company or its significant shareholder. Further information on the independence of the Board members is available in section 4.3.

Board of Directors in 2023

Name	Personal information	Shares and share-based rights as of 31 Dec 2023	Attendance at the Board meetings	Attendance at the Committee meetings
Joakim Frimodig*	Chair of the Board since 2023 Member of the Board since 2023 Born: 1978 Education: BA (Oxon) Main occupation: Executive Chair of the Board of CapMan Plc Chair of the Remuneration Committee Expert member of the Shareholders' Nomination Board Non-independent of the company and significant shareholder	1,159,168	7/7	Remuneration Committee: 0/0 Nomination Board: 2/2
Andreas Tallberg**	Chair 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 Chair of the Remuneration Committee Expert member of the Shareholders' Nomination Board Independent of the company and significant shareholders	11,530	1/1	Remuneration Committee: 2/2 Nomination Board: 1/1
Johan Bygge	Member of the Board since 2021 Born: 1956 Education: BA (Econ.) Main occupation: Board professional Member of the Audit and Risk Committee Independent of the company and significant shareholders	28,500	8/8	Audit and Risk Committee: 5/5
Catarina Fagerholm	Member of the Board since 2018 Born: 1963 Education: M. Sc. (Econ.) Main occupation: Board professional Member of the Audit and Risk Committee and Remuneration Committee Independent of the company and significant shareholders	73,011	8/8	Audit and Risk 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 Independent of the company and non-independent of the significant shareholder	0	8/8	
Mammu Kaario	Member of the Board since 2017 Born: 1963 Education: LL.M., MBA Main occupation: Board professional Chair of the Audit and Risk Committee Independent of the company and significant shareholders	38,071	8/8	Audit and Risk 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	750,000	8/8	Remuneration Committee: 2/2

* A member and Chair of the Board as of the AGM held on 15 March 2023.
** A member and Chair of the Board until the AGM held on 15 March 2023
In addition, Andreas Tallberg's controlling interest company Oy Nissala Ab and closely associated company Oy G.W. Sohlberg Ab, Johan Hammarén's controlling interest company Oy Hammarén & Co, Olli Liitola's controlling interest company Momea Invest Oy and Joakim Frimodig's controlling interest company Boldhold Oy are minority owners in Silvertärnan Ab, which owns 14.3% of the shares in CapMan Plc.

6. Chief Executive Officer (CEO)

Pia Kåll (born 1980, M.Sc. (Eng.)) was appointed as the CEO of CapMan as of 15 March 2023. In 2022, CapMan's CEO was Joakim Frimodig (born 1978, BA (Oxon)) until 15 March 2023. Kåll's and Frimodig's shares and share-based rights and those of the companies over which they exercise control are presented in the table on this page.

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, sustainability 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) sharing 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 2023 are presented in the table.

Management Group in 2023

Name	Responsibilities	Personal information	Shares and share-based rights on 31 Dec 2023
Pia Kåll	CEO as of 15 March 2023, Head of CapMan Buyout until 15 March 2023	Born: 1980 Education: M.Sc. (Eng.)	Shares: 274,025
Joakim Frimodig Until 15 March 2023	CEO	Born: 1978 Education: BA (Oxon)	Shares: 1,159,168
Anna Berglind	Head of People and Culture	Born: 1974 Education: M.Sc. (Soc.)	Shares: 264,165
Atte Rissanen	CFO	Born: 1987 Education: M. Sc. (Econ.)	Shares: 268,493
Heidi Sulin	COO	Born: 1979 Education: LL.M.	Shares: 137,675
Christian Borgström Until 1 September 2023	Head of CapMan Wealth Services	Born: 1971 Education: M.Sc. (Econ.)	Shares: 843,000
Mika Koskinen As of 1 September 2023	Head of CapMan Wealth Services	Born: 1967 Education: Lic.Sc. (Econ.)	Shares: 0
Antti Kummu	Head of CapMan Growth Equity	Born: 1976 Education: M.Sc. (Econ.), CFA	Shares: 59,744
Maximilian Marschan	Head of CaPS	Born: 1974 Education: M.Sc. (Econ.)	Shares: 201,300
Mika Matikainen	Head of CapMan Real Estate	Born: 1975 Education: M. Sc. (Econ), M.Soc.Sc	Shares: 186,525
Anna Olsson As of 15 March 2023	Head of Sustainability	Born: 1982 Education: M.Soc.Sc.	Shares: 40,000
Ville Poukka	Head of CapMan Infra	Born: 1981 Education: M.Sc. (Econ.)	Shares: 277,296
Mari Simula	Head of Fund Investor Relations	Born: 1982 Education: M.Sc. (Tech.)	Shares: 397,017
Antti Uusitalo As of 15 March 2023	Head of Special Situations	Born: 1982 Education: M.Sc. (Econ.)	Shares: 12,000

* In addition, Joakim Frimodig's controlling interest company Boldhold Oy is a minority owner in Silvertärnan Ab, which owns 14.3% of all shares in CapMan Plc.

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8. Internal control and risk management

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

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. 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 and Risk 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, overview of sustainability (including climate) risks and monitoring the efficiency of the company's internal control. The Audit and Risk 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 and sustainability matters are managed in a reliable and consistent manner.

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

9.3 Risk assessment and control activities

Risks related to the financial reporting process are identified through the objectives of financial reporting. The risk assessment process is designed to identify financial reporting risks and to determine how these risks should be managed. The risk assessment process also considers sustainability risks that relates to material financial outcomes. 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 risk assessment process of the group, the identified risks are reviewed, the risk management control activities are mapped and the effects of potential new identified risks are evaluated. The objectives and responsibilities of the risk management process as well as the determination of the risk-appetite were reviewed during 2023.

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: capman.com/shareholders/governance/policies/

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 and Risk 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 and Risk 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 and Risk 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.

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

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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.

10.2 Whistleblowing

CapMan has a whistleblowing channel for personnel which offers a possibility to alert CapMan about suspicions of misconduct in confidence and/or anonymously. The channel is available on the company's intranet. During 2023, one whistleblowing report was received. The report was processed in accordance with the company's whistleblowing process.

In February 2023, CapMan also introduced an external whistleblowing channel on the company's website for all stakeholders. Both internal and external channels help CapMan to promote responsible business practices. Reporting through the channels is secured and reports may be submitted anonymously.

10.3 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.

10.4 Audit fees

Ernst & Young Oy, authorised public accountants, acted as auditor of the company in 2023. Ms. Kristina Sandin, APA, acted as the lead auditor. The audit fees paid to the auditor amounted to 371,000 euros (361,000 euros 2022) and the fees related to other non-audit related services amounted to 90,000 euros (12,000 in 2022).

10.5 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 operations has been outsourced to an external service provider.

Report of the Board of Directors

We govern by our values

CONTENTS

We build better managed and financially stable organisations to contribute to overall economic wellbeing

Report of the Board of Directors

Group turnover and result in 1–12 2023

CapMan Group's turnover totalled MEUR 59.4 in the period spanning 1 January–31 December 2023 (1 January–31 December 2022: MEUR 67.5). The 12 per cent decrease in turnover was due to lower carried interest income and lower service income compared to 2022. Management fees remained at level with 2022.

Expenses were MEUR 48.6 (MEUR 51.0) in total and consisted of material and services, personnel expenses, depreciations and amortisations, and other operating expenses. The decrease in expenses was mainly due to lower salaries and compensation while other expenses remained at level with the comparison period. Expenses related to material and services were MEUR 1.9 (MEUR 1.0). Personnel expenses, including employer contributions, were MEUR 33.9 (MEUR 34.6). Depreciations and amortisations were MEUR 1.5 (MEUR 4.2). Other operating expenses amounted to MEUR 11.4 (MEUR 11.2). Operating expenses less items affecting comparability were MEUR 46.6 (MEUR 48.4).

Fair value changes of investments were MEUR –6.1 (MEUR +36.5) in 2023.

The Group's operating profit was MEUR 4.7 (MEUR 53.1). The decrease from the comparison year was mainly due to negative fair value changes. Operating profit less items affecting comparability was MEUR 6.7 (MEUR 55.7). Comparable fee profit increased from the comparison period and was MEUR 9.7 (MEUR 9.5), growth 2 per cent.

Financial income and expenses amounted to MEUR –0.7 (MEUR –5.5) and decreased due to a revaluation of a redemption liability relating to a minority share of a subsidiary. Expenses in the comparison year also included 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 4.0 (MEUR 47.6) and profit after taxes was MEUR 3.4 (MEUR 41.0).

Diluted earnings per share were 0.8 cents (24.8 cents). Comparable diluted earnings per share were 1.9 cents (26.4 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 totalled MEUR 48.2 in 2023 (MEUR 55.9). The decrease was mainly due to lower carried interest income compared to the previous year.

Fee income was MEUR 45.1 (MEUR 46.2). New capital in funds and investment programmes raised in 2023, as well as other asset management services, contributed favourably to fee income. The negative development was due to the decrease in real estate fund administration service fees.

Carried interest in 2023 was MEUR 3.1 (MEUR 9.6) mainly due to exits from the CapMan Growth Equity 2017 fund. In the comparison year, CapMan received carried interest income mainly from the CapMan Growth Equity 2017 and CapMan Nordic Real Estate funds, which transferred to carry during 2022.

Of the turnover, 92 per cent was income based on long-term contracts booked over time (82 per cent).

Operating expenses of the Management Company business amounted to MEUR 36.0 (MEUR 33.6). Operating expenses excluding items affecting comparability amounted to MEUR 34.6 (MEUR 33.6).

Operating profit of the Management Company business was MEUR 12.2 (MEUR 22.3). Comparable operating profit was MEUR 13.7 (MEUR 22.3). The decrease was mainly due to lower carried interest income during the year.

Service business

Turnover generated by Service business totalled MEUR 10.6 (MEUR 11.1), a 5 per cent decrease due to the sale of JAY Solutions, which was completed on 1 February 2023. The Service business segment includes procurement service CaPS, which grew by 17 per cent (27 per cent) during 2023.

Material and service fees from CaPS's license business amounted to MEUR 1.9 (MEUR 1.0). Operating expenses of the Service business were MEUR 2.8 (MEUR 7.7). Operating expenses excluding items affecting comparability were MEUR 2.8 (MEUR 5.1).

The operating profit of the Service business was MEUR 6.0 (MEUR 3.0). Comparable operating profit of the Service business was MEUR 6.0 (MEUR 5.6), growth 8 per cent.

Investment business

Fair value of fund investments was MEUR 158.9 on 31 December 2023 (31 December 2022: MEUR 169.1). Fair value changes were mainly driven by fund investments and were MEUR –6.1 (MEUR +36.5) in 2023, corresponding to a 3.4 per cent decrease in value (1 January–31 December 2022: +25.3 per cent). CapMan's own funds developed on average positively over 2023 especially due to the strong development of Private Equity and Infra funds. The development of Real Estate funds was on average negative, due to an unfavourable market situation. Overall, fair value changes were negative due to the negative fair value development of external, predominantly venture capital funds.

CapMan invested a total of MEUR 18.1 in its funds in 2023 (MEUR 29.3). CapMan received distributions from funds totalling MEUR 17.6 (MEUR 27.6). The amount of remaining commitments that have yet to be called totalled MEUR 85.2 as at 31 December 2023 (31 December 2022: MEUR 89.1). 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 loss for the Investment business was MEUR 6.6 (profit MEUR 35.7).

The majority of invested capital is in funds managed by CapMan. In addition to own funds, CapMan has invested selectively in private market funds managed by external fund managers.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG). Investments in real estate are valued at fair value based on appraisals made by independent external experts. Valuation of external funds is based on fair values reported by respective external fund managers. Sensitivity analysis by investment area is presented in the Notes to the Financial Statements in Section 17 Investments at fair value through profit and loss.

Balance sheet and financial position as at 31 December 2023

CapMan's balance sheet totalled MEUR 241.5 as at 31 December 2023 (31 December 2022: MEUR 270.5). Non-current assets amounted to MEUR 179.9 (MEUR 188.4), of which goodwill totalled MEUR 7.9 (MEUR 7.9).

As at 31 December 2023, fund investments at fair value totalled MEUR 158.9 (MEUR 169.1 as at 31 December 2022). Other financial assets at fair value were MEUR 0.5 (MEUR 0.4).

Long-term receivables amounted to MEUR 6.5 (MEUR 5.5).

Current assets amounted to MEUR 61.7 (MEUR 76.4). Cash in hand and at banks amounted to MEUR 41.0 (MEUR 55.6).

CapMan's interest-bearing net debt amounted to MEUR 52.8 as at 31 December 2023 (MEUR 37.4). CapMan's total interest-bearing debt as at 31 December 2023 is outlined in Table 1.

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 2023. The senior bond issued in 2022 is linked to sustainability targets, which CapMan achieved in April 2023.

Trade and other payables totalled MEUR 24.2 on 31 December 2023 (31 December 2022: MEUR 18.4).

The Group's cash flow from operations totalled MEUR +12.1 in 2023 (MEUR +6.0). Higher fee profit and changes in working capital contributed to the comparably larger 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 +3.5 (MEUR +2.4) 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 +15.5 (MEUR +8.5) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR –30.3 (MEUR –18.0) and included the payment of dividends and equity repayment.

Sustainability

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.

Progress on environmental targets

During 2023, CapMan has made progress with its climate targets in line with the Science Based Targets initiative. CapMan has set to achieve net zero emissions by 2040. The target was established at the end of 2023.

9 percent of the eligible Private Equity & Infra portfolio companies have set science-based targets for reducing greenhouse gas emissions. Emission reduction plans have been developed for real estate properties and their emission reductions will be published later in the first quarter of the year in accordance with the Science Based Targets initiative.

CapMan has launched a project to assess the dependencies, impacts, risks, and opportunities related to nature in portfolio companies and properties where environmental aspects are considered essential. As part of the nature-positive approach, CapMan has adopted the WWF Green Office environmental management system with the aim of certifying four CapMan offices in 2024.

Progress on social targets

CapMan's employee well-being has remained high with an eNPS of 51, above the target level of 50. Employee participation was measured for the first time in 2023 and was 81 on a scale of 1–100. A policy promoting diversity, equity, and inclusion (DEI) was implemented and an internal DEI working group was established. A comprehensive assessment and analysis of human rights risks in CapMan's and value chains' operations was carried out to identify and correct any deficiencies. Although no serious violations or deficiencies were found, corrective action has been taken based on the analysis.

CapMan has set medium- and long-term percentage targets for gender diversity, including for appointments to the Management Group and Partner level. By 2025, a maximum of 70% of appointments to the Management Group and investment teams will be of one gender (if there are multiple appointments). The long-term goal (2033) is that the Management Group will consist of no more than 60% of one gender and that the proportion of female partners will be at least 20%.

Table 1: CapMan's interest bearing debt

	Debt amount 31 Dec 2023 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Dec 2022 (MEUR)
Senior bond (issued in 2020)	50.0	Q4 2025	4.00%	50.0
Senior bond (issued in 2022)	40.0	Q2 2027	4.50%	40.0
Long-term credit facility (drawn/available)	0/20.0	Q3 2024	Reference rate + 1.75-2.70%	0/20.0

Assets under management as at 31 December 2023

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. Assets increase as fundraising for new funds progresses or as investments are executed under investment mandates and declines as exits are completed. In addition, changes in fair values impact the assessment of assets under management of open-ended funds as well as wealth management.

Assets under management was MEUR 5,005 as at 31 December 2023 (31 December 2022: MEUR 5,039). A total of MEUR 391 in new assets was raised across all investment areas. The growth in assets under management was constrained by completed exits, negative fair value changes in open-ended real estate funds and occasional redemptions. Assets under management per fund type is displayed in Table 2.

Table 2: Assets under management (incl. funds and mandates)

	31.12.23 (MEUR)	31.12.22 (MEUR)
Real Estate	2,933	3,187
Private Equity & Credit	1,022	933
Infra	562	442
Wealth Management	488	478
Total assets under management	5,005	5,039

Key figures 31 December 2023

CapMan's return on equity was 2.6 per cent on 31 December 2023 (31 December 2022: 30.5 per cent) and the comparable return on equity was 4.0 per cent (32.4 percent). Return on investment was 2.1 per cent (23.1 per cent) and the comparable return on investment was 3.0 per cent (24.2 per cent). Equity ratio was 47.8 per cent (52.7 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 3: CapMan's key figures

	31.12.23	31.12.22
Earnings per share, cents	0.8	25.1
Diluted earnings per share, cents	0.8	24.8
Comparable diluted earnings per share, cents	1.9	26.4
Shareholders' equity / share, cents	72.6	90.2
Share issue adjusted number of shares, avg.	158,573,903	157,560,284
Return on equity, %	2.6	30.5
Return on equity, comparable, %	4.0	32.4
Return on investment, %	2.1	23.1
Return on investment, comparable, %	3.0	24.2
Equity ratio, %	47.8	52.7
Net gearing, %	45.9	26.3

Proposal of the Board of Directors regarding distribution of funds

CapMan's updated distribution policy is to pay sustainable distributions that grow over time. CapMan's objective is to distribute at least 70 per cent of the Group's profit attributable to equity holders of the company excluding the impact of fair value changes, subject to the distributable funds of the parent company.

The Board of Directors' resolution proposal to the Annual General Meeting (AGM) to be held on 27 March 2024 is a combined proposal of a dividend distribution and an authorisation for the Board of Directors to decide on distribution of an additional dividend. The Board of Directors expects the overall dividend distribution to be EUR 0.10 per share for 2023.

The Board of Directors proposes to the AGM that a dividend in the total amount of EUR 0.06 per share would be paid for 2023. The payment date would be 9 April 2024.

The Board of Directors further proposes to the AGM that the Board of Directors be authorised to decide on an additional dividend in the maximum amount of EUR 0.04 per share. The authorisation would be effective until the end of the next Annual General Meeting. The Board of Directors intends to resolve on the additional dividend in its meeting scheduled for 18 September 2024.

CapMan's distributable funds amounted to MEUR 37.5 on 31 December 2023.

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2024

CapMan Group's Financial Statements and the Report of the Board of Directors for 2023 will be published as part of the company's Annual Report for 2023 in February 2024 during week 10. CapMan Plc's 2024 Annual General Meeting (AGM) will be held on Wednesday 27 March 2024 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 6 March 2024 the latest. Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 6 March 2024 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 2023 during week 10 and will be available on the company's website by 6 March 2024 the latest.

Decisions of the 2023 Annual General Meeting

Decisions of the AGM regarding distribution of funds

CapMan's 2023 AGM decided, in accordance with the proposal of the Board of Directors, that 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, would be paid to shareholders. In total, EUR 0.17 per share would be paid to shareholders, equivalent of a total of MEUR 26.9, from distributable funds for 2022. The dividend and equity repayment is paid in two instalments six months apart. The first instalment of EUR 0.09 per share was paid on 24 March 2023 and the second instalment of EUR 0.08 per share was paid on 22 September 2023. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange releases on the decisions taken by the General Meetings issued on 15 March 2023 and 13 September 2023.

Decisions of the AGM regarding the composition of the Board

The 2023 AGM decided that the Board of Directors comprises six members. Mr. Joakim Frimodig, 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 15 March 2023.

Amendment of the Articles of Association

The Annual General Meeting decided that Article 10 of the Articles of Association be amended to enable holding a general meeting entirely without a meeting venue as a so-called remote meeting in addition to the company's domicile Helsinki. The change has been described in greater detail in the stock exchange release regarding the decisions of the AGM issued on 15 March 2023.

Authorisations given to the Board by the AGM

The 2023 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 8.86 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 8.86 per cent of all shares in the company.

The authorisation shall remain in force until the following AGM and 30 June 2024 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 15 March 2023.

Shares and shareholders

Shares and share capital

There were no changes in CapMan's share capital during 2023.

Share capital totalled EUR 771,586.98 as at 31 December 2023. CapMan had 158,849,387 shares outstanding as at 31 December 2023 (158,054,968 shares as at 31 December 2022).

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 2023, 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 60,225 as at 31 December 2023 (31 December 2022: EUR 71,270). No changes occurred in the number of own shares held by CapMan Plc during 2023.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 2.29 on 31 December 2023 (31 December 2022: EUR 2.71). The trade-weighted average price for 2023 was EUR 2.49 (EUR 2.66). The highest price paid was EUR 3.09 (EUR 3.19) and the lowest EUR 1.92 (EUR 2.22). The number of CapMan Plc shares traded totalled 22.2 million (36.2 million), valued at MEUR 55.2 (MEUR 96.4).

The market capitalisation of CapMan Plc shares as at 31 December 2023 was MEUR 363.8 (31 December 2022: MEUR 427.5).

Shareholders

The number of CapMan Plc shareholders increased by 2 per cent from the comparison period and totalled 31,157 as at 31 December 2023 (31 December 2022: 30,608).

There were no flagging notifications in 2023.

As of 31 December 2023, the Board of Directors and Management Group owned 4,166,990 CapMan shares in total either directly or through controlling interest companies, which corresponded to 2.6 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 Share capital and shares.

Personnel

CapMan employed 183 people on average in 2023 (1 January–31 December 2022 average: 186), of whom 133 (141) worked in Finland and the remainder in the other Nordic countries, Luxembourg and the United Kingdom. A breakdown of personnel by country is presented in the Section 5 Employee benefit expenses. The decrease in employees was due to the disposal of JAY Solutions completed in the beginning of February. The number of employees has increased in other functions. JAY Solutions accounted for an average of 2 (20) persons during 2023.

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 development, for which the Board of Directors has set a minimum target.

CapMan had two long-term schemes consisting of investment based long-term share-based incentive plans (Performance Share Plan) for key employees, of which one was terminated during 2023.

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 included one performance period that commenced on 1 April 2020 and ended 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 remained in force until the end of its performance period on 31 March 2023 and the thereby following payment of incentives in line with the original terms. The rewards from the plan were paid in full with company shares.

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, the achievement of sustainability targets 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 2023

Pia Kåll started as the CEO of CapMan Plc on 15 March 2023. The company's previous CEO Joakim Frimodig was elected to the Board of Directors by the 2023 Annual General Meeting and serves as full-time Chair of the Board of Directors starting from 15 March 2023.

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.

In April 2023, CapMan resolved on a directed share issue of 794,419 new shares as 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 2023.

In May 2023, CapMan Growth Equity 2017 fund sold its share in Coronaria. The fund is in carry and the transaction generated carried interest for CapMan.

In September 2023, Mika Koskinen became the new Managing Partner of CapMan Wealth Services and a member of the CapMan Plc Management Group. Christian Borgström stepped down from the Management Group and remains a Senior Partner in the company. In September, Johan Pålsson announced his resignation as Managing Partner of CapMan Buyout as he will take on new responsibilities outside of CapMan.

Fundraising continued in several funds open for new commitments. Most commitments were raised for CapMan Nordic Infrastructure II fund, which reached MEUR 272 at the end of 2023. CapMan established a new CapMan Social Real Estate fund at the end of 2023, which stands at MEUR 55 following an initial investment. The fund continues fundraising targeting EUR 500 million of equity commitments and total investment capacity of nearly EUR 1 billion over the coming years.

In October 2023, CapMan updated its distribution policy. CapMan's updated distribution policy is to pay sustainable distributions that grow over time.

In December, CapMan announced an acquisition of Dasos Capital Oy and an expansion into natural capital. The acquisition is expected to close during the first half of 2024. The debt free purchase price is EUR 35 million. In addition, CapMan has committed to paying an additional earn-out consideration of a maximum EUR 5 million based on incurred management fee turnover in 2025 and 2026. The equity price for Dasos' shares is paid in shares of CapMan by a directed share issue and a cash consideration.

Events after 31 December 2023

In January 2024, an Extraordinary General Meeting of shareholders resolved in accordance with the Board of Directors' proposal that the Board of Directors be authorised to decide to issue a maximum of 20,000,000 new shares by way of a directed share issue in deviation from the shareholders' pre-emptive right. The shares to be issued under the authorisation would be directed to the current shareholders of Dasos Capital Oy in proportion to the number of Dasos Capital Oy shares sold by them to CapMan. The directed share issue is expected to be realised in the first half of 2024 in conjunction to the closing of the acquisition.

The completion of the acquisition is also conditional on, among others, the approval by the Finnish Competition and Consumer Authority. The approval was obtained in February 2024.

Significant risks and short-term uncertainties

CapMan faces many different risks and uncertainties which, if realised, could 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 at the end of the financial year and reports on any material developments quarterly. An annual risk assessment and risk descriptions is presented on the website under capman.com/shareholders/risks/. A summary of risks is presented in Table 4.

Table 4: Risk classification and principal risks

Risk classification	Principal risks
1. Strategic risks	• Failure to achieve strategic or performance targets • Failure to select the correct strategy in a competitive environment • Failure to recruit and retain key personnel • Failure to scale the business
2. Financial risk	• Poor financial performance • Insufficient liquidity position • Failure to obtain fincancing
3. Market risks	• Interest rate, inflation and asset valuation volatility • Changes in customer preferences • Fluctuations of the transaction market • Failure in fundraising
4. Operational risks	• Cyber threats and system errors • Inadequate or failed processes or controls • Corruption, fraud or criminal behaviour • Mistakes
5. Regulatory risks	• Adverse changes in the regulatory environment
6. Sustainability risks	• Failure to invest in sustainable assets and ESG related incidents or lack of appropriate ESG approach in portfolio companies • Unreasonable increase in costs to comply with sustainability and reporting requirements
7. Reputational risk	• Negative public perception

Long-term financial objectives

CapMan's distribution policy is to pay sustainable distributions that grow over time. CapMan's objective is to distribute at least 70 per cent of the Group's profit attributable to equity holders of the company excluding the impact of fair value changes, subject to the distributable funds of the parent company. In addition, CapMan may pay out distributions accrued from investment operations, taking into consideration foreseen cash requirements for future investments.

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.

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuations on an annual basis considering the nature of the business.

Outlook estimate for 2024

CapMan's objective is to improve results in the long term, taking into consideration annual fluctuations related to the nature of the business. 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 asset-specific development and exits from 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. For these reasons, CapMan does not provide numeric estimates for 2024.

CapMan estimates assets under management to grow in 2024. The company estimates fee profit also to grow in 2024. These estimations do not include possible items affecting comparability.

Helsinki, 6 February 2024
CAPMAN PLC
Board of Directors

Shares and shareholders

CapMan's largest shareholders as at 31 December 2023

	Number of shares and votes	Proportion of shares,%
Silvertärnan Ab	22,680,519	14.28%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	8,672,000	5.46%
Mikko Laakkonen	6,834,635	4.30%
Keskinäinen työeläkevakuutusyhtiö Varma	3,675,215	2.31%
Joensuun Kauppa ja Kone Oy	3,296,466	2.08%
Vesasco Oy	3,088,469	1.94%
Valtion Eläkerahasto	2,500,000	1.57%
Sijoitusrahasto Danske Invest Suomi Osake	2,053,200	1.29%
Hannu Laakkonen	1,992,742	1.25%
Laine Capital Oy	1,523,348	0.96%
Total	**56,316,594**	**35.44%**
Nominee registered	5,839,642	3.68%
Shareholdings of management	4,166,990	2.62%

CapMan has not received any flagging notifications during year 2023. An up-date information of all flagging notifications can be found at www.capman.com

Distribution of shareholdings by number of shares and sector as at 31 December 2023

Shareholding	Number of Owners	%	Number of shares	%
1–100	5,628	18.07%	263,808	0.17%
101–1,000	14,546	46.71%	6,951,201	4.38%
1,001–10,000	9,641	30.96%	30,204,150	19.01%
10,001–100,000	1,218	3.91%	28,663,417	18.04%
100,001–1,000,000	90	0.29%	22,823,938	14.37%
1,000 001–	17	0.05%	69,942,873	44.03%
Total	**31,140**	**100.00%**	**158,849,387**	**100.00%**
of which Nominee registered			5,839,642	3.68%
On the book-entry register joint account			18,709	0.01%

Sector	Number of shares and votes	%
Finnish Private Individuals	81,810,277	51.50%
Other	45,794,206	28.83%
Pension & Insurance	19,381,177	12.20%
Fund company	6,260,493	3.94%
Foundation	1,516,438	0.95%
Treasury Shares	26,299	0.02%
Anonymous ownership	4,060,497	2.56%
Total	**158,849,387**	**100.00%**
of which Nominee registered	5,839,642	3.68%
On the book-entry register joint account	18,709	0.01%

Source: EuroClear Finland Ltd, as at 31 December 2023. Figures are based on the total number of shares 158,849,387 and total number of shareholders 31,140. CapMan Plc had 26,299 shares as at 31 December 2023.

Calculation of Key Ratios

Adjusted Operating profit (or Operating profit, comparable) = Operating profit – items impacting comparability

Adjusted profit for the financial year = Profit for the financial year – items impacting comparability

Fee profit = Adjusted operating profit – carried interest – fair value gains/losses of investments

Return on equity (ROE), % = $$\frac{\text{Profit for the financial year (incl. non-controlling interest)}}{\text{Shareholders' equity (average, incl. non-controlling interest)}} \times 100$$

Return on equity (ROE), comparable, % = $$\frac{\text{Adjusted profit for the financial year (incl. non-controlling interest)}}{\text{Shareholders' equity (average, incl. non-controlling interest)}} \times 100$$

Return on investment (ROI), % = $$\frac{\text{Profit for the financial year + income taxes + financial income and expenses}}{\text{Total shareholders' equity + interest-bearing debt (average)}} \times 100$$

Return on investment (ROI), % = $$\frac{\text{Adjusted profit for the financial year + income taxes + financial income and expenses}}{\text{Total shareholders' equity + interest-bearing debt (average)}} \times 100$$

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) = $$\frac{\text{Profit/loss for the financial year attributable to the equity holders of the parent company}}{\text{Share issue adjusted number of shares (average)}}$$

Adjusted earnings per share (EPS) = $$\frac{\text{Profit/loss for the financial year attributable to the equity holders of the parent company – items impacting comparability}}{\text{Share issue adjusted number of shares (average)}}$$

Shareholders' equity per share = $$\frac{\text{Shareholders' equity attributable to the equity holders of the parent company}}{\text{Undiluted number of shares at the end of the financial year}}$$

Dividend and return of equity per share =
Dividend and return of equity per share
Earnings per share

Dividend per earnings, % = $$\frac{\text{Dividend and return of equity per share}}{\text{Earnings per share}} \times 100$$

Key figures

Key Performance Indicators for CapMan Group

MEUR	2019	2020	2021	2022	2023
Turnover	49.0	43.0	52.8	67.5	59.4
Management fees	24.9	29.0	36.6	38.8	39.0
Sale of services	17.2	13.1	13.3	19.1	17.2
Carried interest	6.9	0.9	2.9	9.6	3.1
Other operating income	0.0	0.1	0.0	0.0	0.1
Materials and services				–1.0	–1.9
Operating expenses	–41.8	–35.1	–42.1	–50.0	–46.8
Fair value gains/losses of investments	12.2	4.4	33.9	36.5	–6.1
Operating profit	19.4	12.3	44.6	53.1	4.7
Operating profit, comparable	25.0	12.3	44.6	55.7	6.7
Financial income and expenses	–1.8	–3.1	–4.0	–5.5	–0.7
Profit before taxes	17.6	9.2	40.6	47.6	4.0
Profit for the financial year	15.9	6.3	35.4	41.0	3.4
Return on equity (ROE), %	12.7	5.2	29.4	30.5	2.6
Return on equity (ROE), comparable, %	16.0	5.2	29.4	32.4	4.0
Return on investment (ROI), %	10.5	6.3	21.2	23.1	2.1
Return on investment (ROI), comparable, %	13.5	6.3	21.2	24.2	3.0
Equity ratio, %	59.9	51.9	53.3	52.7	47.8
Net gearing, %	7.2	22.5	14.0	26.3	45.9
Dividends and return of capital paid [1)]	20.0	21.9	23.6	26.9	15.9
Personnel	148	146	161	186	183

[1)] Proposal of the Board of Directors to the Annual General Meeting for the financial year 2023.

Key Ratios Per Share

	2019	2020	2021	2022	2023
Earnings per share, cents	9.2	3.3	21.9	25.1	0.8
Diluted earnings per share, cents	9.0	3.3	21.4	24.8	0.8
Comparable diluted earnings per share, cents	11.6	3.3	21.4	26.4	1.9
Shareholders' equity/share, cents	85.1	72.7	81.4	90.2	72.6
Dividend/share, cents [1]	13.0	14.0	15.0	17.0	10.0
Dividend/earnings, % [1]	141.3	424.2	68.5	67.7	1,250.0
Average share issue adjusted number of shares					
during the financial year ('000)	152,155	155,797	156,580	157,560	158,574
Share issue adjusted number of shares at year-end ('000)	153,755	156,459	156,617	158,055	158,849
Number of shares outstanding ('000)	153,728	156,433	156,591	158,029	158,823
Own shares ('000)	26	26	26	26	26

[1] Proposal of the Board of Directors to the Annual General Meeting for the financial year 2023.

Financial Statements

We manage our assets with long-term care

Financial Statements

Group Statement of Comprehensive Income (IFRS)

1,000 EUR	Note	2023	2022
Management fees		39,034	38,847
Sale of services		17,204	19,072
Carried interest		3,126	9,613
Turnover	2, 3	**59,364**	**67,532**
Material and services		–1,856	–985
Other operating income	4	79	2
Employee benefit expenses	5	–33,921	–34,571
Depreciation and impairment	6	–1,491	–4,180
Other operating expenses	7	–11,362	–11,236
Fair value gains/losses of investments	9	–6,115	36,547
Operating profit		**4,697**	**53,108**
Financial income and expenses	10	–687	–5,475
Profit before taxes		**4,010**	**47,633**
Income taxes	11	–618	–6,585
Profit for the financial year		**3,392**	**41,049**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Translation difference		11	–295
Total comprehensive income		**3,403**	**40,754**
Profit attributable to:			
Equity holders of the Company		1,346	39,616
Non-controlling interest		2,047	1,433
Total comprehensive income attributable to:			
Equity holders of the Company		1,356	39,321
Non-controlling interest		2,047	1,433
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share (basic), cents	12	0.8	25.1
Earnings per share (diluted), cents	12	0.8	24.8

The Notes are an integral part of the Financial Statements.

Group Balance Sheet (IFRS)

1,000 EUR	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Tangible assets	14	4,142	3,571
Goodwill	15	7,886	7,886
Other intangible assets	16	10	100
Investments at fair value through profit and loss	17		
Investments in funds		158,907	169,063
Other financial assets		508	434
Receivables	18	6,525	5,545
Deferred tax assets	19	1,896	1,790
		179,874	188,389
Current assets			
Trade and other receivables	20	20,382	20,718
Financial assets at fair value through profit and loss	21	275	65
Cash and bank	22	41,017	55,571
		61,674	76,353
Assets held for sale	13	0	5,769
Total assets		**241,547**	**270,512**

1,000 EUR	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders	23		
Share capital		772	772
Share premium account		38,968	38,968
Other reserves		21,114	35,425
Translation difference		–570	–582
Retained earnings		52,914	65,473
Total capital attributable to the Company's equity holders		113,197	140,056
Non-controlling interests		1,928	2,088
Total equity		115,125	142,144
Non-current liabilities			
Deferred tax liabilities	19	5,991	8,418
Interest-bearing loans and borrowings	24	92,470	91,854
Other non-current liabilities	25	484	7,343
		98,945	107,615
Current liabilities			
Trade and other payables	26	24,155	18,446
Interest-bearing loans and borrowings	27	1,386	1,112
Current income tax liabilities		1,936	478
		27,477	20,036
Liabilities associated with assets held for sale	13	0	717
Total liabilities		126,422	128,367
Total equity and liabilities		**241,547**	**270,512**

The Notes are an integral part of the Financial Statements.

Group Statement of Changes in Equity (IFRS)

		Attributable to the equity holders of the Company						
1,000 EUR	Note	Share capital	Share premium account	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interests
Equity on 1 January 2022	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	–1083
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**
Profit for the year						1,346	1,346	2,047
Other comprehensive income for the year								
Currency translation differences					11		11	
Total comprehensive income for the year					**11**	**1,346**	**1,357**	**2,047**
Performance Share Plan						–1,148	–1,148	
Dividends and return of capital				–14,312		–12,819	–27,131	–2,043
Transactions with non-controlling interests						62	62	–163
Equity on 31 December 2023	23	**772**	**38,968**	**21,114**	**–570**	**52,914**	**113,197**	**1,928**

The Notes are an integral part of the Financial Statements.

Group Cash Flow Statement (IFRS)

1,000 EUR	Note	2023	2022
Cash flow from operations			
Profit for the financial year		3,392	41,049
Adjustments on cash flow statement	8	9,666	–17,632
Change in working capital:			
Change in current non-interest-bearing receivables		6,319	–8,054
Change in current trade payables and other non-interest-bearing liabilities		–263	–2,215
Interest paid		–4,373	–3,955
Taxes paid		–2,658	–3,149
Cash flow from operations		**12,084**	**6,044**
Cash flow from investing activities			
Acquisition of subsidiaries		–207	0
Proceeds from sale of subsidiaries		4,202	322
Investments in tangible and intangible assets		–26	–333
Investments at fair value through profit and loss		172	3,039
Long-term loan receivables granted		–1,522	–844
Receivables from long-term receivables		47	175
Interest received		786	83
Cash flow from investing activities		**3,452**	**2,441**

1,000 EUR	Note	2023	2022
Cash flow from financing activities			
Proceeds from borrowings	28	11	39,791
Repayment of long-term loan	28		–31,520
Payment of lease liabilities		–1,165	–1,189
Dividends paid and return of capital		–29,194	–25,073
Cash flow from financing activities		**–30,317**	**–17,992**
Change in cash and cash equivalents		**–14,782**	**–9,507**
Cash and cash equivalents at start of year		55,944	65,207
Translation difference		–146	244
Cash and cash equivalents at end of year	22	**41,017**	**55,944**

The Notes are an integral part of the Financial Statements.

Notes to the Consolidated Financial Statements

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 is consisted of 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 2023 have been approved for publication by CapMan Plc's Board of Directors on February 6, 2024. 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, 2023 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, 2023.

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The above mentioned amendments had no material impact on the consolidated financial statements, but due to amendments to IAS 1, the Group has added a section describing the impact of climate change related risks to Group's financial statements in Note 32 Financial risk management.

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

The Group has not yet adopted the new and amended standards and interpretations already issued by the IASB, such as amendments to IAS 1 and IFRS 16. 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. The Group, however, does not expect these amendments to have a material impact on the Group's financial statements.

Consolidation principles

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

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

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

CapMan qualifies as an investment entity as defined by IFRS 10, because the 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.

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	5–10 years
Other intangible assets	3–5 years

Impairment of assets

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

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

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

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

Financial assets

The Group's financial assets have been classified into the following categories:
1) financial assets at fair value through profit or loss
2) financial assets at amortised cost

Investments in equity instruments are always measured at fair value through profit or loss. Classification of debt instruments, such as trade and loan receivables, is based on the business model for managing and for the contractual cash flow characteristics of these financial assets. Debt instruments of the Management Company Business and Service Business are classified as financial assets at amortised cost, because they are held solely in order to collect contractual cash flows, which are solely payments of principal and interest. Liquid current debt instruments, such as investments to interest funds, made primarily for cash management purposes, are recognised at fair value through profit or loss. 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.

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, as well as liquid short-term deposits such as investments to money market funds. 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 derivate 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 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 installments 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 management services to institutional clients, foundations, family offices and wealthy private clients. Fees from these services are recognised over time, when the service is provided and the control is transferred to the customer, except for success and transaction fees, which are recognised as income at a point in time, because the underlying performance obligation is satisfied and the control of the related service is transferred to the customer at a point in time.

Fees in the Service Business

CapMan's Service Business includes procurement services provided by CapMan Procurement services (CaPS). Until February 1, 2023, Service business also included JAY Solutions, which offered reporting and back office services to investors. 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 preferential annual return is known as a hurdle rate, which is typically set between 7–10% IRR p.a. When a fund has transferred to carry, the remainder of its cash flows is distributed between investors and the fund manager. Investors typically receive 80% of the cash flows and the fund manager 20%. When a fund is generating carried interest, the fund manager receives carried interest income from all of the fund's cash flows, even if an exit is made at below the original acquisition cost.

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

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

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

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

Income taxes

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

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

Items affecting comparability and alternative performance measures

CapMan uses alternative performance measures, such as adjusted operating profit (or 'comparable operating profit', having the same meaning), to denote the financial performance of its business and to improve the comparability between different periods. 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. Such alternative performance measures are, for example, adjusted operating profit, adjusted profit for the period, and adjusted earnings per share. In addition, CapMan discloses alternative performance measures that have been derived from the beforementioned adjusted performance measures by further adding or deducting some income statement items that have been adjusted to exclude possible items impacting comparability. This kind of alternative performance measure is fee profit, which is adjusted operating profit or loss deducted with carried interest and fair value changes of investments.

Items affecting comparability are, among others, material items related to mergers and acquisitions, such as amortisation and impairment of intangible assets recognised in the purchase price allocation, or costs related to major development projects, such as reorganisation costs. Items impacting comparability include also material gains or losses related to the acquisition or disposals of business units, material gains or losses related to the acquisition or disposal of intangible assets, material expenses related to decisions by authorities and material gains or losses related to reassessment of potential repayment risk to the funds.

Items affecting comparability and alternative key figures are presented under the Segment information in the Note 2.

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.

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 lisences to companies in Finland, Sweden and the Baltics, through CapMan Procurement Services (CaPS). Until February 1, 2023, Service business also included JAY Solutions, which offered reporting and back office services to investors.

Through its I**nvestment 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.

2023 EUR 1,000	Management company business	Service business	Investment business	Other	Total
Fee income	45,108	10,606		524	56,238
Carried interest	3,126				3,126
Turnover, external	**48,234**	**10,606**		**524**	**59,364**
Turnover, internal	3	44		–46	
Materials and services		–1,856			–1,856
Other operating income		60		19	79
Personnel expenses, of which	–23,548	–1,899	–346	–8,129	–33,921
Salaries and bonuses	–23,548	–1,899	–346	–7,160	–32,952
Share-based payment				–970	–970
Depreciation, amortisation and impairment	–1,048	–127	–14	–302	–1,491
Other operating expenses	–6,648	–637	–139	–3,938	–11,362
Internal service fees	–4,781	–143		4,923	
Fair value changes of investments			–6,115		–6,115
Operating profit	**12,212**	**6,048**	**–6,614**	**–6,949**	**4,697**
Items impacting comparability:					
Reorganisation costs	1,466			12	1,478
Acquisition related expenses				566	566
Items impacting comparability, total	1,466			577	2,043
Adjusted operating profit	**13,678**	**6,048**	**–6,614**	**–6,372**	**6,740**
Financial items					–687
Income taxes					–618
Profit for the financial year					**3,392**

2023 EUR 1,000	Management company business	Service business	Investment business	Other	Total
Items impacting comparability:					
Reorganisation costs					1,179
Acquisition related expenses					566
Items impacting comparability, total					1,744
Adjusted profit for the financial year					**5,137**
Earnings per share, cents					**0.8**
Items impacting comparability, cents					1.1
Adjusted earnings per share, cents					**1.9**
Earnings per share, diluted, cents					**0.8**
Items impacting comparability, cents					1.1
Adjusted earnings per share, diluted, cents					**1.9**
Fee profit:					
Operating profit (loss)					6,740
Less:					
Carried interest					–3,126
Fair value changes of investments					6,115
Fee profit					**9,729**
Geographical distribution of turnover:					
Finland					30,868
Other countries					28,496
Total					**59,364**

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	**55,861**	**11,117**		**553**	**67,532**
Turnover, internal	83	534		–617	
Materials and services		–985			–985
Other operating income		2			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	
Fair value changes of investments			36,547		36,547
Operating profit	**22,312**	**3,015**	**35,714**	**–7,932**	**53,108**
Items impacting comparability:					
Goodwill impairment		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 financial year					**41,049**

2022 EUR 1,000	Management company business	Service business	Investment business	Other	Total
Items impacting comparability:					
Goodwill impairment					2,600
Items impacting comparability, total					2,600
Adjusted profit for the financial year					**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**
Fee profit:					
Operating profit (loss)					55,708
Less:					
Carried interest					–9,613
Fair value changes of investments					–36,547
Fee profit					**9,548**
Geographical distribution of turnover:					
Finland					38,032
Other countries					29,500
Total					**67,532**

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.

2023 EUR 1,000	Management company business	Service business	Investment business	Other	Total
Management fees	39,034				39,034
Service fees	6,074	10,606		524	17,204
Carried interest	3,126				3,126
Revenue from customer contracts, external	**48,234**	**10,606**		**524**	**59,364**
Timing of revenue recognition:					
Services transferred over time	44,445	10,606		524	**55,576**
Services transferred at a point in time	3,788				**3,788**
Revenue from customer contracts, external	48,234	10,606		524	**59,364**

2022 EUR 1,000	Management company business	Service business	Investment business	Other	Total
Management fees	38,847				38,847
Service fees	7,401	11,117		553	19,072
Carried interest	9,613				9,613
Revenue from customer contracts, external	55,861	11,117		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

4. Other operating income

	2023	2022
Other items	79	2
Total	79	2

5. Employee benefit expenses

EUR 1,000	2023	2022
Salaries and wages	27,893	27,170
Pension expenses – defined contribution plans	3,966	3,894
Share-based payments	970	2,727
Other personnel expenses	1,092	780
Total	33,921	34,571

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

Cost for the share-based payments 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	2023	2022
By country		
Finland	133	141
Sweden	28	25
Denmark	10	8
Norway	2	2
Luxembourg	3	2
United Kingdom	7	7
In total	183	186
By segment		
Management company business	119	109
Service business	13	30
Investment business and other	51	46
In total	183	186

6. Depreciation

EUR 1,000	2023	2022
Depreciation by asset type		
Intangible assets		
Other intangible assets	96	396
Total	96	396
Tangible assets		
Machinery and equipment	87	73
Right-of-use assets, buildings (IFRS 16)	1,297	1097
Right-of-use assets, machinery and equipment (IFRS 16)	11	14
Total	1,395	1,184
Total depreciation	1,491	1,580
Impairment by asset type		
Goodwill	0	2,600
Total impairments	0	2,600

7. Other operating expenses

EUR 1,000	2023	2022
Included in other operating expenses:		
Other personnel expenses	1,359	1,474
Office expenses	650	539
Travelling and entertainment	1,297	1,218
External services	6,081	5,551
Other operating expenses	1,975	2,454
Total	11,362	11,236
Short-term lease expense (IFRS 16)	96	97
Expense for leases of low-value assets (IFRS 16)	173	190

Audit fees

Ernst & Young chain of companies: EUR 1,000	2023	2022
Audit fees	371	361
Tax advisory services	57	0
Other fees and services	33	12
Total	461	373

Non-audit services performed by Ernst & Young in 2023 were 90 thousand euros (2022: 12 thousand euros in total) and included 57 (0) thousand euros of tax advisory services and 33 (12) thousand euros of other fees and services in total.

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

EUR 1,000	2023	2022
Personnel expenses	970	2,727
Depreciation, amortisation and write-downs	1,491	4,180
Fair value gains/losses of investments	6,115	–36,547
Finance income and costs	687	5,475
Costs related to acquisitions	–71	
Taxes	618	6,585
Other adjustments	–144	–52
Total	9,666	–17,632
Total cash outflow for leases (IFRS 16)	–1,333	–1,263

9. Fair value gains/losses of investments

EUR 1,000	2023	2022
Investments at fair value through profit and loss		
Investments in funds	–6,115	36,547
Total	–6,115	36,547

10. Finance income and costs

EUR 1,000	2023	2022
Finance income		
Interest income from loan receivables	1,036	104
Exchange gains	30	491
Change in fair value of financial liabilities	3,122	250
Total	4,188	845
Finance costs		
Interest expenses for loans	–3,814	–4,139
Change of expected credit losses	–68	–1,670
Other interest and finance expenses	–570	–437
Interest expense of lease liabilities (IFRS 16)	–168	–74
Exchange losses	–254	
Total	–4,874	–6,320

11. Income taxes

EUR 1,000	2023	2022
Current income tax	3,049	2,611
Taxes for previous years	101	131
Deferred taxes		
Temporary differences	–2,532	3,842
Total	618	6,584

Income tax reconcilliation

EUR 1,000	2023	2022
Profit before taxes	4,010	47,633
Tax calculated at the domestic corporation tax rate of 20%	802	9,527
Effect of different tax rates outside Finland	92	78
Tax exempt income	–1,195	–4,622
Performance share plan	–230	–225
Goodwill impairment	0	520
Ohter non-deductible expenses	161	690
Unrecognized tax assets on tax losses and use of previously unrecognised tax losses	931	599
Taxes for previous years	101	131
Other differences	–44	–113
Income taxes in the Group Income Statement	618	6,585

12. Earnings per share

Undiluted 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.

	2023	2022
Profit attributable to the equity holders of the Company, EUR 1,000	1,346	39,616
Profit applied to calculate diluted earnings per share	1,346	39,616
Weighted average number of shares ('000)	158,574	157,560
Treasury shares ('000)	–26	–26
Weighted average number of shares ('000)	158,548	157,534
Effect of share-based incentive plans ('000)	1,184	2,170
Weighted average number of shares adjusted for the effect of dilution ('000)	159,731	159,704
Earnings per share (basic), cents	0.8	25.1
Earnings per share (diluted), cents	0.8	24.8

13. Assets held for sale

During the financial year, CapMan Plc and the non-controlling shareholders of JAY Solutions Oy, subsidiary of CapMan Plc, sold 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. The sale had a very minor impact on CapMan's result due to impairment loss written during the previous year 2022. 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 after the closing of the previous financial year, CapMan classified assets and liabilities related to JAY Solutions Oy as non-current assets held for sale 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 was reported under reportable segment Service Business (see Note 2), where JAY Solutions' assets and liabilities held for sale were included. The sale of shares had an insignificant impact on CapMan's EBIT in 2022 and did not either have a significant impact on CapMan's operating profit or financial position in 2023.

Assets and liabilities related to JAY Solutions Oy were classified as held for sale and disclosed separately in the Consolidated Balance Sheet as at December 31, 2022. The carrying amounts of those assets and liabilities are presented in the below table. As at December 31, 2023, CapMan did not have any assets held for sale.

EUR 1,000	2023	2022
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	2023	2022
Machinery and equipment		
Acquisition cost at 1 January	2,498	2,347
Additions	22	168
Transfer to assets held for sale	0	–8
Translation difference	1	–9
Acquisition cost at 31 December	2,521	2,498
Accumulated depreciation at 1 January	–2,246	–2,183
Depreciation for the financial year	–87	–73
Transfer to assets held for sale	0	3
Translation difference	–1	7
Accumulated depreciation at 31 December	–2,334	–2,246
Book value on 31 December	187	252
Right-of-use assets		
Machinery and equipment (IFRS 16)		
Additions	0	0
Depreciations	–11	–14
Book value on 31 December	0	10
Leased premises (IFRS 16)		
Additions	1,944	2,840
Depreciations	–1,297	–1,097
Book value on 31 December	3,932	3,285
Other tangible assets		
Acquisition cost at 1 January	23	23
Book value on 31 December	23	23
Tangible assets total	4,142	3,571

15. Goodwill

EUR 1,000	2023	2022
Acquisition cost at 1 January	20,581	28,009
Transfer to assets held for sale	0	–7,428
Acquisition cost at 31 December	20,581	20,581
Accumulated impairment at 1 January	–12,695	–12,695
Impairment	0	–2,600
Transfer to assets held for sale	0	2,600
Accumulated impairment at 31 December	–12,695	–12,695
Book value on 31 December	7,886	7,886

Impairment test

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

EUR 1,000	2023	2022
CapMan Wealth Services	7,412	7,412
JAY Solutions		4,828
Other	474	474
Total	7,886	12,714

JAY Solutions

During the financial year, on February 1, 2023, CapMan disposed of JAY Solutions. Therefore, JAY Solutions was classified as an asset held for sale as at December 31, 2022, and its recoverable amount was 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 was lower than its carrying amount as at December 31, 2022, 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 was classified in the fair value hierarchy level 1, as it was based on the selling price agreed in the Share Purchase Agreement.

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:

	2023	2022
Pre-tax discount rate	16.8%	17.8%
Average turnover growth	18.0%	20.8%
Average EBIT margin	35.2%	50.6%
Terminal growth rate	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. As a risk-free rate, a reference rate of Finnish 10-year government bonds has been applied. The risk premium specific for Finland and risk-free interest rate have slightly decreased during the financial year, which has resulted in a 1 percentage point lower discount rate for 2023 than for 2022.

Based on the impairment test, goodwill allocated to CapMan Wealth Services is not impaired. 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 12 percentage points lower, or alternatively, if average EBIT margin would be 14 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 12 million, and no reasonably possible change in any of the other key assumptions would lead to impairment.

16. Other intangible assets

EUR 1,000	2023	2022
Acquisition cost at 1 January	6,616	6,944
Additions	16	166
Transfers	0	0
Transfer to assets held for sale	–16	–494
Acquisition cost at 31 December	6,616	6,616
Accumulated depreciation at 1 January	–6,516	–6,484
Depreciation for the financial year	–96	–396
Transfer to assets held for sale	7	364
Accumulated depreciation at 31 December	–6,605	–6,516
Book value on 31 December	10	100

17. Investments at fair value through profit or loss

Investments in funds

EUR 1,000	2023	2022
Investments in funds at 1 January	169,063	130,011
Additions	18,097	29,312
Distributions	–17,615	–27,598
Disposals	–3,975	–1
Fair value gains/losses of investments	–5,926	36,685
Transfers	–737	654
Investments in funds at 31 December	158,907	169,063
Investments in funds by investment area at the end of period*		
Buyout	28,314	26,107
Credit	6,048	4,285
Russia	589	307
Real Estate	40,449	44,024
Growth Equity	15,170	18,573
Infra	10,059	12,810
Special Situations	3,105	2,925
Fund of funds	16,694	16,463
External Venture Capital funds	38,085	42,459
Other investment areas	394	1,110
Total	158,907	169,063

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 100.9 million. The fair value included EUR 0.1 million of cash.

Other financial assets	2023	2022
Other investments at 1 January	434	393
Additions	46	46
Fair value gains/losses of investments	28	–5
Other investments at 31 December	508	434

18. Receivables – Non-current

EUR 1,000	2023	2022
Trade receivables	4,134	5,188
Loan receivables	2,307	263
Other receivables	84	83
Accrued income	0	12
Total	6,525	5,545

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 primarily include loans granted to investment teams for co-investments.

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, 2023 and 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.

EUR 1,000	2023	2022
Loan receivables, gross	3,909	1,848
Loss allowance, 12-month ECL*	–22	–4
Loss allowance, lifetime ECL*	–1,581	–1,581
Loan receivables, net	2,307	263

* ECL = expected credit losses

Other non-currrent receivables include primarily rental deposits.

19. Deferred tax assets and liabilities

Changes in deferred taxes during 2023:

EUR 1,000	12/31/2022	Charged to Income Statement	Translation difference	Charged in equity	12/31/2023
Deferred tax assets					
Accrued differences	1,790	106	0	0	1,896
Total	1,790	106	0	0	1,896
Deferred tax liabilities					
Accrued differences	1,261	–1,113	0	0	148
Unrealised fair value changes	7,157	–1,314	0	0	5,843
Total	8,418	–2,427	0	0	5,991

Changes in deferred taxes during 2022:

EUR 1,000	12/31/2021	Charged to Income Statement	Translation difference	Charged in equity	12/31/2022
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

20. Trade and other receivables

EUR 1,000	2023	2022
Trade receivables	8,875	8,661
Loan receivables	815	815
Accrued income	1,839	1,648
Other receivables	8,853	9,593
Total	20,382	20,717

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

	2023	2022
Trade receivables, gross	9,007	8,770
Loss allowance	–132	–109
Trade receivables, net	8,875	8,661

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		19,459	72%
USD	5,808	5,256	20%
SEK	9,186	828	3%
GBP	62	71	0%
DKK	9,494	1,274	5%
NOK	215	19	0%

21. Financial assets at fair value through profit or loss

EUR 1,000	2023	2022
Derivate assets	116	65
Interest rate funds	159	0
Total	275	65
Fair value of derivative instruments		
Foreign exchange forwards	116	65
Total	116	65
Nominal value of derivative instruments		
Foreign exchange forwards	5,320	6,327
Total	5,320	6,327

Financial assets at fair value through profit or loss include derivative assets and short-term investments made for cash management purposes in interest rate funds. 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.

22. Cash and cash equivalents

EUR 1,000	2023	2022
Bank accounts	40,144	55,571
Money market funds	872	
Total	41,017	55,571

Cash and cash equivalents include bank accounts and short-term investments made to money market funds for cash management purposes. 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 as at December 31, 2022 (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	2023	2022
Cash and cash equivalents in the balance sheet	41,017	55,571
Cash and cash equivalents related to assets held for sale		373
Cash and cash equivalents in the cash flow statement	41,017	55,944

23. Share capital and shares

1000	Number of B shares	Total
At 1 January 2022	**156,591**	**156,591**
Directed share issue without payment	1,438	1,438
At 31 December 2022	**158,029**	**158,029**
Directed share issue without payment	794	794
At 31 December 2023	**158,823**	**158,823**

EUR 1,000	Share capital	Share premium account	Other reserves	Total
At 1 January 2022	**772**	**38,968**	**52,718**	**92,458**
Repayment of capital			–17,297	–17,297
Other changes			4	4
At 31 December 2022	**772**	**38,968**	**35,425**	**75,165**
Repayment of capital			–14,311	–14,311
At 31 December 2023	**772**	**38,968**	**21,114**	**60,854**

Other reserves

During the financial year, in conjunction with the final reward payment of the performance share plan 2022–23, a total of 794,419 shares were issued in a directed share issue without payment. During previous financial year, in conjunction with a partial reward payment of 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.

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 2022, dividend and repayment of invested unrestricted equity fund amounted to EUR 0.17 per share or EUR 26,9 million in total. Dividend and equity repayment was paid in two instalments, the first of which, amounting to EUR 14.2 million, was paid on March 24, 2023, and the second of which, amounting to EUR 12.7 million, was paid on September 22, 2023. The first instalment included a dividend of EUR 0.04 per share and an equity repayment of EUR 0.05 per share. The second instalment included a dividend of EUR 0.04 per share and an equity repayment of EUR 0.04 per share.

As at December 31, 2023, CapMan Plc's distributable funds amounted to approximately EUR 37.5 million. The Board of Directors' resolution proposal to the General Meeting is a combined proposal of a dividend distribution and an authorisation for the Board of Directors to decide on distribution of an additional dividend. The Board of Directors expects the overall dividend distribution to be EUR 0.10 per share for the financial period ended 31 December 2023. The Board of Directors proposes to the General Meeting that a dividend in the total amount of EUR 0.06 per share would be paid for the financial period that ended on 31 December 2023 based on the balance sheet adopted for 2023. The dividend would be paid to a shareholder who on the record date of the payment, 2 April 2024, is registered as a shareholder in the shareholders' register of the Company maintained by Euroclear Finland Oy. The payment date would be 9 April 2024. The Board of Directors further proposes to the General Meeting that the Board of Directors be authorised to decide on an additional dividend in the maximum amount of EUR 0.04 per share. The authorisation would be effective until the end of the next Annual General Meeting. The Board of Directors intends to resolve on the additional dividend in its meeting scheduled for 18 September 2024.

Redemption obligation clause

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

Ownership and voting rights agreements

As at 31 December 2023 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.

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

EUR 1,000	2023	2022
Senior bonds	89,750	89,650
Lease liabilities (IFRS 16)	2,720	2,204
Total	92,470	91,854

In the previous financial year 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 a fixed annual interest of 4.5%. In conjunction with this, CapMan redemeed the remaining EUR 31.5 million of its notes issued in 2018. 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	2023	2022
Acquisition related liabilities	0	6,933
Other liabilities	484	410
Total	484	7,343

In the previous year, acquisition related liabilities consists of call and put options, which were measured at fair value through profit or loss. The change of fair value was recorded as finance income or expense.

26. Trade and other payables – Current

EUR 1,000	2023	2022
Trade payables	2,101	1,167
Advance payments received	761	571
Accrued expenses	14,178	12,994
Acquisition related liabilities	3,842	0
Other liabilities	3,274	3,714
Total	24,155	18,446

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.

Acquisition related liabilities consists of a symmetric put and call option arrangement made with the non-controlling interest of a subsidiary, which is measured at fair value through profit or loss. The change of fair value is recorded as finance income or expense. In the previous year, this financial liability was included in other non-current liabilities.

Trade and other liabilities by currency at end of year

Trade and other liabilities	Amount in foreign currency	Amount in euros	Proportion
EUR		19,726	82%
SEK	32,121	2,895	12%
GBP	559	644	3%
DKK	5,551	745	3%
NOK	1,636	146	1%

27. Interest-bearing loans and borrowings – Current

EUR 1,000	2023	2022
Short-term bank facility		
Lease liabilities (IFRS 16)	1,323	1,060
Liabilities to non-controlling interests	63	52
Total	1,386	1,112

28. Financial assets and liabilities

Financial assets

EUR 1,000	Note	Balance sheet value	Fair value
2023			
Investments at fair value through profit or loss			
Investments in funds	17	158,907	158,907
Other financial assets*	17	508	508
Loan receivables	18	3,122	3,122
Trade and other receivables	18, 20	23,788	23,788
Financial assets at fair value	21	275	275
Cash and bank	22	41,017	41,017
Total		227,617	227,617

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

Financial assets

EUR 1,000			
2022			
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 liabilities

EUR 1,000	Note	Balance sheet value	Fair value
2023			
Non-current liabilities	24	92,470	92,470
Non-current operative liabilities	25	484	484
Trade and other liabilities	26	24,154	24,154
Current liabilities	27	1,386	1,386
Total		118,494	118,494

Financial liabilities

EUR 1,000			
2022			
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

Net debt

Net debt	2023	2022
Cash and cash equivalents	41,017	55,571
Borrowings – repayable within one year	–1,386	–1,112
Borrowings – repayable after one year	–92,470	–91,854
Net debt	–52,839	–37,395
Cash and cash equivalents	41,017	55,571
Gross debt – variable interest rates	–4,106	–3,196
Gross debt – fixed interest rates	–89,750	–89,770
Net debt	–52,839	–37,395

Changes in liabilities arising from financing activities

EUR 1,000	January 1, 2023	Cash flows	Other changes	December 31, 2023
2023				
Non-current loans and borrowings	89,650	0	100	89,750
Non-current lease liabilities	2,204	–1,159	1,675	2,720
Current loans and borrowings	52	11		63
Current lease liabilities	1,060	–5	268	1,323
Total	92,966	–1,154	2,044	93,856

EUR 1,000	January 1, 2022	Cash flows	Liabilities associated with assets held for sale	Other changes	December 31, 2022
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

29. Commitments and contingent liabilities

Securities and other contingent liabilities

EUR 1,000	2023	2022
Contingencies for own commitment		
Business mortgage	60,000	60,000
Other contingent liabilities	1,239	2,062
Remaining commitments to funds		
Remaining commitments to funds by investment area		
Buyout	17,942	25,273
Credit	3,127	4,768
Russia	1,066	1,066
Real Estate	5,916	7,577
Other investment areas	1,489	2,181
Funds of funds	245	245
Growth Equity	19,243	11,171
Infra	10,151	12,127
Special Situations	4,507	4,853
CapMan Wealth Services funds	15,511	13,868
External private equity funds	3,703	4,665
External Veture Capital funds	2,290	1,316
Total	85,190	89,110

30. Share-based payments

As at the balance sheet date, CapMan has one investment based long-term share-based incentive plan “Share plan 2022–25” in force. The program “Share plan 2020–23” has ended and the rewards have been paid during the financial year. Share-based incentive plans 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 included one performance period. The performance period commenced on 1 April 2020 and ended on 31 March 2023. The participants might earn a performance-based reward from the performance period. The prerequisite for receiving reward on the basis of the plan was that a participant acquired company’s shares or allocated previously owned company’s shares up to the number determined by the Board of Directors. The performance-based reward from the plan was 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 remained 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 were paid in 2023 and the expense of the program in year 2023 totaled EUR 0.2 million. The plan was equity-settled by nature and while the participants earned a certain gross amount of reward shares, which was divided into portion paid in shares and portion paid in cash to cover the withholding tax consequences. The Board resolved to issue new shares to pay out the portion of the reward paid in shares.

The investment-based long-term incentive plan 2022–25 includes three performance periods. The performance period commenced on 1 April 2022 and ends 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 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 1.0 million (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 2022–25, the shares to be withheld and paid in cash to cover withholding tax liabilities will amount to EUR 1.0 million.

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 ja 13.4.2026
Grant date share price, EUR	1.764	2.420
Share price at the end of the period, EUR	2.29	2.29
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	0.0	–0.3
Fair value of the plan, EUR million	3.4	3.0
Expense recorded during the financial year, EUR million	0.2	0.8
Cumulative expense recorded for the plan, EUR million	3.4	1.6
Future cash payment related to withholding taxes, EUR million	–	–1.0
Number of participants in the plan at the balance sheet date	0	22

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	1,485,000	3,938,348
Granted	0	919,573
Forfeited	0	967,569
Exercised	1,485,000	94,931
Expired	0	0
Exercised at the end of the period 31.12.2022	4,402,500	94,931
Outstanding at the end of the period 31.12.2022	0	3,795,420

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%
RG Invest 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 (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%

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
CapMan Infra Management Oy	Finland	60%	60%
CapMan Infra Lux Management S.á.r.l.	Luxembourg	60%	
CapMan Growth Equity 2017 GP Oy	Finland	100%	100%
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	100%	100%
CapMan Hotels II Holding GP Oy	Finland	100%	100%
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	Luxemburg	100%	100%
CapMan Nordic Infrastructure II Manager S.á.r.l.	Luxemburg	100%	100%
CMNPI GP II Sarl	Luxemburg	100%	100%
CapMan Growth Equity III GP Oy	Finland	100%	100%
CapMan Growth Management Oy	Finland	65%	65%
Exmo Solutions OÜ	Estonia	56%	

Group companies		Group ownership of shares, %
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	100%
CapMan Infra Management Oy, filial i Sverige	Sweden	60%

Transactions with related parties

In 2023, CapMan recorded fees, totalling approximately EUR 7 thousand, for financial and legal services to Momea Invest Oy, a controlled entity of Olli Liitola, member of the Board of Directors of CapMan Plc. In the previous financial year 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.

Receivables from and liabilities to related parties

EUR 1,000	2023	2022
Loan receivables, non-current, from related parties	242	235
Capital loan liability to related parties		120

Commitments to related parties

EUR 1,000	2023	2022
Loan commitments	98	112

Management remuneration

EUR 1,000	2023	2022
CEO Pia Kåll		
Salaries and other short-term employee benefits	351	
Pension costs	62	
Additional pension costs	35	
Share-based payments	181	
Total	630	
CEO Joakim Frimodig		
Salaries and other short-term employee benefits	130	453
Pension costs	23	80
Additional pension costs	13	45
Share-based payments	–68	793
Total	98	1,371
Management group excl. CEO		
Salaries and other short-term employee benefits	2,886	3,483
Share-based payments	585	1,106
Total	3,472	4,590

Remuneration and fees of the Board of Directors

EUR 1,000		2023	2022
Joakim Frimodig	as of March 15, 2023	291	
Andreas Tallberg	until March 15, 2023	16	69
Johan Bygge		44	44
Mammu Kaario		55	55
Catarina Fagerholm		45	45
Eero Heliövaara	until March 16, 2022		11
Olli Liitola		43	42
Johan Hammarén		42	42
Yhteensä		537	309

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, incl. CEO, have allocated a total of 780,000 shares (740,000 shares in 2022) to the investment-based long-term incentive plan 2022–25. The program PSP 2020–23 has ended and at the end of the previous financial year, the Management Group members had allocated a total of 660,000 shares to this plan. The Management Group members were not granted any stock options during the current or previous financial year. The Management Group and other employees have similar terms in the investment-based long-term incentive plans and stock options granted earlier (see Note 30).

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 fullfilled.

The Group has a Risk and Valuation team, which monitors the performance and the price risk of the investment portfolio (financial assets measured 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 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, 2023, the undrawn commitments to the funds amounted to EUR 85.2 (89.1) million and the financing capacity available (cash available for use and third party financing facilities) amounted to EUR 59.2 (74.5) million. The cash available includes the cash of CapMan Fund Investments SICAV-SIF EUR 0.1 million (0.8) which is reported in fund investments in the group balance sheet.

In the previous financial year, 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 a fixed annual interest of 4.5%. In conjunction with this, CapMan redemeed 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.

Maturity analysis

31 December 2023, EUR 1,000	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due later
Bonds			50,000	40,000	
Accounts payable	2,101				
Interests, bonds		3,800	5,474	503	
Company acquisitions liabilities	3,842				
Commitments to funds	4,194	11,371	6,187	13,151	50,287
Lease liabilities (IFRS 16)	308	882	2,852		

Maturity analysis

31 December 2022, EUR 1,000	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due later
Bonds			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	

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 would have increased the interest rate by 0.500%-points, at maximum, for the remainder of the loan term, but CapMan succeeded in fulfilling the sustainability-linked conditions and thus, the interest rate will remain at 4.500% 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 EUR 1,000	2023	2022
Floating rate	0	0
Fixed rate	89,750	89,770
Total	89,750	89,770

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 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.

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, 2023, 87% of the Group's financial assets were in euros, 12% in US dollars 1% 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

EUR 1,000	SEK	USD	Other currencies	Total
2023	2,925	25,158	2,271	30,354
2022	6,280	26,003	1,799	34,082

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 financial targets of the Group have been confirmed by the Board of Directors of CapMan Plc. The financial targets are based on growth, profitability and balance sheet.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.

The distribution policy was updated during the financial year by the Board of Directors of CapMan Plc. CapMan's objective is to distribute at least 70 per cent of the Group's profit attributable to equity holders of the company excluding the impact of fair value changes, subject to the distributable funds of the parent company. In addition, CapMan may pay out distributions accrued from investment operations, taking into consideration foreseen cash requirements for future investments. Previously, CapMan's policy was 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.

EUR 1,000	2023	2022
Interest-bearing loans	93,856	92,966
Cash and cash equivalents	–41,017	–55,571
Net debt	52,839	37,395
Equity	115,125	142,144
Net gearing	45.9%	26.3%
Return on equity	2.6%	30.5%
Equity ratio	47.8%	52.7%

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) Climate related risks

The Group has assessed the impact of climate-related matters and whether climate related risks could be expected to result in material adjustments in the Group's financial statements. The Group is committed to Science Based Targets and climate net zero target and has established short-term, mid-term and long-term sustainability targets for CapMan Group as well as for its investment areas. The Group's largest assets consist of financial assets, and more precisely, of its own and external fund investments valued at fair value. Therefore, potential climate-related risks are primarily associated with CapMan's own fund investments, managed by CapMan's investment professionals, and with external fund investments. CapMan's commitment to climate net zero, combined with the valuation process described earlier, can therefore be seen taking sufficiently into account climate-related matters impacting the fair value of the underlying portfolio companies, real estate properties and other holdings owned by CapMan's own funds. Fair value of external fund investments is based on external fund managers' valuations and no climate-related adjustments are made by CapMan. However, the Group sees that the industries, in which the portfolio companies of the external fund investments operate, are not materially subject to climate related risks with regards to their fair valuation.

h) Determining fair values

Fair value hierarchy of financial assets measured at fair value at 31 December 2023

EUR 1,000	Fair value	Level 1	Level 2	Level 3
Investments in funds	**158,907**	980	0	157,927
Other non-current investments	**508**	482	0	25
Current financial assets at FVTPL*	**275**	116	159	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.

EUR 1,000	Level 1	Level 2	Level 3	Total
Non-current investments at fair value through profit or loss				
Investments in funds				
at Jan 1	1,197		167,866	169,063
Additions			18,097	18,097
Distributions			–17,615	–17,615
Disposals			–3,975	–3,975
Fair value gains/losses			–5,926	–5,926
Transfers*	–217		–520	–737
at the end of period	980		157,927	158,907
Other investments				
at Jan 1	408	0	25	433
Additions	46			46
Fair value gains/losses	28			28
at the end of period	482	0	25	508

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

Fair value hierarchy of financial assets measured at fair value at 31 December 2022

EUR 1,000	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

EUR 1,000	Level 1	Level 2	Level 3	Total
Non-current investments at fair value through profit or loss				
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	1197		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,

Sensitivity analysis of Level 3 investments at 31 December 2023

Investment area	Fair value MEUR, 31.12.2023	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	**15.2**	Peer group	Peer group earnings multiples	EV/EBITDA 2023,11.2×	+/– 10%	+/– 0.8 MEUR
			Discount to peer group multiples	22%	+/– 10%	–/+ 0.3 MEUR
Buyout	**28.3**	Peer group	Peer group earnings multiples	EV/EBITDA 2023,6.5×	+/– 10%	+/– 3.7 MEUR
			Discount to peer group multiples	11%	+/– 10%	–/+ 0.9 MEUR
Real Estate	**40.4**	Valuation by an independent valuer	FX rate	EUR/SEK 11.0960	+/–1%	–/+ 0.1 MEUR
				EUR/DKK 7.4529	+/–1%	–/+ 0.1 MEUR
				EUR/NOK 11.2405	+/–1%	–/+ 0.0 MEUR
Infrastructure	**10.1**	Discounted cash flows	Terminal value	EV/EBITDA 15.1×	+/– 5%	+/– 1.1 MEUR
			Discount rate; market rate and risk premium	13%	+/– 100 bps	–/+ 1.9 MEUR
Credit	**6.0**	Discounted cash flows	Discount rate; market rate and risk premium	10%	+/– 100 bps	–0.1 MEUR / value change based on a change in the discount rate is not booked
Special Situations	**3.1**	Peer group	Peer group earnings multiples	EV/EBITDA 2023,7.4×	+/– 10%	+/– 0.2 MEUR
			Discount to peer group multiples	28%	+/– 10%	–/+ 0.1 MEUR
Investments in funds-of-funds	**16.0**	Reports from PE fund management company				
Investments in external venture capital funds	**38.7**	Reports from PE fund management company				

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 2022,9.3×	+/– 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 2022,7.4×	+/– 10%	+/– 2.3 MEUR
			Discount to peer group multiples	16%	+/– 10%	–/+ 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
Infrastructure	**13.1**	Discounted cash flows	Terminal value	EV/EBITDA 17.1×	+/– 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 change based on a change in the discount rate is not booked
Special Situations	**2.9**	Peer group	Peer group earnings multiples	EV/EBITDA 2022,7.6×	+/– 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 ajustment by CapMan	Company level negative adjustment for the reported value by CapMan	14%	+/– 10%	–0.7 MEUR / + 0.7 MEUR

CapMan has made some investments also in funds that are not managed by CapMan Group companies. The fair values of these investments in CapMan's balance sheet are 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.

33. Events after the financial year

CapMan signed on 21 December 2023 an agreement on the acquisition of all the shares of Dasos Capital Oy ("Dasos") from the company's current shareholders. Dasos is a leading timberland and natural capital investment asset manager in Europe and a significant player globally. The acquisition will expand CapMan's activities into natural capital and timberland investments and will bring several opportunities to expand and develop Natural Capital as a new investment area through its offering in the form of other natural capital and impact products. In 2022, Dasos Group's adjusted turnover was EUR 4.5 million and operating profit was EUR 2.2 million. Operating profit for 2023 is projected at approximately EUR 2.7 million. The acquisition is estimated to expand CapMan's fee-generating assets under management by approximately EUR 630 million.

The acquisition is intended to be completed during the first half of 2024, following the completion of the conditions precedent. The equity price paid at closing equals the enterprise value of EUR 35 million adjusted with net debt/cash at closing and certain customary post-closing adjustments (the "Purchase Price"). CapMan intends to pay the Purchase Price by a directed share issue to the current shareholders of Dasos (the "Share Issue") and with a cash component, which amounts to a maximum of approximately 9 per cent of the Purchase Price. The subscription price for the shares issued in the Share Issue is agreed at EUR 2.0938 per share, and the total number of issued shares is estimated at 18.3 million. The Purchase Price is now anticipated to be approximately EUR 41.6 million at closing. In addition, CapMan has committed to paying an additional earn-out consideration of a maximum EUR 5 million based on management fee turnover incurred in 2025 and 2026, payable when the management fees of the funds managed by Dasos exceed certain limits. The additional consideration will be paid later in 2026 and 2027 in CapMan's shares.

On the balance sheet date, the completion of the acquisition was subject to CapMan's Extraordinary General Meeting held on January 18, 2024, authorising the Board of Directors to resolve on the issuance of new shares, and also conditional on the approvals by the Finnish Competition and Consumer Authority and the Finnish Financial Supervisory Authority as well as consents from certain investors of certain funds managed by Dasos. CapMan Extraordinary General Meeting authorised the Board of Directors to resolve on the issuance of new shares, and the Finnish Competition and Consumer Authority approved the transaction in the beginning of February 2024. On February 6, 2024, being the date when the financial statements were authorised for issue, the completion of the acquisition was still conditional on the approvals by the Finnish Financial Supervisory Authority as well as consents from certain investors of certain funds managed by Dasos.

Parent Company Income Statement (FAS)

EUR	Note	1.1.–31.12.2023	1.1.–31.12.2022
Turnover	1	6,815,795.44	5,263,341.70
Other operating income	2	–142,640.32	1,083,303.07
Raw materials and services	3	0.00	0.00
Employee benefit expenses	4	–6,300,619.64	–9,132,098.80
Depreciation	5	–97,783.34	–99,398.53
Other operating expenses	6	–4,049,856.25	–4,041,336.19
Operating loss		–3,775,104.11	–6,926,188.75
Finance income and costs	7	19,364,289.83	19,344,116.96
Profit before appropriations and taxes		15,589,185.72	12,417,928.21
Appropriations	8	3,129,500.00	0.00
Income taxes		–944.21	0.00
Loss for the financial year		18,717,741.51	12,417,928.21

Parent Company Balance Sheet (FAS)

EUR	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Intangible assets	9	6,886.40	41,656.94
Tangible assets	10	151,822.57	205,785.37
Investments	11		
Shares in subsidiaries		126,199,336.83	127,798,504.09
Investments in associated companies		34,211.38	34,211.38
Other investments		10,593,627.04	10,559,049.01
Other receivables [1]		6,294,849.42	6,727,077.34
Investments total		143,122,024.67	145,118,841.82
Non-current assets, total		143,280,733.64	145,366,284.13
Current assets			
Short-term receivables	12	24,489,032.09	21,059,643.21
Investments	13	1,000,000.00	0.00
Cash and bank		22,056,494.29	25,218,756.17
Current assets, total		47,545,526.38	46,278,399.38
Total assets		190,826,260.02	191,644,683.51

EUR	Note	31.12.2023	31.12.2022
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		18,119,799.89	32,374,156.86
Retained earnings		688,394.09	944,536.16
Profit for the financial year		18,717,741.51	12,417,928.21
Shareholders' equity, total		77,265,708.71	85,476,394.45
Liabilities			
Non-current liabilities	15	91,432,514.15	91,283,773.76
Current liabilities	16	22,128,037.16	14,884,515.30
Liabilities, total		113,560,551.31	106,168,289.06
Total shareholders' equity and liabilities		190,826,260.02	191,644,683.51

[1] Long-term receivables have been reclassified from current assets to non-current assets and figures for the comparison period have been adjusted accordingly.

Parent Company Cash Flow Statement (FAS)

EUR	1.1.–31.12.2023	1.1.–31.12.2022
Liiketoiminnan rahavirrat		
Profit before extraordinary items	15,589,186	12,417,928
Finance income and costs	–19,364,290	–19,344,117
Adjustments to cash flow statement		
Depreciation, amortisation and impairment	97,783	99,399
Gain on sale of subsidiary shares	0	–1,433,384
Change in net working capital		
Change in current assets, non-interest-bearing	611,149	1,126,446
Change in current liabilities, non-interest-bearing	–144,400	–808,489
Interest paid	–4,436,439	–3,312,011
Interest received	729,394	230,135
Dividends received	22,603,554	22,966,087
Direct taxes paid	–34,717	0
Cash flow from operations	**15,651,220**	**11,941,994**
Cash flow from investments		
Acquisition of subsidiaries	–206,874	0
Cash of a dissolved or merged subsidiary	160,000	765,825
Investments in subsidiaries	–7,987,603	–17,234,994
Sale of subsidiary shares	3,789,444	321,702
Repayment of capital from subsidiaries	4,898,789	428,957
Investments in tangible and intangible assets	–9,050	–111,038
Investments in other placements, net	–999,707	–25,383
Loan receivables granted	–1,992,287	–1,470,139
Repayment of loan receivables	2,381,031	1,118,426
Cash flow from investments	**33,743**	**–16,206,644**

EUR	1.1.–31.12.2023	1.1.–31.12.2022
Cash flow from financing activities		
Repayment of capital	–14,254,357	–17,296,893
Proceeds from long-term borrowings	0	39,778,500
Repayment of long-term borrowings	0	–31,520,000
Dividends paid	–12,671,736	–6,288,998
Change in group liabilities	7,482,742	4,302,718
Group contributions received	742,000	7,807,936
Cash flow from financing activities	**–18,701,351**	**–3,216,737**
Change in cash and cash equivalents	–3,016,388	–7,481,388
Cash and cash equivalents at beginning of year	25,218,755	32,456,355
Translation difference	–145,873	243,789
Cash and cash equivalents at end of year	22,056,494	25,218,755

Basis of preparation for parent company financial statements

Basis of preparation for parent company financial statements
CapMan Plc's financial statements for 2023 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.

1. Turnover by area

EUR	2023	2022
Sale of services		
Finland	1,106,945	1,998,491
Foreign	5,708,850	3,264,850
Total	6,815,795	5,263,342

2. Other operating income

EUR	2023	2022
Turnover translation difference	–185,905	–370,371
Gain on sale of subsidiary shares	43,249	1,453,658
Other operating income	16	16
Total	–142,640	1,083,303

3. Raw materials and services

EUR	2023	2022
Change in inventories	0	0
Total	0	0

4. Personnel

EUR	2023	2022
Salaries and wages	5,497,998	8,224,832
Pension expenses	664,920	814,879
Other personnel expenses	137,702	92,388
Total	6,300,620	9,132,099
Management remuneration		
Salaries and other remuneration of the CEO		
Joakim Frimodig (1.1.–15.3.2023)	922,804	1,741,618
Pia Kåll (15.3.–31.12.2023)	350,036	0
Board members	535,560	318,996
Average number of employees	35	33

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

5. Depreciation

EUR	2023	2022
Depreciation according to plan		
Other long-term expenditure	34,771	52,586
Machinery and equipment	63,013	46,813
Total	97,784	99,399

6. Other operating expenses

EUR	2023	2022
Other personnel expenses	189,400	354,313
Office expenses	114,449	331,262
Travelling and entertainment	348,374	315,634
External services	2,201,296	1,884,903
Internal services	1,044,488	873,811
Other operating expenses	151,849	281,413
Total	4,049,856	4,041,336
Audit fees		
Audit	115,738	107,021
Other fees and services	0	18,564
Total	115,738	125,585

7. Finance income and costs

EUR	2023	2022
Dividend income		
Group companies	21,231,776	22,966,087
Total	21,231,776	22,966,087
Other interest and finance income		
Group companies	2,297,813	720,139
Others	797,787	857,581
Total	3,095,600	1,577,721
Interest and other finance costs		
Impairment of shares and interests	–215,411	336,851
Write-down of receivables	–11,338	–1,184,363
Group companies	–350,580	0
Others	–4,385,755	–4,352,178
Total	–4,963,084	–5,199,691
Finance income and costs total	19,364,292	19,344,117

8. Appropriations

EUR	2023	2022
Group contributions received	3,129,500	0

9. Intangible assets

EUR	2023	2022
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	2,677,518
Additions	0	0
Acquisition cost at 31 December	2,677,518	2,677,518
Accumulated depreciation at 1 January	–2,635,861	–2,583,275
Depreciation for the financial period	–34,771	–52,586
Accumulated depreciation at 31 December	–2,670,632	–2,635,861
Book value on 31 December	6,886	41,657
Intangible rights total	6,886	41,657

10. Tangible assets

EUR	2023	2022
Machinery and equipment		
Acquisition cost at 1 January	1,327,023	1,215,985
Additions	9,050	111,038
Acquisition cost at 31 December	1,336,073	1,327,023
Accumulated depreciation at 1 January	–1,143,978	–1,097,165
Depreciation for the financial period	–63,013	–46,813
Accumulated depreciation at 31 December	–1,206,991	–1,143,978
Book value on 31 December	129,082	183,045
Other tangible assets		
Acquisition cost at 1 January	22,739	22,739
Book value on 31 December	22,739	22,739
Tangible assets total	151,821	205,784

11. Investments

EUR	2023	2022
Shares in subsidiaries		
Acquisition cost at 1 January	127,068,504	110,347,424
Additions	8,194,477	17,234,994
Disposals	–8,848,233	–850,765
Impairments	–215,411	336,851
Acquisition cost at 31 December	126,199,337	127,068,504

EUR	2023	2022
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	10,559,050	10,558,186
Additions	46,209	75,314
Disposals	–293	–4,618
Impairment	–11,338	–69,832
Acquisition cost at 31 December	10,593,628	10,559,050
Other receivables		
Receivables from Group companies		
Capital loan receivables	0	730,000
Loan receivables*	0	1,329,471
Other loan receivables*	2,161,043	209,805
Accounts receivable*	4,133,806	5,187,801
Long-term receivables total	6,294,849	7,457,077
Investments total	143,122,026	145,366,284

* Non-current loan receivabless and accounts receivable have been reclassified from current assets to non-current assets and figures for the comparison period have been adjusted accordingly.
The subsidiaries and the associated companies are presented in the Notes to the Consolidated Financial Statements, Table 31. Related party disclosures.

12. Short-term receivables

EUR	2023	2022
Receivables from Group companies		
Accounts receivable	353,428	0
Accrued income	24,062	145
Dividend receivables	0	256,320
Loan receivables	14,039,759	14,289,759
Other receivables	6,978,048	3,497,576
Total	21,395,297	18,043,800
Accounts receivable	1,575,041	1,435,601
Loan receivables	848,039	808,530
Other receivables	166,525	330,845
Accrued income	504,130	440,868
Short-term receivables total	24,489,032	21,059,643

13. Investments

EUR	2023	2022
Acquisition cost at 1 January	0	0
Additions	1,000,000	0
Acquisition cost at 31 December	1,000,000	0
Investments, total	1,000,000	0

14. Shareholders' equity

EUR	2023	2022
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	32,374,157	49,671,050
Invested unrestricted shareholders' equity, disposals	–14,254,357	–17,296,893
Invested unrestricted shareholders' equity at 31 December	18,119,800	32,374,157
Retained earnings at 1 January	13,362,464	7,236,929
Dividend payment	–12,674,070	–6,292,393
Retained earnings at 31 December	688,394	944,536
Profit for the financial year	18,717,742	12,417,928
Shareholders' equity, total	77,265,709	85,476,394

Calculation of distributable funds

Retained earnings	688,394	944,536
Profit for the financial year	18,717,742	12,417,928
Invested unrestricted shareholders' equity	18,119,800	32,374,157
Total	37,525,936	45,736,621

CapMan Plc's share capital is divided as follows:

	2023 Number of shares	2022 Number of shares
Series B share (1 vote/share)	158,849,387	158,054,968

15. Non-current liabilities

EUR	2023	2022
Senior bonds	89,750,033	89,650,433
Other non-current liabilities	1,682,481	1,633,340
Non-current liabilities total	91,432,514	91,283,774

16. Current liabilities

EUR	2023	2022
Accounts payable	466,074	146,661
Liabilities to Group companies		
Group account at OP Yrityspankki Plc	18,038,256	10,555,514
Accounts receivable	0	68,382
Accounts payable	86,827	8,543
Other liabilities	166,354	114,736
Accrued expenses	108,003	89,537
Total	18,399,440	10,836,712
Other liabilities	903,279	926,408
Accrued expenses	2,359,243	2,974,734
Current liabilities total	22,128,036	14,884,515

17. Contingent liabilities

EUR	2023	2022
Leasing agreements		
Operating lease commitments		
Within one year	135,226	211,124
After one but not more than five years	66,654	97,088
Total	201,880	308,212
Other hire purchase commitments		
Within one year	757,008	703,098
After one but not more than five years	1,577,100	58,592
Total	2,334,108	761,690
Securities and other contingent liabilities		
Contingencies for own commitment		
Enterprise mortgages	60,000,000	60,000,000
Investment commitments to other funds	1,003,556	250,740
Other contingent liabilities	1,204,663	2,044,288
Total	62,208,219	62,295,028
Contingencies for subsidiaries' commitments		
Investment commitments	207,656	207,656
Total	207,656	207,656

18. Derivative instruments

EUR	2023	2022
Nominal amount of derivatives		
Foreign exchange forwards	5,319,743	6,327,027
Total	5,319,743	6,327,027
Fair value of derivatives		
Foreign exchange forwards	116,491	64,927
Total	116,491	64,927

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

Helsinki 6.2.2024

Joakim Frimodig
Chairman

Mammu Kaario

Catarina Fagerholm

Johan Hammarén

Olli Liitola

Johan Bygge

Pia Kåll
CEO

The Auditor's Note

Our report has been issued today.

Helsinki 6.2.2024

Ernst & Young Oy
Audit firm

Kristina Sandin
Authorised Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of CapMan Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CapMan Plc (business identity code 0922445-7) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, 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 IFRS Accounting Standards 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 and Risk Committee.

Basis for Opinion

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

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

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

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

Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *We refer to the accounting policies in the financial statements and the Note 3.* CapMan's turnover in consolidated group accounts amounted to 59,4 million euros. It consists of management fees, sale of services and carried interest income. The timing of revenue recognition can be judgmental as revenue may be recognized either over time or at the point in time depending on the circumstances and provided services. The assessment of recognized revenue includes management assumptions and estimates. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2) in respect of its timely recognition and at a proper amount.	Our audit procedures to address the risk of material misstatement included, among other things, assessing that the revenue recognition principles comply to applicable accounting standards, assessing the process for recognizing revenue and identifying controls relating to revenue recognition. We examined sales cutoff with analytical procedures. We supplemented our procedures with test of details on a transaction level on a random basis in order to ensure that the revenue has been recognized in a correct accounting period and it's based on the corresponding agreements. In addition, we assessed the adequacy of disclosures relating to the fee and commission income of the group.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of non-liquid investments *We refer to the accounting policies in the financial statements and the Notes 17 and 32.* The Group's investment portfolio 31.12.2023 amounts to 158,9 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. Valuation of non-liquid investments was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2).	Our audit procedures to address the risk of material misstatement relating to valuation of non-liquid investments included, among others: • 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. Our valuation specialists were involved in the audit. In addition, we assessed the adequacy of disclosures relating to the non-liquid investments.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Reporting Requirements

Information on our audit engagement

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

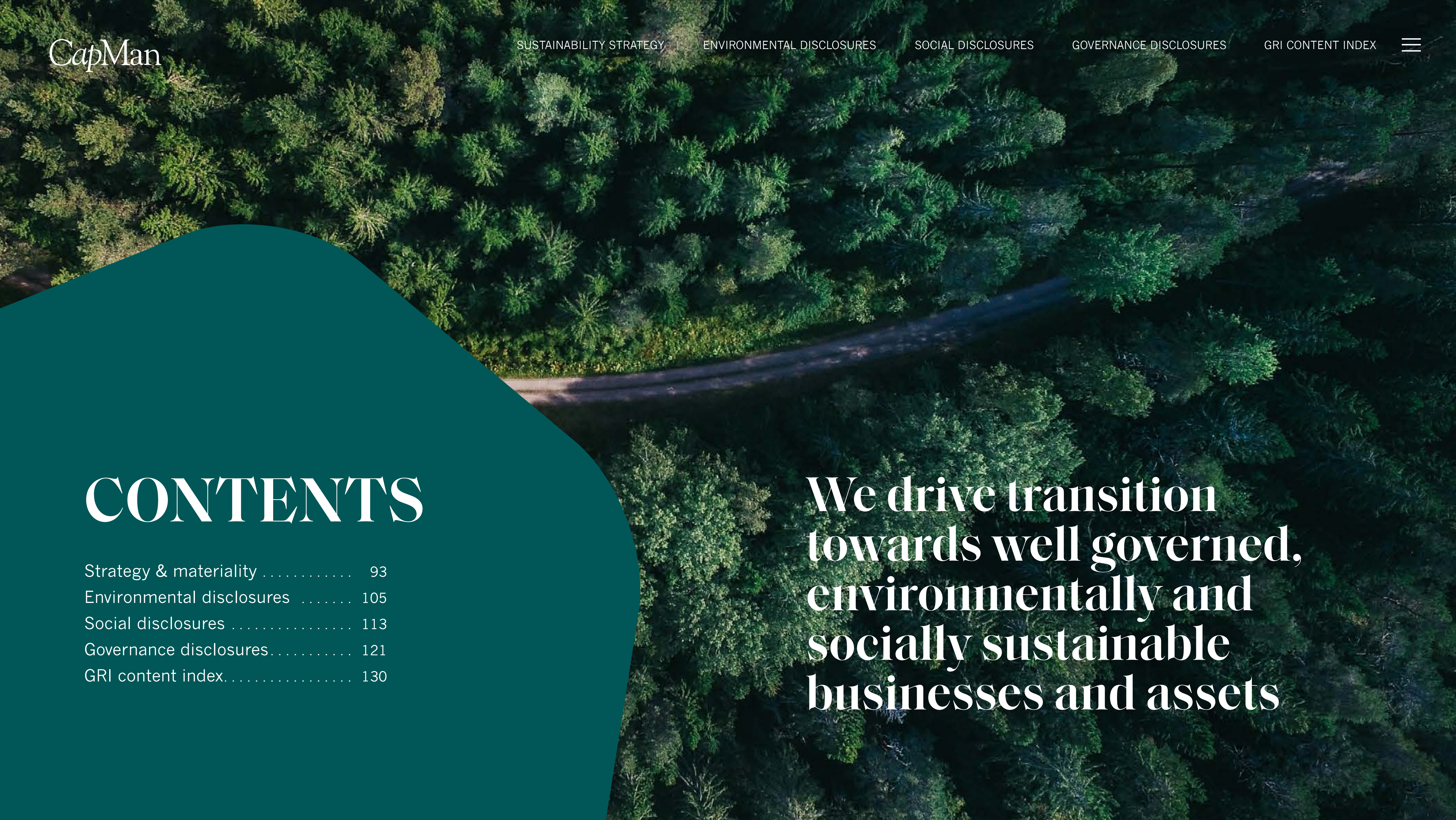
Helsinki February 6, 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Kristina Sandin
Authorized Public Accountant

Sustainability

We build a sustainable future



CONTENTS

We drive transition towards well governed, environmentally and socially sustainable businesses and assets

Sustainability at the core of our vision and strategy

Sustainability vision and strategy

CapMan's vision is to become the most responsible Nordic private asset company. To get there, we are basing our sustainability strategy in science, focusing on material topics and incorporating a holistic approach which includes communities and the environment. We aim to reduce negative impacts, stay within the planetary boundaries and positively affect the people living on this planet while creating strong financial returns. In order to achieve this aim, we work systematically to develop pragmatic, measurable frameworks to transition assets and companies towards resource efficient, circular and nature-positive operating models while promoting inclusive, happy workplaces and understanding how we ensure respect for human rights throughout the value chain. This is how we at CapMan keep building value for the enrichment of society towards 2040 and beyond.

CapMan's sustainability standards

As an active owner with significant reach in the Nordic society, CapMan is ideally positioned to drive positive transitions in real estate, infrastructure assets and companies. We have established long-term goals in the environmental, social and governance areas that underpin our actions.

CAPMAN'S SUSTAINABILITY STANDARDS

1. We drive climate action based in science.
2. We promote nature-positive operations that safeguard the planetary boundaries.
3. We create strong and equitable businesses and provide meaningful work.
4. We respect human rights of all people, including our employees, those working for and with our investments and in local communities.
5. We are diverse, transparent, and accountable for our actions.

CapMan's vision is to become the most responsible private asset company in the Nordics

Sustainability target roadmap

CapMan is dedicated to driving the development towards a sustainable future. Through our funds under management, we take action for the climate and are mindful of our planetary boundaries. Our funds under management create strong and equitable businesses and provide meaningful work. Respect for human rights is integral to our interactions across the value chain and we operate according to the highest governance standards.

In order to contribute to a robust and diverse economy and thriving environment we have established short-term (1–2 years), mid-term (<10 years), and long-term (>10 tears) targets for CapMan Group as well as our investment areas. We continue to develop our approach and transition towards our long-term goals and report on the progress of some targets later in the year as information from the investment areas becomes available. Some targets have been included in the management team's long-term performance share plan. CapMan's baseline for its targets is typically 2021.

STANDARD	ACHIEVED 2023	SHORT-TERM	MID-TERM	LONG-TERM
CLIMATE ACTION We drive climate action based in science	**CapMan**			
	• CapMan's science-based targets were validated and their progress is monitored on an annual basis*) • Set a net-zero emissions target for 2040 • Tracked Scope 1, 2 and key Scope 3 GHG emissions	• Progressing towards mid-term science-based target and net zero target	• Increase the use of renewable energy to 100% by 2030 • Reduce absolute Scope 1 and 2 GHG emissions 51% by 2032 • Reduce GHG emissions from business travel by 25% per full time employee from 2023 and by 2032	• Net-zero emissions throughout operations achieved by 2040
	In funds			
	• 16% of eligible portfolio companies have set science-based targets • Real estate portfolio emission intensity decreased 18.7% for commercial and 11.9% for residential real estate from 2021	• At least 25% of eligible Infra and Private Equity portfolio companies have set science-based targets	• 54.5% of eligible portfolio companies have set SBTi validated targets by 2027 and 100% by 2032 • Reduce residential RE portfolio emission intensity 50% and commercial (service) buildings emissions by 72% by 2032 • Energy intensity from real estate have decreased 26% by 2032 from 2021 (excl. mandates)	• Net-zero emissions by 2035 for real estate operational carbon and by 2040 for embodied carbon and other investment strategies

*) Included in the long-term Performance Share Plan for the Management Group

STANDARD	ACHIEVED 2023	SHORT-TERM	MID-TERM	LONG-TERM
NATURE POSITIVE We promote nature-positive operations that safeguard the planetary boundaries	**CapMan**			
	• Rolled out WWF Green Office programme	• Certify CapMan offices according to the WWF Green Office Standard	• Maintain WWF Green Office designation	• CapMan's operations to stay within planetary boundaries
	In funds			
	• Initiated a project to develop nature-positive approach and tools for real estate and portfolio companies	• Develop a nature-positive approach and tools and pilot them for selected real estate projects and portfolio companies	• Nature-positive transition plan developed for real estate and portfolio companies as part of a nature positivity framework • Real Estate waste material utilisation rate 70% for assets with data availability by 2032 • Demolition and construction waste recycling rate minimum 80% by 2032 • 4% water intensity reduction in commercial properties by 2026	• Transition investments towards staying within planetary boundaries
MEANINGFUL WORK We provide meaningful work	**CapMan**			
	• Employee satisfaction eNPS 51	• Employee satisfaction eNPS above 50*)	• Keeping employee satisfaction eNPS yearly above 50	• Maintain high job satisfaction
	In funds			
	• Overall tenant satisfaction in real estate funds 3.5 (3.6 in 2022), on a scale of 1 to 5, with 5 representing the highest level of satisfaction	• Portfolio company employee satisfaction above 3.5 out of 5 or eNPS above 25 • Tenant NPS above 0, overall satisfaction above 4.0	• Keeping company employee satisfaction yearly above 3.5 out of 5 or eNPS above 25 • Keeping tenant NPS yearly above 0, over-all satisfaction above 4.0	• Maintan high portfolio company job satisfaction and tenant satisfaction

*) Included in the long-term Performance Share Plan for the Management Group

eNPS: Employee Net Promoter Score **SBTi:** Science Based Targets initiative **DEI:** Diversity, Equity, Inclusion

STANDARD	ACHIEVED 2023	SHORT-TERM	MID-TERM	LONG-TERM
DIVERSITY, EQUITY & INCLUSION (DEI) AT THE WORKPLACE We create strong and equitable businesses	**CapMan**			
	• Management Group appointments 40% women • Partner appointments 33% women • Recruitment in total 33% women • Inclusion index 81	• Management Group appointments: max 70% of any gender (if more than one appointment) *) • Investment team appointments: max 70% of any gender *) • All recruits: max 60% of any gender *) • Keep inclusion index above 70	• Management Group appointments: max 70% of any gender (if more than one appointment) • Investment team appointments: max 70% of any gender • All recruits: max 60% of any gender • Keep inclusion index yearly above 70	• Management Group appointments: max 60% of any gender (if more than one appointment) • Partner appointments: Female partners to reach 20% overall by 2033 • All recruits: max 60% of any gender • Increased diversity and inclusion
	In funds			
	• Implemented DEI policies for 87% of all majority owned portfolio companies with more than 75 employees • The accessibility of the properties was assessed via annual property audits, and improvement potential was identified	• DEI policy implemented at all majority owned portfolio companies with more than 75 employees	• Target to be decided	• Diversity and inclusion increased within portfolio companies
RESPECT FOR HUMAN RIGHTS We respect human rights of all people, including our employees, those working for and with our investments and in local communities	**CapMan**			
	• Human rights salient impacts in operations identified together with external experts • CapMan Supplier Code of Conduct adopted	• Align with the UN Guiding Principles on Business and Human Rights across activities • Strengthen the management of human rights risks in CapMan's corporate functions and investment activities	• Track implementation and communicate results on human rights while continuously improving human rights governance	• Promotion of human rights throughout value chain ensured, tracked and communicated
	In funds			
	• Key human rights salient impacts identified for all investment teams by an external investigation	• Start aligning processes for human rights with the UN Guiding Principles on Business and Human Rights across investments, asset management and property management	• Track implementation and communicate results on human rights while continuously improving human rights governance • 0 fatalities • Reducing accidents at construction sites • Fair working conditions throughout the value chain following the implementation of a Supplier Code of Conduct	• Promotion of human rights throughout value chain ensured, tracked and communicated

*) Included in the long-term Performance Share Plan for the Management Group

STANDARD	ACHIEVED 2023	SHORT-TERM	MID-TERM	LONG-TERM
DIVERSITY, EQUITY & INCLUSION IN DECISION MAKING We are diverse	**CapMan**			
	• 33% of Board members are women	• Emphasise board diversity (board elected by AGM)		
	In funds			
	• Accessibility related improvements were assessed throughout the real estate assets as part of property audits	• Appoint max. 70% of any gender to portfolio company boards & management teams	• Appoint max. 70% of any gender to portfolio company boards & management teams	• Max 60% of any gender in portfolio company Boards and Management Groups
ACCOUNTABILITY & TRANSPARENCY We are transparent and accountable for our action	**CapMan**			
	• Sustainability goals incorporated into the variable remuneration of the Management Group • 37 sustainability-related training sessions conducted	• Sustainability targets incorporated into the variable remuneration for eligible employees *) • Increase sustainability governance trainings • Sustainability reporting in line with key sustainablility initiatives such as TCFD, TNFD, UNGC and PRI	• Sustainability reporting beyond regulatory requirements in line with key sustainability initiatives • Engagement on sustainability topics with relevent stakeholders conducted and reported on • Keep strenthening Sustainability competence across CapMan with Sustainability Academy sessions and systematic sustainability governance training for all employees	• Sustainability targets included in the CapMan Group employee bonus • Maintain high sustainability competence across CapMan Group • Engage with relevant stakeholders to develop sustainability best practice, including reporting, in private markets
	In funds			
	• Sustainability onboarding & holding period guidelines developed • 37.6% of all properties (sqm) are certified • 18.0% of all properties are EU Taxonomy aligned	• Sustainability onboarding & holding period guidelines implemented in all new acquisitions	• 75% of all real estate assets certified by sqm and during the holding period by 2032 • Share of EU Taxonomy aligned properties is increased	• Target to be decided

*) Included in the long-term Performance Share Plan for the Management Group

Materiality of sustainability topics

In order to focus on the topics where CapMan can have the biggest impact, CapMan builds its sustainability strategy around a double materiality framework. CapMan continuously assesses its business areas, engages with stakeholders and monitors global industry and policy developments to identify material sustainability topics to follow-up, analyse and, if relevant, disclose. Material sustainability topics are factors that have a significant direct or indirect economic, environmental or social impact on CapMan, its stakeholders and broader society. CapMan looks at both its effect on the world as well as the impact of external sustainability issues on its activities. CapMan is developing its materiality assessment in order to meet the requirements for double materiality assessment under the new Corporate Sustainability Reporting Directive (CSRD). CapMan's reporting obligations start as of 2025.

Central stakeholders

CapMan anchors its materiality assessment to both internal and external stakeholders. Internal stakeholders include employees and management, and external stakeholders include, among others, shareholders, fund Limited Partners, portfolio company management and employees, real estate tenants and users, advisors and partners, suppliers, local community representatives, and the general public. The most significant topics related to sustainability are identified through information gathering, industry analysis, surveys and stakeholder interviews and risk mapping.

CapMan evaluates its effects on the world as well as the impact of external sustainability issues

CapMan's latest materiality assessment was conducted in 2022 based on stakeholder interviews and surveys. Included stakeholders were the largest Limited Partners and shareholders (interviews and surveys), board members (interviews), management group (interviews) and employees (surveys). In addition, the materiality assessment included a review of industry standards, regulation, best-practices, and the assessment of CapMan's role in the value chain and overall society. Stakeholder groups were assigned weights depending on their relative contribution to the activities performed by CapMan Group. Following a quantitative analysis of the topics considered material by stakeholders surveyed, internal workshops were held to determine the final weighting of material topics.

INTERNATIONAL INITIATIVES AND COMMITMENTS

CapMan has committed to the Science Based Targets initiative (**SBTi**) and set a short-term greenhouse gas emission reduction target and a net-zero commitment by 2040. CapMan has participated in developing a carbon neutrality road map as part of Initiative Climat International (**iCI**). CapMan is also an early adopter of the Task Force for Nature-related Financial Disclosures (**TNFD**).

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 (**UNGP**), 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.

Through its participation in UN Global Compact (**UNGC**), CapMan is committed to UNGC's principles and promotes its fundamental values related to human rights, labour principles, the environment, and anti-corruption. CapMan has also been a signatory to the Principles of Responsible Investments (**PRI**) since 2012. CapMan is also a member of the ILPA ESG Data Convergence Initiative. The entire organisation is guided by these international standards to assess its operations, including 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. CapMan promotes sustainable practices in the Nordic private equity industry through industry associations **FVCA** and **SVCA** and **INREV**, which promotes the interests of European real estate investors.

CapMan Real Estate is a member of **Green Building Council** Finland and Denmark (Rådet for Bæredygtigt Byggeri) and is part of developing the industry and society.

Material sustainability topics for CapMan Group

The material topics serve as the basis for CapMan's sustainability strategy, including sustainability processes and priorities. Management of materiality topics is described in the sections of this report related to the environment, society, and governance.

Based on impact, scope, likelihood and the relative weight of stakeholders, seven topics were identified as the most material for CapMan. The promotion and realisation of diversity and equity in the operations are considered the most material topic, followed by governance in investment practices, board diversity and business ethics and integrity. Energy use, emissions and the impact of travel habits on climate change are the most material environmental topics for CapMan. The resulting materiality map forms CapMan's priorities for managing sustainability topics. CapMan sets annual and long-term targets that monitor progress related to these material topics.

CapMan is in the process of updating the assessment during 2024 to reflect the double materiality principle of CSRD.

The materiality assessment focuses on the activities of CapMan Group and applies weighting based on the most material impacts of the Group's overall activities. CapMan will extend this assessment by including a broader assessment of its impacts across the value chain, including the activities of CapMan's real estate, infrastructure and private equity funds under management.

MATERIAL TOPIC		MATERIAL SUBTOPIC
	ENVIRONMENT	
Climate action based in science **Nature-positive operations**	**Climate Change**	Travel habits Energy use, energy efficiency
	SOCIAL	
Strong and equitable businesses and meaningful work **Respect for human rights**	**Diversity and equity**	Employee diversity and equity Non-discrimination
	Attractive workplace	Employee wellbeing Talent development and retention Performance based remuneration
	GOVERNANCE	
Diverse, transparency and accountability	**Good governance in investment practices**	Active ownership
	Board diversity	Board diversity
	Business ethics and integrity	Compliance with laws and regulations Ethical business practices that are based on CapMan's values
	Tax responsibility	Tax revenue and tax transparency

CENTRAL RISK MANAGEMENT AND VALUE CREATION TOOLS FOR FUND INVESTMENTS

- *Sustainable Investment Policy*
- *Restriction list*
- *Onboarding and Holding period guidelines*
- *ESG due diligence and value creation tool*
- *Sustainability policy library for portfolio companies*
- *Supplier Code of Conduct guidance*

Taking sustainability and climate action throughout the investment lifecycles

Fund investors are increasingly interested in private assets funds that proactively manage sustainability matters. CapMan meets this demand by combining sustainability value creation and financial returns in its funds across investment strategies.

Prior to acquisitions, CapMan assesses potential real estate, infrastructure assets or portfolio companies for sustainability risks and opportunities and includes sustainability transformation plans to the value creation agenda. CapMan has a proprietary sustainability value creation and due diligence tool for its private equity and infrastructure companies that is used to identify how to mitigate risks and preserve and create value through sustainability related actions. For real estate investments, CapMan conducts transition and physical climate risk assessments for all new acquisitions and selected standing investments, following CRREM and EU Taxonomy technical criteria, including climate mitigation and adaptation plans.

CapMan has set mid-term science-based targets to reduce Scope 1 and 2 greenhouse gas (GHG) emissions by 51% by 2032 and to reach net zero by 2040. CapMan also targets that 54.5% of its portfolio companies have set their own science-based targets by 2027 and 100% by 2032. Additionally, CapMan has established targets to reduce GHG emission intensity by 72% in its commercial real estate and by 50% in residential real estate by 2032 and an ambitious net-zero plan for operational carbon by 2035 and embodied carbon by 2040 in its real estate portfolios. CapMan Real Estate is part of the Science Based Targets Buildings pilot test, thereby leading the way in establishing frameworks for measuring and reducing the climate impact of buildings.

Impact of climate risks

CapMan Group has assessed the impact of climate-related matters and whether climate-related risks could be expected to result in material adjustments in the Group's financial statements. Physical climate risks such as risks arising due to extreme weather, and transition climate risks such as risks arising due to regulatory or technological changes could impact CapMan's financial performance due to impacts on the valuations of the fund investment assets on its balance sheet. A high exposure to climate-related risks could also impact CapMan's ability to raise new funds, which in turn would lead to lower management fees. CapMan seeks to mitigate this risk

Sustainability transformation as part of the value creation agenda

by setting GHG emission reduction targets and by supporting its portfolio companies, infrastructure assets and real estate to set individual GHG emission reduction targets.

The operations of CapMan Plc are not heavily reliant on physical assets, and hence CapMan's exposure to physical climate risks is low. The potential climate-related risks are mainly linked to risks in the underlying assets in the private assets funds that CapMan Plc has invested in. The majority of these funds are managed by CapMan, and hence by CapMan's investment professionals.

CapMan's net-zero commitment, in combination with the valuation process for its funds, can therefore be seen taking sufficiently into account climate-related matters impacting the fair value of the underlying portfolio companies, real estate and other holdings owned by CapMan's own funds. Fair value of external fund investments is based on external fund managers' valuations and no climate-related adjustments are made by CapMan. However, CapMan assesses that the industries, in which the portfolio companies of the external fund investments operate, are not materially subject to climate-related risks with regards to their fair valuation.

CapMan is exposed to transition risks arising from new environmental and sustainability-related regulatory requirements in the financial sector. Failure to comply could lead to costs as well as reputational damages.

Sustainability factors, including those related to climate change, are incorporated into CapMan's asset-specific due diligence and value creation processes. Both internal and external expertise, as well as a value creation tool developed for the purpose, are utilised to identify these factors.

SUSTAINABILITY MANAGEMENT AND GOVERNANCE

- *Sustainability matters, including climate issues and risks, are part of the general governance of CapMan Plc.*
- *The overall management of sustainability matters falls under the purview of CapMan's* **Board of Directors** *through the* **Audit and Risk Committee***. Any significant findings and deviations from international commitments are addressed by the Board of Directors.*
- *The* **Management Group** *acts as CapMan's Sustainability steering group. It agrees on the high-level action plan for the execution of the Board-approved long-term strategic sustainability objectives and priorities.*
- *The* **Head of Sustainability** *(part of the Management Group) has overall responsibility for developing and implementing the group-level sustainability strategy.*
- **Heads of investment teams** *(part of the Management Group) are responsible for the assessment of sustainability matters as part of the investment and value creation process.*
- **Investment and asset management teams** *and the* **sustainability team** *are responsible for the integration of sustainability assessments, including climate assessments. Investment and asset management teams implement sustainability actions and assess sustainability risks and opportunities in real estate, infrastructure assets and portfolio companies.*
- *The* **Risk & Valuations** *team is responsible for carrying out internal control.* **People Operations** *is responsible for enforcing the fair treatment of employees.*

Classification of CapMan's funds based on sustainability impacts

The Sustainable Finance Disclosure Regulation (SFDR) has provided additional requirements on CapMan AIFM Ltd as the manager of alternative investment funds (AIFs) as well as AIFs regarding the disclosure of sustainability risks and adverse impacts of investment decisions. CapMan assesses the classification of each fund established and open for new commitments after 10 March 2021 according to SFDR and adheres to the following:

- *The funds follow CapMan's Sustainable Investments Policy (all funds regardless of classification under the SFDR must follow this policy).*
- *The funds act transparently and report Principal Adverse Impact (PAI) indicators to their investors.*
- *Sustainability risks and principal adverse sustainability impacts are taken into account for all funds.*

CapMan AIFM Ltd includes sustainability risks in the decision-making process in accordance with SFDR Article 3. Environmental impacts and risks can relate to, among others, climate-related risks (physical and transition), biodiversity or pollution. Social impacts and risks can relate to for instance safety and wellbeing, human rights in the supply chain, and employee or tenant satisfaction. Governance impacts and risks can relate to for example inadequate management of sustainability, management incentives, corruption, bribery, cybersecurity, or data privacy.

CapMan discloses its approach to sustainability risks and adverse sustainability impacts in its Sustainable Investment Policy.

Funds that promote environmental and/or social characteristics (Article 8)

CapMan assesses whether a fund includes environmental or social considerations in its strategy and if it also promotes environmental and/or social characteristics throughout its investments.

Environmental or social considerations can relate to any topics with an environmental or social dimension that are considered in the decision-making process for the fund and that can be applied in a systematic fashion across the fund. Topics can include, for example diversity of management teams, monitoring of energy efficiency, GHG emissions, environmental certifications, applied sector restrictions, or public adherence to the UN Global Compact or other codes.

The environmental and/or social characteristic(s) must be defined and measurable. There must be a goal linked to the characteristics that are in line with CapMan policy and targets where applicable. If investee companies or assets are already aligned with the goal, then the focus is on maintenance. If investee companies or assets are not aligned with the goal, an action plan is set and implemented. The analysis of environmental and/or social characteristic(s) and potential exclusion criteria are included in the investment process, including the due diligence process.

A fund that promotes environmental and/or social characteristics may also make investments that are aligned with the EU Taxonomy. In that case, it will disclose the share of the eligibility and alignment.

Enabling the green transition

CapMan funds that are classified as Article 8:

- *CapMan Residential*
- *CapMan Nordic Property Income (non-UCITS)*
- *CapMan Hotels II*
- *CapMan Nordic Infrastructure II*
- *CapMan Growth Equity III (established in 2024)*
- *CapMan Social Real Estate (established in 2024)*
- *CWS Sustainable Future (non-UCITS)*

	2023	2022
Share of funds raised after 10 March 2021 that are Art 8 (%)	84%	85%

The majority of new funds are classified as Article 8

Taxonomy alignment

The below table presents the Taxonomy eligibility and alignment of funds as of 31 December 2023. CapMan continues to strengthen processes to account for minimum social safeguards.

The EU Taxonomy Regulation provides that an economic activity can only qualify as environmentally sustainable if, in addition to meeting the other requirements of Article 3 (3), it is carried out in compliance with the minimum safeguards laid down in Article 18. As per Article 18, meeting the minimum safeguards means: 1) implementing international standards of responsible business conduct. The key international standards on corporate human rights are currently the OECD Guidelines on Multinational Enterprises and the UNGPs; and 2) adhering to the principle of 'do no significant harm' of the SFDR. CapMan continues to strengthen its business practices and processes to fully embed these standards. Please find more information in the section on social disclosures in the chapter regarding human rights in our value chain.

	Taxonomy eligibility			Taxonomy alignment		
	Turnover	CapEx	OpEx	Turnover	CapEx	OpEx
CapMan Hotels II	100%	100%	100%	0%	0%	0%
CapMan Residential	100%	100%	100%	20%	0%	22%
CapMan Nordic Property Income	100%	100%	100%	7%	0%	8%
BVK-CapMan Nordic Residential Mandate	100%	100%	100%	37%	22%	37%
CapMan Nordic Real Estate I	100%	100%	100%	96%	0%	90%
CapMan Nordic Real Estate II	100%	100%	100%	18%	1%	15%
CapMan Nordic Real Estate III	100%	100%	100%	6%	22%	6%
Kokoelmakeskus	100%	100%	100%	0%	0%	0%
CapMan Nordic Infrastructure II	100%	100%	100%	0%	0%	0%

Impact through international frameworks

PRI – PRINCIPLES FOR RESPONSIBLE INVESTMENT

CapMan has signed the Principles for Responsible Investing in 2012 and reports on the fulfilment of those principles in its investment activities. The latest report published in 2023 provided the following assessments:

- *Policy, Governance and Strategy*
- *Real Estate 4/5 stars*
- *Infrastructure 4/5 stars*
- *Private Equity 4/5 stars*

Read the full report on CapMan's website at
→ capman.com/sustainability

GRESB – GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK

CapMan reports on the sustainability performance of its real estate and infrastructure funds according to the GRESB framework. According to the framework, funds are assessed and ranked against their peers. For 2023, the assessment covered the following funds:

- *CapMan Nordic Infrastructure I*
- *CapMan Nordic Infrastructure II (management)*
- *CapMan Nordic Property Income*
- *CapMan Hotels II*
- *CapMan Nordic Real Estate II*
- *CapMan Nordic Real Estate III*
- *CapMan Residential*

ICI – INITIATIVE CLIMAT INTERNATIONAL

Initiative Climat International (iCI) is a global community of private markets firms and investors that seek to better understand and manage the risks associated with climate change. CapMan has participated in developing a carbon neutrality road map together with other private market firms. The Private Markets Decarbonization Roadmap (PMDR) offers the private markets industry a joint approach to disclose the development of their GHG emissions. It is based on existing frameworks that curb climate change.

UN GLOBAL COMPACT

The UN Global Compact is the world's largest corporate sustainability initiative. It is a call for companies to implement universal sustainability principles and to take steps to support UN goals for the benefit of the future of our earth. Companies and organisations that have signed the commitment follow principles related to human rights, labour, environment and anti-corruption in all countries where they operate. It provides a sustainability framework renowned all over the world. CapMan is a participant of UN Global Compact.

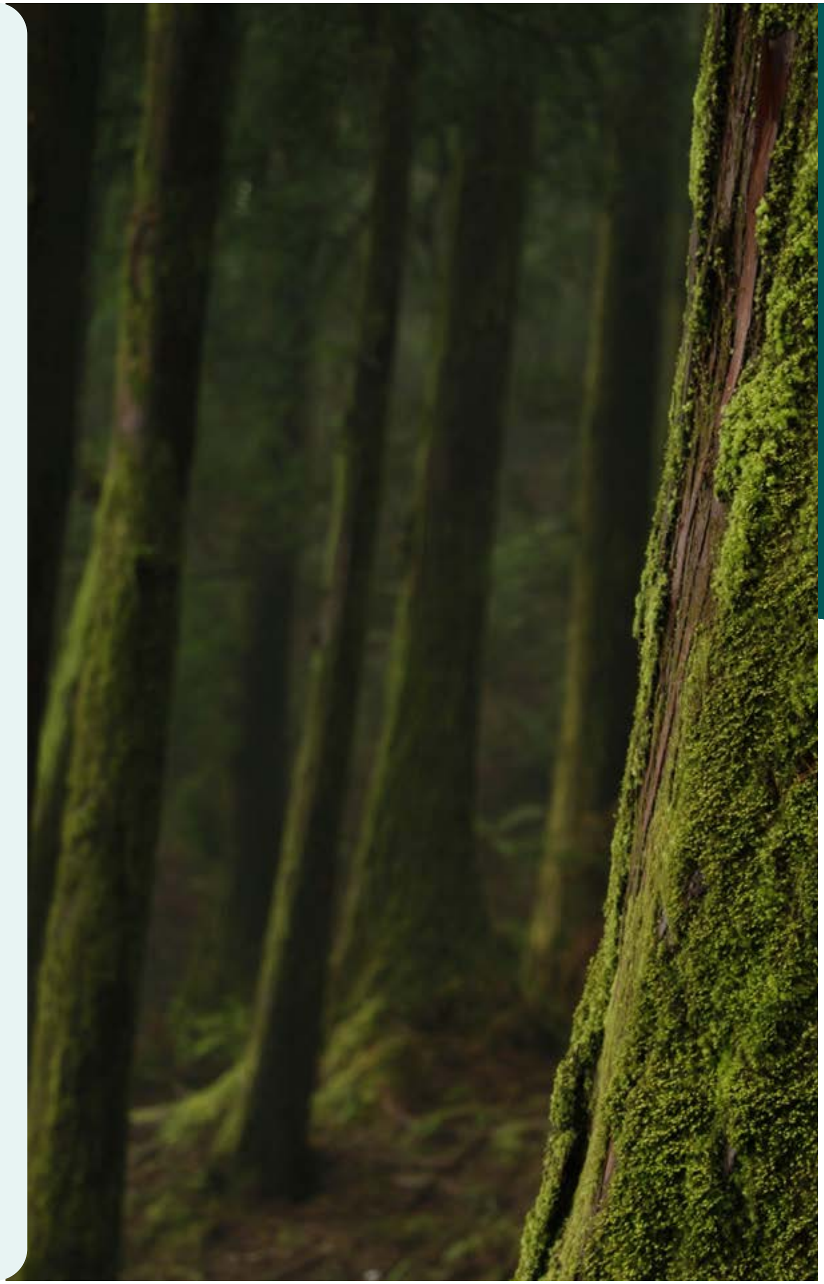
Environmental disclosures

Given the urgency of the climate crisis, it is crucial that decisions made at CapMan as well as in the real estate, infrastructure assets and portfolio companies of the funds that we manage are made in a climate conscious manner. Climate mitigation efforts are particularly important for funds investing in carbon intensive strategies such as real estate and infrastructure. CapMan adapts to climate change by introducing physical climate risk assessments and adaptation plans in funds established after 2021. We plan to expand the scope of transition risks further during 2024. Overall, CapMan mitigates its climate-related transition risks by assessing the carbon footprint of its activities and has set GHG emission reduction targets in line with the Science Based Targets initiative (SBTi), and by conducting CRREM assessments and action plans for real estate assets held by the funds it manages. CapMan targets to be fully net zero by 2040.

SCIENCE BASED TARGETS INITIATIVE

The Science Based Targets initiative (SBTi) was established as a partnership between WWF, UN Global Compact, the Carbon Disclosure Project (CDP) and the World Resource Institute (WRI). SBTi drives ambitious climate action in the private sector and strives to curb the worst outcomes of climate change. Under the initiative, companies can set targets in order to reduce their own GHG emissions in line with climate science and global agreements. To achieve the 1.5 degree celcius maximum increase as set by the Paris Agreement, GHG emissions have to be reduced by half by 2030. CapMan has established mid- and long-term GHG emission reduction targets in line with SBTi and seeks to achieve net-zero emissions by 2040 the latest.

CapMan targets to be net zero by 2040



Management of material environmental topics

	ACTUAL AND POTENTIAL IMPACTS	INVOLVEMENT IN THE IMPACTS	POLICIES OR COMMITMENTS	ACTIONS TAKEN	TRACKING EFFECTIVENESS	ENGAGEMENT
Energy efficiency: **ENERGY**	CapMan utilises energy for the electricity consumption and heating of its office premises. Depending on the energy sources used, the activities contribute to emissions and consequently climate change.	CapMan's own energy consumption is limited. The majority of the impacts come from the energy use of the real estate, infrastructure assets and portfolio companies of its funds under management.	As part of its commitment to the SBTi, CapMan has set targets for increasing the share of renewable energy in the direct electricity consumption of its operations. Energy intensity reduction targets have been set for real estate.	CapMan monitors its energy use and the sources of energy in its own operations as well as its investments, which have adopted energy efficiency initiatives and targets.	CapMan monitors energy consumption, energy intensity and the use of renewable energy both in its own activities as well as in its portfolio and tracks development against targets.	CapMan collects feedback from both internal and external stakeholders, including employees, Board of Directors and Limited Partners (LPs), regarding its energy consumption and sources used.
Emission reductions: **CLIMATE**	CapMan's activities contribute to GHG emissions indirectly through the electricity consumption and heating of its offices as well as through upstream and downstream activities, such as business travel, commuting and investments. By reducing emissions, CapMan seeks to align its activities with a 1.5°C pathway.	Emissions by investments, that is assets and portfolio companies of funds under management, are by far the largest contributor to emissions in CapMan's value chain. CapMan's employees are frequently required to travel in order to execute the value creation plans of the investment strategies.	As part of its commitment to the SBTi, CapMan has set targets to reduce Scope 1, 2 and 3 (category 15) GHG emissions. CapMan targets to be fully net zero by 2040. CapMan has also committed to sustainable travel practices with targets for emission reductions from business travel.	CapMan monitors its Scope 1, 2 and 3 emissions. As part of Scope 3 emissions, CapMan monitors the GHG emissions of its real estate, infrastructure assets and portfolio companies. CapMan encourages transition towards less climate intensive practices. CapMan actively invests in the production of renewable energy.	CapMan monitors GHG emissions and emission intensity both in its own activities as well as in its portfolio. Through the commitment to the SBTi, CapMan has committed that its portfolio companies set individual SBTs and that its properties reduce Scope 2 emissions aligned with 1.5°C scenario specified by the Paris Agreement.	CapMan collects feedback from internal and external stakeholders, including employees, board and LPs, regarding the management of emissions, including travel and commuting habits. Limiting and/or reducing emissions in order to combat climate change is a central target for many stakeholders, including LPs.

Metrics and targets

Yearly reviews to assess progress towards climate objectives

CapMan accounts for direct Scope 1 emissions from its own operations, indirect Scope 2 emissions from its own activities as well as Scope 3 emissions from purchased goods and services, business travel, employee commuting and the share of emissions from the investments that it manages. CapMan has no Scope 1 emissions. Emissions from investments for 2023 are being assessed and will be available later during 2024.

Progress towards science-based targets

CapMan has set a target to reduce absolute Scope 1 and 2 GHG emissions 51% by 2032 from a 2021 base year. CapMan commits to increase annual sourcing of renewable electricity to 100% by 2030.

In 2023, absolute Scope 1 and 2 emissions were 64 tCO_2e, an increase of 18% from 2021.

Although not explicity part of CapMan's GHG emissions reduction targets under the Science Based Targets initiative, CapMan monitors Scope 3 emissions from commuting and business travel as the company can through a travel policy and practices directly impact the development of these emissions.

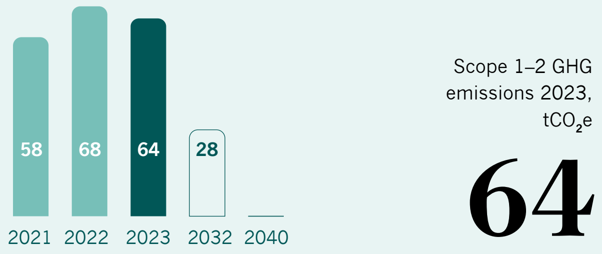
The majority of CapMan's Scope 3 emissions are generated through our investments. CapMan's targets for reducing Scope 3 under the SBTi guidelines for private assets companies are as follows:

Real Estate

CapMan commits to reduce its real estate portfolio GHG emissions from residential buildings within its direct investment portfolio 50% per square meter by 2032 from a 2021 base year. CapMan commits to reduce its real estate portfolio GHG emissions from commercial (service) buildings within its direct investment portfolio 72% per square meter by 2032 from a 2021 base year. The targets follow a sector decarbonisation approach.

In 2023, Real Estate GHG intensity ($kgCO_2e/m^2$) decreased by 18.7% for commercial real estate and 11.9% for residential real estate.

Scope 1–2 GHG emissions, tCO_2e

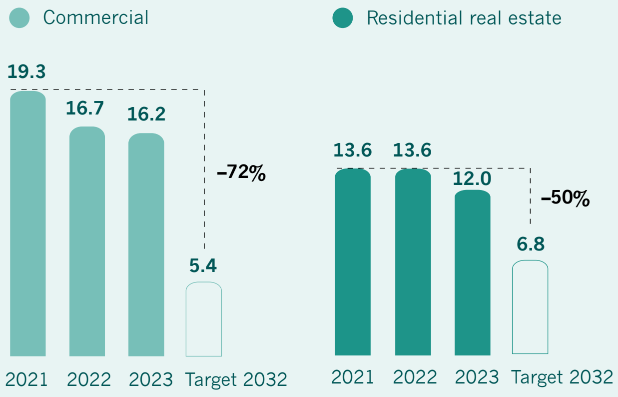


Based on Science-based Targets for mid-term emission reductions and net zero commitment.

Share of portfolio companies that have set science-based targets, %

Eligible companies that have set science-based targets as a share of AUM, excluding investments made within 24 months.

Emission intensity of real estate, $kgCO_2e/m^2$



Private Equity and Infrastructure

CapMan commits to 54.5% of its eligible private equity investments by assets under management setting SBTi validated targets by 2027, and 100% by 2032. The targets follow a portfolio coverage approach.

In 2023, the share of eligible AUM for which science-based targets had been set was 16%.

Companies that have set SBTs	2021	2022	2023	2027 target	2032 target
Committed to setting SBTs (total #)	0	1			
SBTs validated (total #)	0	2	4		
Eligible companies (#)	0	10	14		
Share of eligible AUM for which SBTs have been set	0%	10%	16%	55%	100%

Real estate portfolio GHG intensity (kg CO_2e/m^2)	2021	2022	2023	2032 target
Commercial real estate	19.3	16.7	16.2	5.4
Residential real estate	13.6	13.6	12.0	6.8

CapMan Group environmental metrics

The following information pertains to CapMan Group.

Energy consumption

Information on CapMan's energy consumption is available for energy from electricity and heat consumed by CapMan's operations at all seven office locations and from electricity, heat and cooling for CapMan's Stockholm location. The information is activity based for CapMan's Helsinki, Jyväskylä, Stockholm and Copenhagen offices. Consumption is estimated based on location and office area information at the London, Luxembourg and Oslo locations, where CapMan employs less than 10 people per location.

Total energy consumption	2023	2022
Total energy consumption, MWh	457.3	457.2
Total electricity, MWh	108.6	131.5
Total heating, MWh	337.7	314.1
Total cooling, MWh	11.0	11.6
Share of renewable electricity, %	14%	0%
Share of fossil free electricity, %	66%	52%
Share of renewable heating, %	n/a	n/a

Energy sources and emission factors:	2023	2022
Purchased electricity:		
Market-based emission factor, kg CO_2/kWh	0.292	0.065
Renewables, %	14%	0%
Non-renewables, %	86%	100%
Location-based emission factor, kg CO_2/kWh	0.115	0.375
Heating:		
Market-based emission factor, kg CO_2/kWh	0.120	0.177
Renewables, %	n/a	n/a
Non-renewables, %	n/a	n/a
Location-based emission factor, kg CO_2/kWh	0.087	0.189

Energy intensity

Energy intensity ratios include energy consumption from electricity, heating and cooling within the CapMan organisation.

Energy intensity	2023	2022
Total energy intensity, MWh/FTE	2.5	2.5
Total energy intensity, MWh/turnover mEUR	7.7	6.8

Emissions

CapMan Group discloses its greenhouse gas emissions as CO_2 equivalents (CO_2e) in line with the GHG Protocol.

CapMan Group total GHG emissions	2023	2022
Gross direct emissions (tCO_2e) – Scope 1	0	0
Gross market-based indirect energy (tCO_2e) – Scope 2	32	60
Gross location-based indirect energy (tCO_2e) – Scope 2	33	8
Gross other indirect emissions (tCO_2e) – Scope 3, of which	443,778	197,799
Business travel	2,659	156
Employee commuting	34	48
Purchased goods and services	1,683	1,732
Fuel and energy activities	12	
Investments	439,391	195,863
Total emissions (tCO_2e)	443,842	197,867
Emission intensity: tCO_2e/ Revenue EURm	7,477	2,931
Emission intensity: tCO_2e/FTE	2,425	1,070

Scope 1:

Scope 1 GHG emissions are emissions which come directly from 1) stationary combustion, 2) mobile combustion, 3) fugitive emissions, and 4) process emissions from a company and its controlled entities. CapMan has no Scope 1 emissions.

Scope 2:

Scope 2 GHG emissions are emissions which come indirectly from the generation of purchased electricity, heating and cooling.

The market-based method is used to calculate emissions from the company's office locations in Helsinki, Stockholm, Jyväskylä and Copenhagen. For emissions from offices with less than 10 employees (Oslo, London and Luxembourg) the location-based method is used. Emission factors from AIB and DEFRA were used to calculate emissions from purchased electricity and heating.

Scope 3:

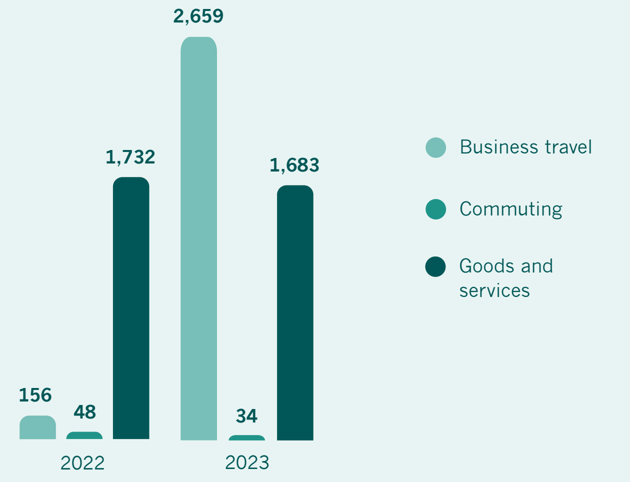
Scope 3 GHG emissions are all indirect emissions – not included in Scope 2 – that occur in the value chain of the reporting company, including both upstream and downstream emissions. In other words, emissions that are linked to the company's operations. According to GHG protocol, Scope 3 emissions are separated into 15 categories, of which categories 1–14 relate to the company's operations and category 15 relates to its investments.

The use of differing methodologies in calculating category 15 within Scope 3 results in emission intensity figures that are not comparable.

Methodology:

CapMan utilises Position Green, a third-party carbon accounting platform, to calculate most of its Scope 3 emissions. Emissions from category 1 (purchased goods and services) are spend based and calculated with emissions factors provided by Exiobase based on established industry and product categorisations, such as NACE, GICS, UNSPSC, or similar. Emissions from category 6 (business travel) are activity based and utilise Thrust Carbon, a travel-specific methodology with improved accuracy. For this reason, emissions from business travel are not comparable with emissions reported for 2022, which included a distance-based method with emission factors from DEFRA. Emissions from category 7 (employee commuting) are activity based and utilise a distance-based method with emissions factors provided by NTM and DEFRA. Category 15 (investments) includes CapMan's share of emissions of assets and portfolio companies of funds under CapMan's management. For this report, emissions from the portfolio companies have been estimated (based on turnover and emission factor) and asset data is provided by real estate asset managers and property

Scope 3 emissions, tCO_2e



Emissions from business travel are not comparable year-over-year due to a switch to a more comprehensive calculation methodology.

management companies. CapMan does not have, or has very marginal, emissions in Scope 3 categories 4, 5, 8, 9, 10, 11, 12, 13 and 14, which is why these are not accounted for separately.

Category 6 – Travel and Category 7 – Commuting

Emissions from business travel increased as travel picked up in 2023 following ongoing fundraising projects and partially due to the lifting of travel restrictions following the pandemic. Assessment of emissions from travel has improved due to increased availability of emission data and improved calculation methodolgy. As a consequence, emissions for 2023 are not comparable with previous years. According to CapMan's travel policy, business trips are planned based on climate conscious choices in addition to keeping costs and time spent travelling at a reasonable level. Emissions from commuting decreased as more employees elected to commute by walking, bike, public transport and electric vehicles instead of driving petrol cars.

Category 15 – Investments:

By far the largest GHG emissions impact comes from our investments. In 2023, our portfolio comprised 46 companies and infrastructure assets and 220 properties.

CapMan accounts for its share of GHG emissions (Scope 1–3) from investments based on fund ownership. To assess the impact of real estate investments, CapMan conducts an internal assessment of Scope 1–3 emissions of properties with the help of a third-party consultant. Emissions from real estate investments included both actual and estimated emissions. Market-based emissions factors were used when actual consumption information was available. For estimated consumption, location-based emissions factors were used.

Real estate investments have the largest impact on CapMan's GHG emissions in Scope 3 – category 15.

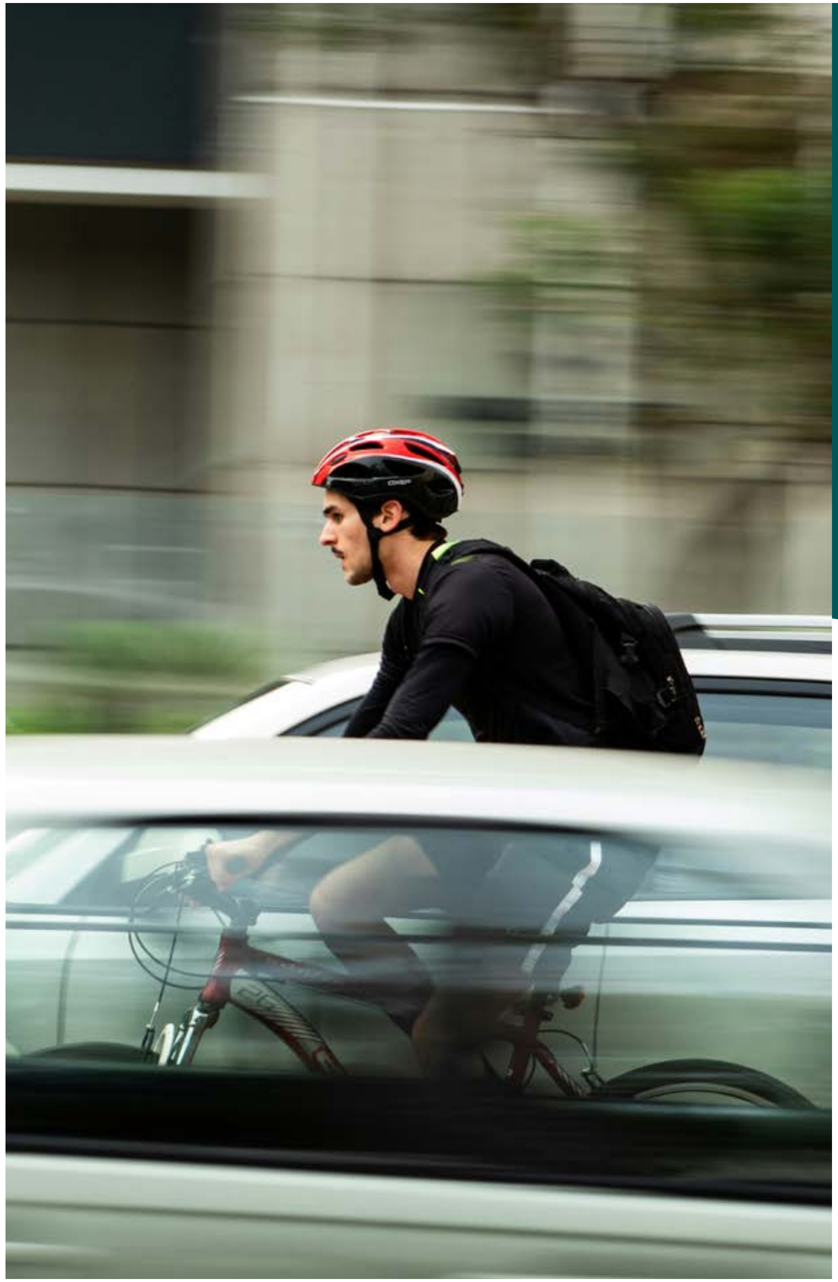
As CapMan's portfolio companies and infrastructure assets report their GHG emissions later in the year, their impact on CapMan's Scope 3 category 15 GHG emissions has been estimated based on turnover and sector-specific emission factors from Exiobase.

Due to the broad range of operations and sectors that CapMan's funds invest in, portfolio companies and infrastructure assets have a mixed climate footprint. The largest footprint comes from companies in the transportation and energy sectors that have high Scope 1 GHG emissions from mobile and stationary combustion, as well as resource-intensive construction materials companies that have high Scope 3 emissions from upstream purchased goods and services, such as raw materials.

For 2022, emissions from 39 portfolio companies and infrastructure assets were based on Scope 1–3 emissions reported by portfolio companies. Therefore, Scope 3 category 15 figures are not comparable. CapMan will update its Scope 3 category 15 – investments as information from portfolio companies becomes available later in the spring of 2024.

Restatements:

The share of renewable electricity for 2022 has been restated as Energy Attribution Certificates were not available for that period. Energy intensity figures for 2022 were also restated to be expressed as MWH instead of kWh. For real estate, the coverage and quality of the reported data, including estimates, improved for 2022 and 2023. Renewable energy for selected properties were taken into account retrospectively



ACTION PLAN FOR ENVIRONMENTAL TOPICS

Accomplished in 2023

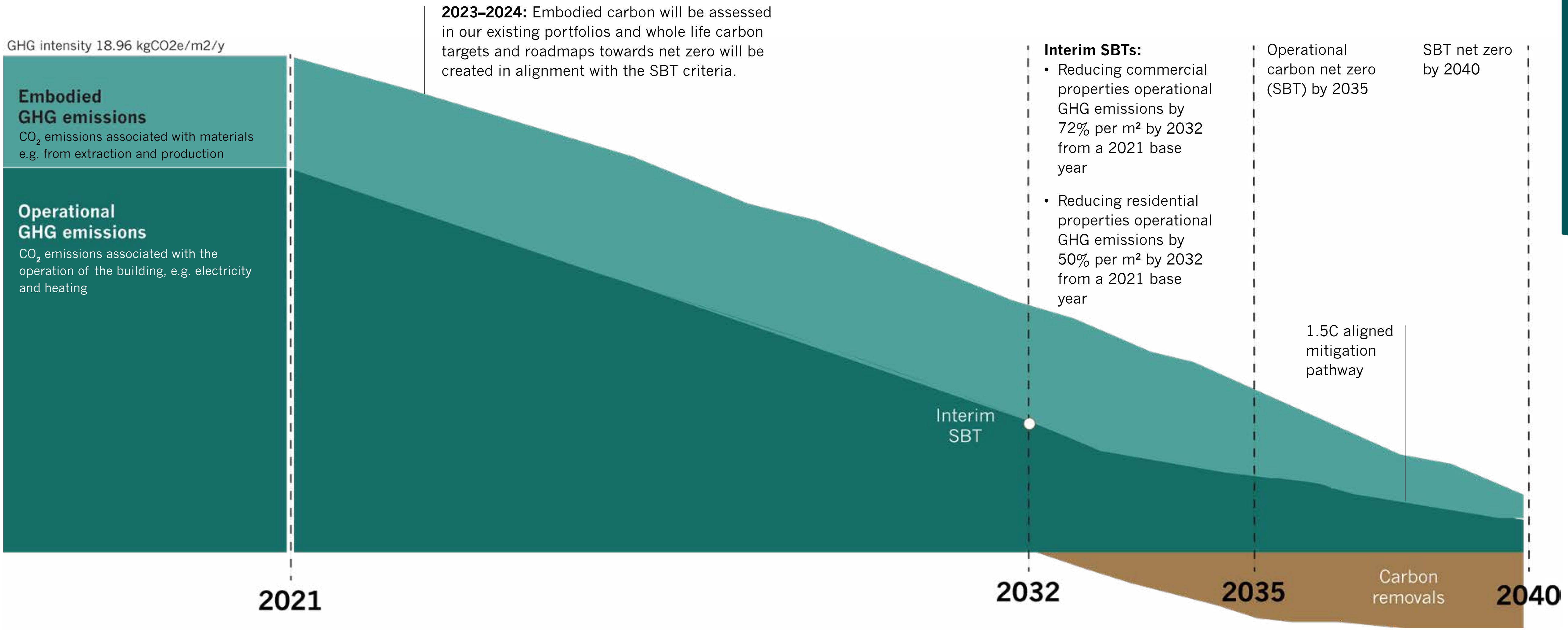
- *Progress towards science-based targets:*
  - *Scope 1–2 emissions +18% since 2021.*
  - *Scope 3 emissions:*
  - *Real Estate: Emission intensity (kgCO2/m2) -18.7% for commercial real estate and -11.9% for residential real estate from 2021.*
  - *PE & Infra: 16% of portfolio companies as per eligible private equity AUM have set Science Based Targets for GHG emission reduction.*
- *Initiated a project to assess nature dependencies, impacts, risks and opportunities at real estate, infrastructure assets and portfolio companies where environmental aspects are material (based on double materiality).*
- *Initiated the WWF Green Office environment management system for CapMan with a target to become certified in 2024.*

Next steps

- *Validate long-term net-zero targets with the SBTi.*
  - *The real estate portfolio is targeting in-use operational net-zero emissions by 2035, and upfront and in-use embodied net-zero emissions by 2040.*
  - *Net-zero target year of 2040 for private equity investments.*
  - *Net-zero target year of 2040 for infrastructure investments.*
- *Continue to proceed on the 1.5 °C trajectory for emission reductions towards net zero by 2040.*
- *Introduce a nature-positive framework to guide sustainable transitions in assets and portfolio companies.*
- CapMan's offices to be certified by WWF Green Office.

Focus on net-zero validation and the establishment of a nature-positive framework

Transition path example from Real Estate: Operational carbon net zero by 2035 and embodied carbon net zero by 2040



Employee and social disclosures

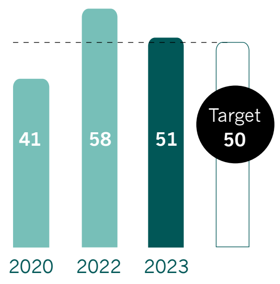
CapMan forms an important part of the society through the businesses and properties in which we invest. As we build real estate, infrastructure assets and companies to be proud of, that employees enjoy working at, and that customers want to frequent and promote, they become more valuable – not only for us but for society. Our activities start and stop with people. Human capital forms the core of CapMan's success through the decisions that we make in our assets and portfolio companies and in the services we provide.

CapManians are satisfied with their employer

CapMan measures employee satisfaction and wellbeing at frequent intervals. As a measurement, eNPS signals the willingness of CapManians to recommend their employer and is as such a good proxy for employee satisfaction. Workplace inclusion was measured for the first time, and it was at a high level.

Employee satisfaction

Employee satisfaction, eNPS



Employee satisfaction 2023, eNPS

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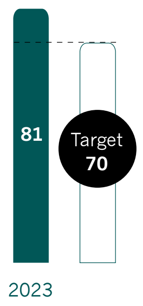
Inclusion



Inclusion 2023

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CAPMAN DRIVES DIVERSITY OF THE PRIVATE ASSETS INDUSTRY THROUGH THE LEVEL 20 NETWORK

CapMan's CEO Pia Kåll is the founder of the Nordic chapter of the Level 20 network and chair of the Finnish Level 20 committee. Level 20 is a not-for-profit organisation focused on increasing the diversity in the private equity industry with the goal that the percentage of women in senior leadership in European private equity would reach at least 20. The mission is to inspire women to join and succeed in private equity and to work with industry leaders to make the changes necessary for diversity and inclusion to flourish. The organisation works towards its mission through mentoring, events and networking, lobbying and research.

Management of material social topics

	ACTUAL AND POTENTIAL IMPACTS	INVOLVEMENT IN THE IMPACTS	POLICIES OR COMMITMENTS	ACTIONS TAKEN	TRACKING EFFECTIVENESS	ENGAGEMENT
Talent development and retention, employee wellbeing: **TRAINING AND EDUCATION**	The development of the competencies and professional skills of all employees is a fundamental part of CapMan's corporate culture. Providing employees with opportunities for learning and an understanding of stakeholder needs are required for continued competitiveness. Actively pursuing professional development ensures that knowledge and skills stay relevant and up to date. Additionally, competence development generally improves employee motivation, which can benefit employee engagement.	Training and education are significant both through CapMan's own operations as well as through the portfolio companies in which its funds under management invest.	CapMan describes its approach to training and education in its People Policies. CapMan offers opportunities for professional development by providing different types of training on a case-by-case basis. The aim for all individual training or team training is to reward, motivate and actively encourage the employees to develop skills and ways of working as well as to develop CapMan as a company.	CapMan has developed and expanded its available training modules and offers additional opportunities to participate remotely or through a recorded training session.	All new employees undergo predefined training modules to learn about the organisation and processes. CapMan tracks the participation in mandatory corporate training. Competence development is tracked through the employee satisfaction survey and reflected in the eNPS score, which is used to measure the meaningfulness of work. eNPS is used as a general KPI to measure the effectiveness of CapMan's social actions related to an attractive, diverse and inclusive workplace.	CapMan collects feedback from employees and managers through surveys and development discussions, which form the basis for its approach to competence development.

	ACTUAL AND POTENTIAL IMPACTS	INVOLVEMENT IN THE IMPACTS	POLICIES OR COMMITMENTS	ACTIONS TAKEN	TRACKING EFFECTIVENESS	ENGAGEMENT
Employee diversity and equity, board diversity: **DIVERSITY AND EQUAL OPPORTUNITY**	CapMan's organisation and activities should reflect its stakeholders and markets in which the company operates. CapMan believes that companies that take into account diversity, equity, and inclusion also tend to be more innovative and profitable, which in turn has positive effects on the societies in which the companies operate.	Diversity, equity and inclusion is significant both through CapMan's own operations as well as through the portfolio companies in which its funds under management invest.	All employees must be treated fairly and equally. CapMan has committed to set mid- and long-term percentage targets by end of 2023 on gender diversity, including targets for appointments for Management Group and Partner level, and targets for new recruits throughout the CapMan organisation. DEI is integrated into CapMan's People Policy.	Diversity and inclusion is measured by age, location and gender distribution. Due to the small number of employees at certain locations, a complete breakdown across employee groups is not provided.	CapMan has set up goals to improve diversity across the organisation, including the Management Group, and to improve the reported sense of inclusion, which is monitored through its employee satisfaction survey and wellbeing survey. eNPS is used as a general KPI to measure the effectiveness of CapMan's social actions related to an attractive workplace. Inclusion is measured separately through the wellbeing survey.	CapMan utilises an internal diversity, equity and inclusion (DEI) working group to establish guidelines and recommendations for managing DEI-related topics throughout the organisation. The working group includes representation from CapMan's Board of Directors and holds workshops with the management team semi-annually.
Respect for human rights: **NON-DISCRIMINATION**	Combating discrimination is important to safeguard human rights especially of vulnerable or under-represented groups. Adherence to non-discrimination policies also helps retain talent, ensures that individuals are not missing out on development opportunities, or the company on income generation opportunities.	Combating discrimination is significant both through CapMan's own operations as well as through the portfolio companies in which its funds under management invest.	Discrimination on the grounds of age, disability, ethnic origin, family commitments, gender, gender identity, political attitude, employees' representative activities, religion, sensitive medical conditions, sexual orientation, social background, or other personal characteristics is prohibited.	CapMan makes a commitment to uphold human rights in its operations, investment activities and supplier relationships.	CapMan tracks transgressions through its whistleblowing channel and reports them to the Board of Directors.	CapMan promotes the use of its whistleblowing channel to encourage internal and external stakeholders to report any incidents of discrimination.

HUMAN RIGHTS IN OUR VALUE CHAIN

Assessment of human rights and areas for improvement

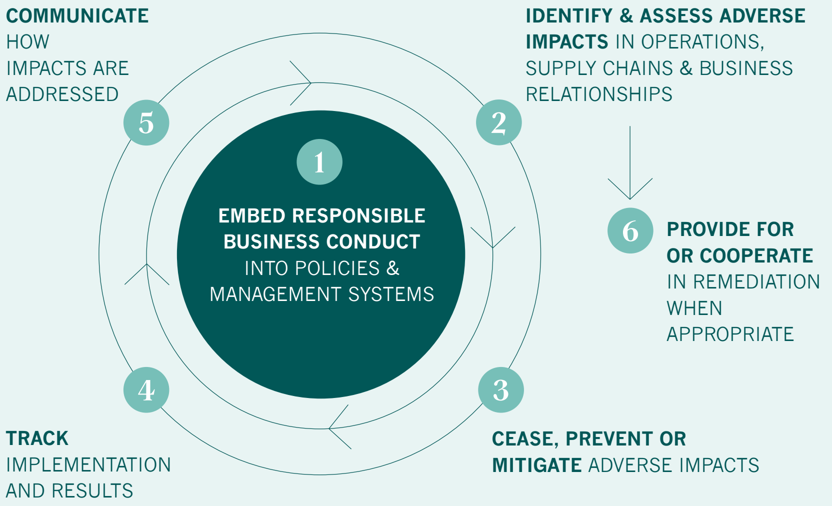
In 2023, CapMan conducted an assessment of salient human rights risks and impacts and an evaluation of policies, governance and management processes of CapMan Group in the roles of corporation, investor and advisor, as well as the value chain. The assessment was benchmarked to authoritative international standards. The standards include among others, the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD MNEs), which in turn influence existing and upcoming EU regulation (please see the figure on the six steps of the OECD Due Diligence).

While the outputs of the assessment are being finalized, the results will highlight the salient human rights risks and impacts across CapMan's roles of corporation, investor and advisor as well as the value chain. In addition, the assessment has identified existing strengths across CapMan Group, and finally, a set of recommendations for strengthening the current human rights governance, risk management and policies and procedures on continuously identifying and assessing any adverse impacts, as well as CapMan's grievance and mitigations mechanisms which are communicated and reported on.

More information on the results and implementation roadmap across the Group will be shared in upcoming sustainability-specific disclosures.

DEI WORKING GROUP

In 2023 CapMan established an internal working group that focuses on discussing and highlighting pertinent Diversity, Equity & Inclusion (DEI) issues across the organization. Composed of various members across teams, functions, seniorities and geographic locations, the DEI working group provides practical guidelines and recommendations to management in biannual workshops. The DEI working group is sponsored by the Audit and Risk Committee Chair of CapMan's Board of Directors. The goal is to continuously increase diversity, equity and inclusion across CapMan, especially on a decision-making level, including Management Group, investment professionals and Partners.



Source: OECD (2018), Due Diligence Guidance for Responsible Business Conduct, OECD Publishing

Employee metrics

People at CapMan

Total headcount increased in the period to 206 (202 on 31 December 2022). The increase was due to an expansion of investment strategies and services, offset by the disposal of JAY Solutions. FTEs were on average 183 (186 for 2022). The fluctuations in the number of employees between different categories during 2023 or between reporting periods was due to the disposal of JAY Solutions and the recategorisation of employees. The disposal of JAY Solutions is reflected in involuntary turnover.

The vast majority of CapMan's workforce is permanently employed. Workers who are not employees are generally special advisors active in CapMan's local and global networks. They perform various tasks that are either project-related or advisory in nature and work under consultant contracts instead of employment contracts, mainly due to their geographic location or the nature of the work that they perform.

Share of women, %

	2023	2022	2023	2022	2023	2022	2023	2022
Headcount of employees per gender	**Female**	**Female**	**Male**	**Male**	**Not disclosed**	**Not disclosed**	**Total**	**Total**
Employees	84	80	122	122	n/a	n/a	206	202
Permanent employees	74	73	116	118	n/a	n/a	190	191
Temporary employees	10	7	6	4	n/a	n/a	16	11
Non-guaranteed hours employees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Full-time employees	76	74	118	115	n/a	n/a	194	189
Part-time employees	n/a	6	n/a	7	12	n/a	12	13
New employees	17	n/a	34	n/a	n/a	n/a	51	n/a
Employees that have left	13	n/a	34	n/a	n/a	n/a	47	n/a
Annual total turnover							23%	n/a
Voluntary turnover							4%	n/a
Involuntary turnover							19%	n/a

	2023	2022	2023	2022	2023	2022	2023	2022
Headcount of employees per region	**Finland**	**Finland**	**Sweden**	**Sweden**	**Other**	**Other**	**Total**	**Total**
Employees	149	153	33	25	24	24	206	202
Permanent employees	135	143	31	25	24	23	190	191
Temporary employees	14	6	n/a	n/a	n/a	n/a	16	11
Non-guaranteed hours employees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Full-time employees	140	143	32	25	22	21	194	189
Part-time employees	9	10	n/a	n/a	n/a	n/a	12	13
New employees	38	n/a	n/a	n/a	13	n/a	51	n/a

Employment status	2023	2022
Not employees	6	5
Total	206	202

Collective bargaining agreements

CapMan follows applicable employment law in all countries, including working conditions and terms of employment. CapMan seeks to provide more competitive conditions than collective bargaining agreements within the finance sector. CapMan supports employees' right to organise.

Collective bargaining	2023	2022
Percentage of total employees covered by collective bargaining agreements	0%	0%

Non-discrimination

CapMan has 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 channel. CapMan will always investigate any complaint of discrimination, bullying or harassment sensitively and without prejudice. All complaints are taken seriously and must be made in good faith.

There were no incidents of discrimination reported in 2023.

Training and performance management

Average hours of training during the reporting period	2023	2022
Women	13.75	7,5
Men	13.75	7,5
Service professionals	13.75	7,5
Investment professionals	13.75	7,5

Performance review, % of employees	2023	2022
Women	100%	100%
Men	100%	100%
Service professionals	100%	100%
Investment professionals	100%	100%

Diversity of governance bodies and employees

Board of Directors	2023	2022
Women	33%	33%
Men	67%	67%
Under 30	0	0
30–50	0	0
Over 50	100%	100%

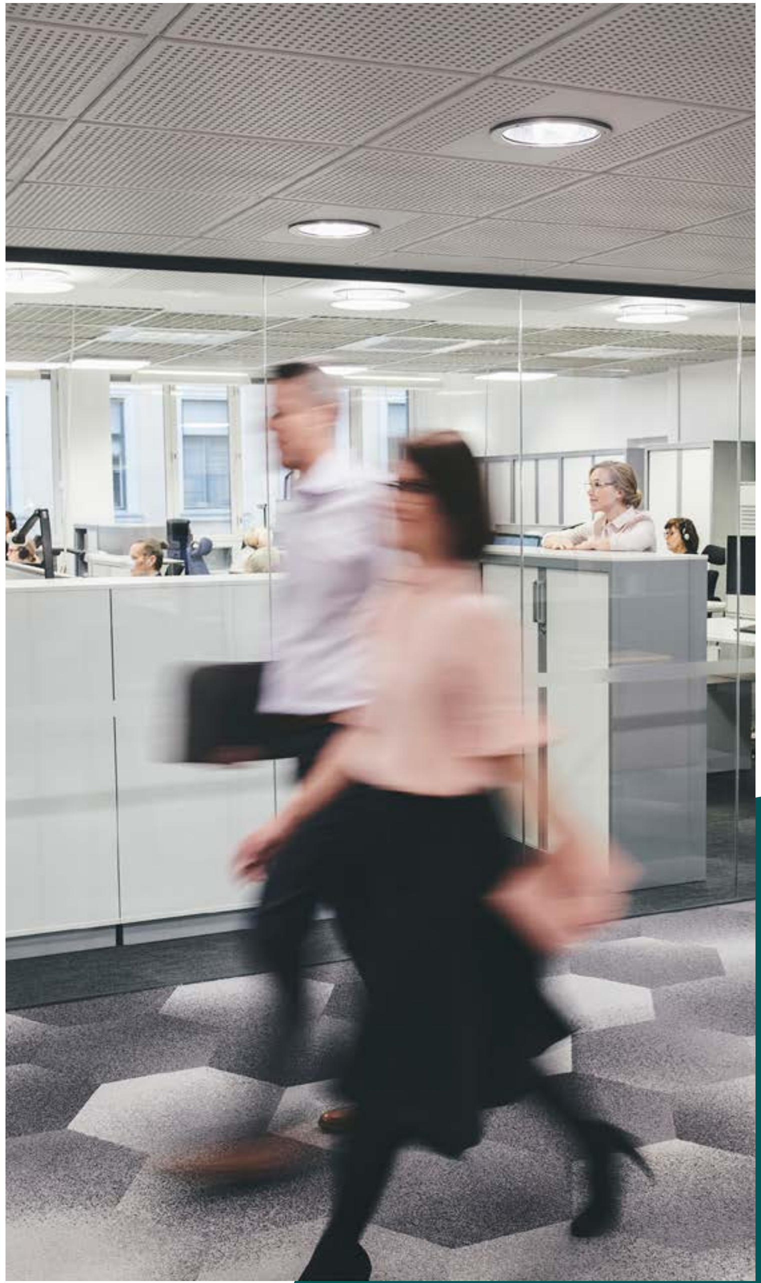
Management Group	2023	2022
Women	42%	36%
Men	58%	64%
Under 30	0%	0
30–50	92%	82%
Over 50	8%	18%

Employees	2023	2022
Women	41%	40%
Investment professionals, women	24%	15%
Service professionals, women	63%	n/a
Men	59%	60%
Investment professionals, men	76%	85%
Service professionals, men	37%	n/a
Under 30	21%	n/a
30–50	67%	n/a
Over 50	12%	n/a

Ratio of basic salary and remuneration of women to men	2023	2022
All employees	0.64	n/a
Investment professionals	0.80	n/a
Service professionals	0.73	n/a
Finland		
Investment professional	0.86	0.64
Service professional	0.83	0.83
Sweden		
Investment professionals	0.70	n/a
Service professionals	n/a	n/a

Information for other locations except Finland and Sweden are not provided due to categories being below five employees. Definition for significant location of operations is a country with more than 4 persons per country, gender and employee category. Not all metrics were available for the comparison year. Difference in remuneration between women and men can be attributable to differences in seniority. Basic salary and remuneration consists of monthly base salary, fringe benefits and variable incentives.

Employee parental leave by gender, 2023	Women	Men
Total number of employees that were entitled to parental leave	84	122
Total number of employees that took parental leave	11	11
Total number of employees that returned to work in the reporting period after parental leave	6	10
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return	2	6
Return to work and retention rates after parental leave	100%	91%



SOCIAL RESPONSIBILITY THROUGH CAPMAN FOR GOOD AND TUKIKUMMIT FOUNDATIONS

CapMan implements its social responsibility also through the two foundations it administers. The CapMan for Good foundation shares the know-how and energy of CapMan's employees and networks to society through, among other things, mentoring. The Tukikummit foundation, on the other hand, wants to ensure that every young person has the opportunity to enjoy hobbies and to be part of a social context. By distributing grants to cover costs for hobbies, supporting studies, shared family experiences, travel expenses and providing monetary support for single-parent families, the foundation supports young people who are at risk of becoming marginalised due to their financial situation.

As the cost-of-living increases, the importance of not-for-profit organisations as social actors is emphasised. Without support, many families have to compromise on their children's hobby opportunities, or give them up altogether, which increases the risk of alienation for a young person looking for direction. During 2023, CapMan's procurement service CaPS and its networks raised 215,000 euros for work to prevent marginalisation. In total, CaPS has raised approx. EUR 1.4 million for the Tukikummit foundation since 2014. The grants have reached more than 15,000 children and young people in Finland.

ACTION PLAN FOR SOCIAL TOPICS

Accomplished in 2023

- *Maintained high employee satisfaction above eNPS 50.*
    - *Employee wellbeing surveyed and at a high level.*
    - *Inclusion surveyed and index at 81 points.*
- *Established a DEI policy and an internal DEI working group.*
- *Human Rights value chain salient risk assessment & analysis conducted on how to close potential gaps for CapMan and our investment and service teams.*
- *Set mid- and long-term targets on gender diversity at CapMan, including targets for appointments for Management Group and Partner level.*
- *Conducted annual property audits for the majority of the portfolio that among others, assessed the accessibility of properties.*

Next steps

- *Improve transparency regarding remuneration.*
- *Follow up on inclusion annually.*
- *Implementations of the findings from the human rights assessment.*

Sustainable governance disclosures

Sustainability is an integral part of CapMan's corporate governance. CapMan works to improve the accountability of sustainability work and to report transparently to stakeholders. CapMan works to leverage the high standards of professional conduct also in the real estate, infrastructure assets and portfolio companies of its funds under management.

Management of material governance topics

	ACTUAL AND POTENTIAL IMPACTS	INVOLVEMENT IN THE IMPACTS	POLICIES OR COMMITMENTS	ACTIONS TAKEN	TRACKING EFFECTIVENESS	ENGAGEMENT
Active ownership, compliance with laws and regulations, ethical business practices that are based on CapMan's values: **ANTI-CORRUPTION**	CapMan can be exposed to corruption and bribery through its investments, customer relationships and supply chains, which may negatively impact the realisation of human rights especially for disadvantaged groups of people. In contrast, efficient anti-corruption measures, including processes to manage conflicts of interest, help strengthen the rule of law and the functioning of institutions and processes. If CapMan fails to adequately combat corruption in its operations, CapMan can face reputational risks, legal risks, business risks, and potential costs.	Taking sufficient measures against corruption is significant both through CapMan's own operations as well as through the funds that it manages.	CapMan has zero tolerance for corruption and expects the same commitment from its employees, investors, customers, suppliers, and other business partners. As a policy, Group employees do not offer or receive gifts, hospitality and other such benefits if they create or may create improper influence. CapMan has internal policies in place to guide decision-makers in terms of conflicts of interest. The processes are described in detail in CapMan's anti-bribery and anti-corruption policy. Risk management criteria to assess anti-corruption behaviour take into account the location and nature of operations. Operations based in the Nordic countries lower the risk of corruption.	The risks are mitigated, for example, by implementing a code of conduct, training personnel on the identification of corruption risks and different manners of corruption in CapMan's business context, screening of investments and customers against international norms and standards, ensuring appropriate systems and controls to identify, disclose, and manage conflicts of interest, and by recognising anti-corruption measures in the supplier code of conduct. Further, KYC processes can help identify corruption risks.	Code of conduct training is mandatory for all employees. Training procedures, practices and platforms are regularly reviewed. There is specific training for employees who have a key role in overseeing anti-corruption training. CapMan tracks the participation in trainings as well as confirmed incidents.	CapMan provides regular updates to the Board of Directors and Management Group. Discussions with and reporting requests by large investors have influenced the formulation of the policies, procedures, and targets.

	ACTUAL AND POTENTIAL IMPACTS	INVOLVEMENT IN THE IMPACTS	POLICIES OR COMMITMENTS	ACTIONS TAKEN	TRACKING EFFECTIVENESS	ENGAGEMENT
Active ownership, compliance with laws and regulations, ethical business practices that are based on CapMan's values: **ANTI-COMPETITIVE BEHAVIOUR**	Fair dealing and fair competition help foster a healthy business environment, including workers' rights, supplier relationships and innovations. As a consequence, CapMan does not engage in anti-competitive practices. The company's activities are organised in a manner that is compliant with applicable anti-trust and competition laws.	The approach to anti-competitive behaviour is significant both through CapMan's own operations as well as through the funds that it manages.	Anti-competitive behaviour is covered in CapMan's Code of Conduct and trainings related to CapMan's Code of Conduct are provided to all new employees and frequently to all employees.	The topic is included in the investment process with training for employees that are considered particularly exposed to this topic.	Investments undergo a review by the case team and in significant cases local competition authorities in order to ensure that they do not promote anti-competitive behaviours. CapMan regularly reviews its processes for managing anti-competitive behaviour.	CapMan conducts regular reviews by the Board of Directors and Management Group and discussions with and reporting requests to large investors have influenced the formulation of the policies, procedures and targets.
TAX RESPONSIBILITY	Meeting tax obligations is part of CapMan's corporate responsibility and aligned with CapMan's strategy. By paying and collecting taxes, companies contribute to the societies in which they operate. Private asset funds, such that CapMan manages, have an important role in the Nordics by attracting international capital into the region and thereby supporting growth, development and employment.	The approach to taxation is significant both through CapMan's own operations as well as through the funds that it manages. The fund structures used by CapMan attract international investors to invest in the Nordic countries.	CapMan complies with applicable tax laws, tax treaties and relevant international guidance. CapMan's fiduciary duty towards our shareholders extends to managing our tax affairs in a responsible way.	CapMan pays taxes in the countries in which its actual business operations take place. Practices aimed at tax avoidance are prohibited. CapMan follows transparent communications practices towards its shareholders, investors in its funds, and the public. We comply with laws and regulations in all our operations.	CapMan has zero tolerance for tax avoidance or tax evasion. CapMan regularly reviews fund structures and agreements through a tax perspective in order to ensure that tax practices are complied with.	CapMan strives to communicate transparently with all external and internal stakeholders on tax issues and deal with tax authorities in a timely and professional way. Internal and external stakeholders can use the whistleblowing channel to report on concerns related to taxation.

	ACTUAL AND POTENTIAL IMPACTS	INVOLVEMENT IN THE IMPACTS	POLICIES OR COMMITMENTS	ACTIONS TAKEN	TRACKING EFFECTIVENESS	ENGAGEMENT
Active ownership, compliance with laws and regulations, ethical business practices that are based on CapMan's values: **CUSTOMER PRIVACY**	Protecting customers', investors', and other stakeholders' personal data is of utmost importance. CapMan operates in the asset management sector, which is a highly regulated industry and characterised by a large amount of personal data processing. CapMan can face reputational risks, legal risks, business risks, and potential costs if it fails to comply with data privacy regulations and guidelines.	Data security is significant both through CapMan's own operations as well as through the assets and portfolio companies in which its funds under management invest.	CapMan undertakes to keep collected and processed personal data safe and to inform the data subjects of all data usage purposes as well as the data subject's rights. The policies are described in detail in CapMan's privacy notices tailored for different data subjects.	CapMan monitors any data breaches and organises internal training sessions and information campaigns regarding cyber security, GDPR and data protection.	CapMan monitors data breaches and leaks. The target is zero data privacy transgressions.	CapMan updates its policies and processes regularly following regulatory developments, feedback from its internal and external stakeholders and any significant events.

Sustainability risks

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

CapMan's own direct sustainability risk is limited, and mainly related to its own operations such as the use of renewable energy, employees' travel habits, being an attractive, diverse, and equitable workplace, and maintaining high business ethics and integrity by complying with laws and regulations and acting in a responsible manner in line with CapMan's values.

The most significant sustainability risk for CapMan is, however, indirect through the investment activities in the Real Estate, Infrastructure and Private Equity funds managed by CapMan, and through the investments made from CapMan's own balance sheet. To manage investment-related sustainability risk, CapMan works to ensure that each of its investment strategies operates in a sustainable way and makes investments that are in themselves sustainable, can be transitioned towards more sustainable practices and are not at risk of becoming obsolete or stranded. Moreover, it is important to ensure that the investment process always follows CapMan's Sustainable Investment Policy, that relevant pre-investment checks are completed properly and that ESG Due Diligence guidelines are followed for each investment. CapMan has implemented a restriction list to restrict or exclude certain investment activities or industries from the investment scope. CapMan guides its portfolio companies' sustainability work through Active Ownership. All our eligible Private Equity and Infrastructure assets will establish SBT validated emission reduction targets by 2032, and we have set a target to achieve emission reductions in our real estate portfolio compared to 2021.

CapMan is also committed to multiple sustainability reporting initiatives and internal guidelines and processes in place, for example Codes of Conduct both for CapMan and our suppliers and internal Sustainability and Diversity, Equity and Inclusion working groups as well as a Sustainability Academy to educate CapMan's employees and other stakeholders about sustainability issues, to make its sustainability actions more transparent and to mitigate sustainability risks. CapMan educates its portfolio companies' management and personnel about ESG matters and has onboarding process where ESG related processes and principles are implemented on Portfolio Company level.

Read more: capman.com/shareholders/governance/risk-management/

Gender distribution, Board and senior executives	2023	2023	2022	2022
	Total	of whom women, %	Total	of whom women, %
Board of Directors	6	33%	6	33%
Management Group	12	42%	11	36%

Improved transparency through education

2023 AGM votes for/ against

2023 AGM votes for/ against	For	Against	No vote
Proposed Board members	95%	5%	0%

Governance disclosures

Role and knowledge of the Board of Directors in sustainability matters

CapMan's governance structure and the composition of the Board of Directors is described in detail in the Corporate Governance Statement as part of this Annual Report. The Board of Directors has been part of assessing material sustainability topics but is not responsible for reviewing and approving this information yet. The Board of Directors is responsible for assessing sustainability risks as part of overseeing risk management for the company. The sustainability governance and reporting framework is evolving with the Corporate Sustainability Reporting Directive.

CapMan's Board of Directors have approved the company's sustainability programme and its central topics have been discussed at board meetings. The Board focuses specifically on topics related to climate change and DEI. In 2023, the Audit and Risk Committee has participated in external sustainability training and events. In addition, members of the Board of Directors have participated in CapMan's internal sustainability training through the Sustainability Academy.

The Board evaluates its work, including sustainability matters, annually. The evaluation is generally conducted as an internal self-evaluation. Where deemed appropriate, external consultants may be used in the evaluation.

Conflicts of interest

The Board members are requested to disqualify themselves from decision-making in matters in which they are not allowed to participate in accordance with applicable laws. Board members' occupation, other significant board positions, positions of trust, their shareholdings in CapMan and independence assessments are disclosed on the company's website. CapMan's largest shareholders are also disclosed on the website and updated monthly. The Notes to the Financial Statements include information on related parties and related-party transactions.

Overall, CapMan ensures that appropriate systems and controls are in place to identify, disclose, prevent and manage any conflicts of interest that may arise. CapMan has internal policies in place to guide decisionmakers in terms of conflicts of interest. Business decisions must always be made in the best interests of CapMan and avoid any conflicts of interest. In case conflicts of interest arise, it is recommended that the decision-maker recuses oneself from decision-making.

Remuneration

The remuneration of CapMan's Board of Directors and CEO is described in the Remuneration Policy available on the company's website under capman.com/shareholders/governance/remuneration/. The variable remuneration of the CEO and Management Group includes a performance share plan with a sustainability-linked component.

The process to determine remuneration is described in detail in the Remuneration Policy for governing bodies and on the company's website.

Annual total compensation	2023	2022
EUR		
CEO, annual income	129,639 and 351,486	453,125
CEO, share rewards	1,468,916 and 121,302	2,343,150
Board member	42,545	49,794
Personnel, average income	180,060	171,204
Personnel, average share rewards	15,246	27,685
Investment personnel, Finland, median income	115,756	120,000
Service personnel, Finland, median income	69,980	63,300
Investment personnel, Sweden, median income	112,078	84,756
Service personnel, Sweden, median income	66,711	81,996

Annual total compensation ratio	2023	2022
CEO, total annual income	2,071,343	2,796,275
Increase, %	–26%	643%
Personnel, average total income	195,306	196,047
Increase, %	0%	6%
Share of CEO income, %	9%	7%
Highest paid individual to the median annual total compensation	16.74	

The median income figures for 2022 do not include variable income and are therefore not comparable.

The company's Annual General Meeting for 2023 resolved the remuneration policy, 2022 Remuneration Report and the remuneration for the Board of Directors for 2023.

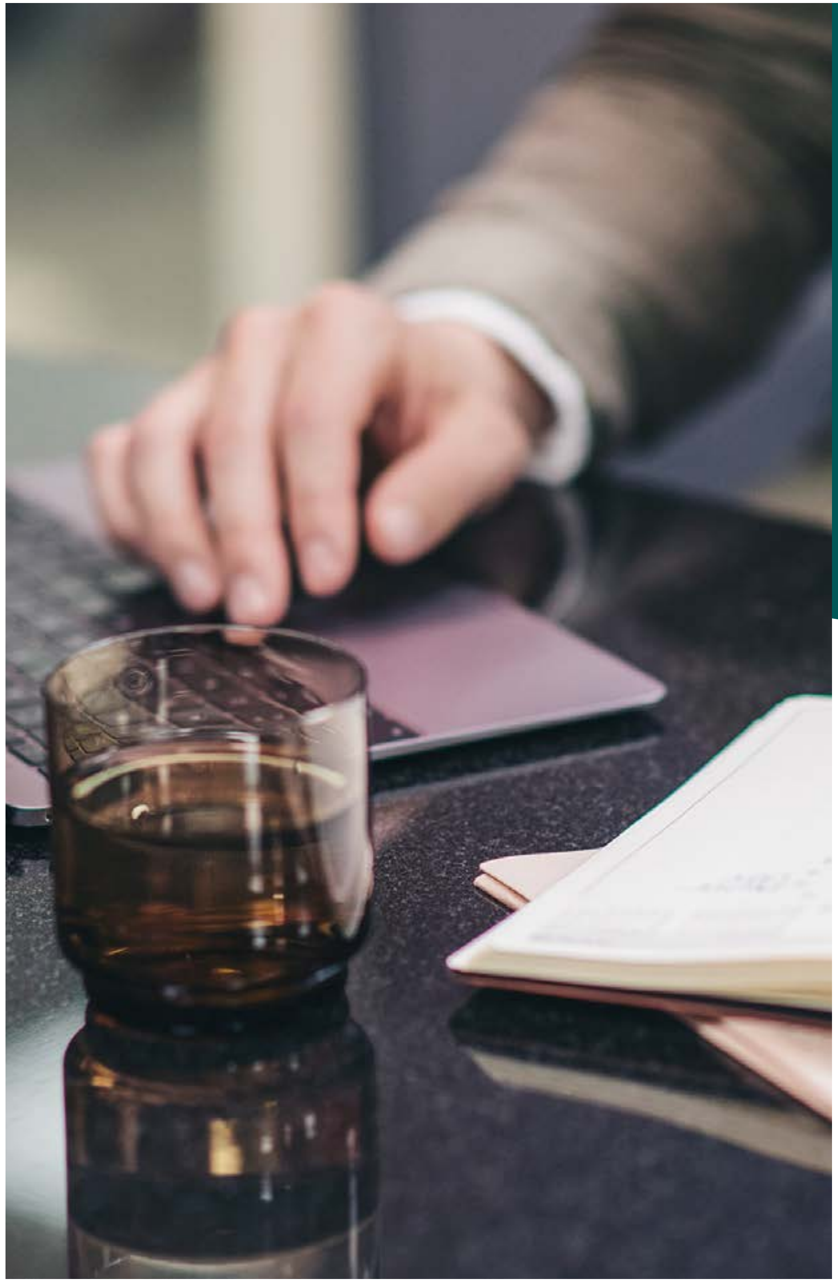
Votes to approve remuneration			
2023 AGM votes for/against	For	Against	Abstain
Remuneration policy	82%	11%	7%
Remuneration report	89%	11%	0%
Board remuneration	100%	0%	0%

Compliance with laws and regulations, other principles

No significant instances of non-compliance with laws and regulations or no fines or other sanctions were incurred during the reporting period.

Fair dealing and fair competition

Anti-competitive behaviour is covered in CapMan's Code of Conduct and trainings related to the Code of Conduct are provided to all employees. Due to the updates made to Finnish Competition law effective as of January 2023, parts of the investment process that relate to anti-competitive behaviour were reviewed and internal processes were slightly amended. Anti-competitive training to the investment professionals was held in January 2023.



During 2023, there were no legal actions pending or completed regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which CapMan has been involved.

Whistleblowing channel

CapMan has a whistleblowing channel for personnel which offers a possibility to alert CapMan about suspicions of misconduct in confidence and/or anonymously. The channel is available on the company's intranet. During 2023, one whistleblowing report was received. The report was processed in accordance with the company's whistleblowing process.

In February 2023, CapMan also introduced an external whistleblowing channel on the company's website for all stakeholders. Both internal and external channels help CapMan to promote responsible business practices. Reporting through the channels is secured and reports may be submitted anonymously.

Processes to remediate negative impacts

CapMan seeks to minimize negative impacts from its operations and has implemented continuous processes 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 works together with reputable insurance brokers to ensure reasonable insurance coverage for potential liability that might result from any material conventional operative incidents. Internal and external stakeholders can report negative impacts of the business, any grievances and raise concerns about CapMan's business conduct through the whistleblowing channel.

Anti-corruption and bribery

CapMan does not accept corruption or bribery in any form. Although CapMan acknowledges that a certain level of courtesy is customary in business relationships, the offer or reception of gifts, hospitality and other such benefits is prohibited if they create or may create improper influence. CapMan pays increased caution when hospitality is offered to public officials. Risk management criteria to assess anti-corruption behaviour take into account the location and nature of operations.

Processes related to anti-corruption and bribery are described in detail in CapMan's Anti-Corruption and Bribery policy.

Risk assessments

Risk assessments are process-based and as such, the company does not conduct risk assessments that specifically relate to corruption. Risks related to corruption have not been identified as a significant risk category in the company's annual general risk assessment. Risks related to corruption are managed through personnel training and open internal reporting channels.

Training

CapMan provides anti-corruption and bribery training to its personnel regularly. This training is also a part of the general compliance training, which is mandatory for all new employees, including members of the Management Group. Information about training is shared in CapMan's internal information channels and communicated to all employees across regions and business functions.

Anti-corruption is also part of CapMan's Code of Conduct. CapMan offers training on anti-corruption matters to all employees as part of its Code of Conduct trainings, that all employees are required to participate in periodically. The Compliance function also organises Compliance roadshows that cover anti-corruption.

The entire organisation (including members of the Board of Directors) were trained on the updated Code of Conduct in 2023. The training also included new employees.

Training	2023	2023	2022	2022
	Communi-cation	Training	Communi-cation	Training
Board:	6/6, 100%	0/0, 0%	6/6, 100%	0/0, 0%
Finland	5/6, 83%	0/0, 0%		
Employees:				
Finland	133/183, 73%	149/206, 72%	32/41, 78%	32/41, 78%
Sweden	28/183, 15%	33/206, 16%	5/41, 12%	5/41, 12%
Other Nordic	12/183, 7%	12/183, 7%	3/41, 7%	3/41, 7%
Other	10/183, 5%	10/183, 5%	1/41, 3%	1/41, 3%

There were no confirmed cases of corruption or breach of business ethics in 2023 and no employees were dismissed or disciplined for corruption.

Anti-Money Laundering

CapMan also implements Anti-Money Laundering (AML) policies and procedures designed to prevent and detect money laundering and related activities. The activities involve KYC (know your customer) procedures on fund investors and portfolio companies. These topics are covered by regular trainings. CapMan reviews its AML strategies, goals and objectives regularly. CapMan is committed to combating financial crime and to implementing appropriate controls to mitigate the risk that investments made by alternative investment funds (AIFs) managed by the CapMan AIFM Oy as well as investors investing into the AIFs are in breach of the AML laws, namely for the purposes of money laundering, terrorism financing, bribery and fraud events.

Tax management

CapMan's new tax strategy and policy was approved in 2023. CapMan's tax practices are guided by the following principles:

1. *CapMan complies with applicable tax laws, rules, and regulations in the countries it operates and CapMan pays and collects direct and indirect taxes in the countries where its operations occur.*
2. *CapMan facilitates fund structures that are attractive for a wide investor base aiming at a fair and neutral tax treatment of all fund investors. CapMan does not provide any tax guidance or advice to its investors or clients.*
3. *CapMan does not approve aggressive tax planning. Therefore, artificial arrangements and practices aimed at tax avoidance are prohibited. Any corporate and/or transaction structuring by CapMan is undertaken to ensure appropriate economic and commercial substance required by applicable laws and regulations.*
4. *Decisions relating to tax matters are driven by business needs, and CapMan considers stakeholder opinion, reputational risk, commercial, financial, legal and regulatory factors alongside tax legislation in making decisions relating to tax matters.*
5. *CapMan ensures that all decisions regarding CapMan's tax affairs are taken by well informed and trained professionals at the appropriate governance level, supported with documentation that evidences the judgments involved.*
6. *CapMan does not engage in uncooperative jurisdictions identified by OECD or non-cooperative jurisdictions identified by the EU or FATF "grey list" or "black list" or list of "borderline countries".*
7. *CapMan considers tax matters with a risk-based approach and as a principle, CapMan uses only structures where the contemplated tax outcome is considered as more likely than not to be upheld in a legal dispute on a full disclosure basis.*
8. *CapMan's transfer pricing practices are based on the arm's-length principle. CapMan's intercompany transactions are conducted and priced in line with the same principle.*
9. *CapMan strives to communicate honestly and transparently with all external and internal stakeholders on tax issues. CapMan maintains constructive, collaborative, and professional relationships with tax authorities. Uncertain tax matters, including potential tax audits and disputes are managed actively and professionally, using external expertise to the extent necessary.*
10. *CapMan encourages portfolio companies of the funds to align their tax practices with the approach and principles set out herein.*

CapMan strives to maintain a transparent business climate

CapMan Group taxes are mainly managed by the Group Finance function and fall within the CFO's responsibility. Fund related taxes are mainly managed by various Platform functions, including tax specialists, reporting to the COO and fall within the COO's responsibility.

CapMan considers tax governance and compliance as an important part of its oversight and broader risk management systems. Tax risk management is executed as a part of CapMan's risk management process. Tax management principles are embedded in the organisation through internal guidance, knowledge sharing, and regular training.

CapMan's internal processes to manage tax risks are described in more detail in separate guidelines, which are assessed and developed continuously.

CapMan works together with industry advocacy groups, such as the Finnish Venture Capital Association (FVCA) in order to raise awareness and influence decisionmakers on topics related to tax.

CapMan's whistleblowing channel can be used by internal and external stakeholders to raise concerns about business conduct, negligence and misconduct related to tax. See section on Whistleblowing for more information.

Tax disclosures are audited as part of the company's financial statements by the company's auditors. The audit report is part of this Annual Report.

Customer Privacy

No complaints received from outside parties or regulatory bodies.

Privacy	2023	2022
Total number of substantiated complaints received concerning breaches of customer privacy:		
complaints received from outside parties	0	0
complaints received from regulatory bodies	0	0
Total number of identified leaks, thefts, or losses of customer data.	3	1

ACTION PLAN FOR GOVERNANCE TOPICS

Accomplished in 2023

- *The tax policy was updated.*
- *The Supplier Code of Conduct was established and has been implemented in new contracts.*
- *Throughout the year, 37 sustainability-related training sessions were conducted for specific target audiences, such as the entire CapMan staff including investment teams, and portfolio companies. Topics covered ranged from ESG KPI Calculations to Net Zero workshops and ESG due diligence paired with value creation tools.*

Next steps

- *Continue improving sustainability reporting and prepare for upcoming regulation on disclosures of sustainability topics.*

Driving governance forward

GRI content index

About this report

CapMan Plc has reported in accordance with the GRI Standards for the period 1 January–31 December 2023. This report uses GRI 1: Foundation 2021. None of the published GRI Sector Standards apply to CapMan. This report includes information related to the GRI Universal Standards from a material point of view for CapMan. The comparison between material topics and GRI topics is described in the Materiality of sustainability topics section of this report and the comparison to GRI Standards in provided in the GRI Content Index.

The report also includes disclosures on Global Compact. The GRI Content Index describes what GRI indicators are used to demonstrate the execution of human rights, workers' rights, environmental principles and anti-corruption principles. The report also discloses information about climate-related risks and opportunities according to IFRS S2 (formerly TCFD).

This sustainability report covers all CapMan Group companies, which are presented in the Notes to the Financial Statements. CapMan's Management Group has approved the methodologies and information provided for this report. The information has not been externally assured.

Standard & topic	Location	Comment	UNGC principle	TCFD
GRI 2: General Disclosures 2021				
2-1 Organisational details	130	LEI 743700498L5THNQWVL66		
2-2 Entities included in the organisation's sustainability reporting	64–65,130			
2-3 Reporting period, frequency and contact point	130			
2-4 Restatements of information	110			
2-5 External assurance	130			
2-6 Activities, value chain and other business relationships	6–7, 46			
2-7 Employees	117			
2-8 Workers who are not employees	118			
2-9 Governance structure and composition	101, 125			
2-10 Nomination and selection of the highest governance body	14	Nomination of the BoD is conducted by the Shareholders' Nomination Board and is described in more detail on https://capman.com/shareholders/governance/nomination-board/		
2-11 Chair of the highest governance body	15			
2-12 Role of the highest governance body in overseeing the management of impacts	101, 125			

Standard & topic	Location	Comment	UNGC principle	TCFD
2-13 Delegation of responsibility for managing impacts	101			
2-14 Role of the highest governance body in sustainability reporting	125			
2-15 Conflicts of interest	125			
2-16 Communication of critical concerns	127			
2-17 Collective knowledge of the highest governance body	125			
2-18 Evaluation of the performance of the highest governance body	125			
2-19 Remuneration policies	15, 28, 125	Remuneration policy: https://capman.com/shareholders/governance/remuneration/		
2-20 Process to determine remuneration	125			
2-21 Annual total compensation ratio	126			
2-22 Statement on sustainable development strategy	9-12			
2-23 Policy commitments	104		7	
2-24 Embedding policy commitments	98		4–6, 7	
2-25 Processes to remediate negative impacts	127			
2-26 Mechanisms for seeking advice and raising concerns	127			
2-27 Compliance with laws and regulations	126			
2-28 Membership associations	98			
2-29 Approach to stakeholder engagement	98			
2-30 Collective bargaining agreements	118		3	
GRI 3: Material Topics 2021				
3-1 Process to determine material topics	98–99			
3-2 List of material topics	99			
GRI 205: Anti-corruption 2016				
3-3 Management of material topics	99, 121			
205-1 Operations assessed for risks related to corruption	127			
205-2 Communication and training about anti-corruption policies and procedures	128		10	
205-3 Confirmed incidents of corruption and actions taken	128		10	

Standard & topic	Location	Comment	UNGC principle	TCFD
GRI 206: Anti-competitive Behavior 2016				
3-3 Management of material topics	99, 122			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	122, 126			
GRI 207: Tax 2019				
3-3 Management of material topics	99, 122		1–2, 10	
207-1 Approach to tax	122, 128		10	
207-2 Tax governance, control, and risk management	122, 128		10	
207-3 Stakeholder engagement and management of concerns related to tax	122, 128		10	
207-4 Country-by-country reporting		CapMan reports information on taxes in its annual financial statements based on business segments and not by country.		
GRI 302: Energy 2016				
3-3 Management of material topics	99, 106			
302-1 Energy consumption within the organisation	108			
302-2 Energy consumption outside of the organisation	109	CapMan reports this later in spring 2024 as information from portfolio companies becomes available.		
302-3 Energy intensity	108			
302-4 Reduction of energy consumption	108			
GRI 305: Emissions 2016				
3-3 Management of material topics	99		7–9	101 (Governance), 94&100 (Strategy), 100&101 (Risk Management)
305-1 Direct (Scope 1) GHG emissions	109		8	109 (Metrics)
305-2 Energy indirect (Scope 2) GHG emissions	109		8	109 (Metrics)
305-3 Other indirect (Scope 3) GHG emissions	109		8	109 (Metrics)
305-4 GHG Emissions intensity	109		8	109 (Metrics)

Standard & topic	Location	Comment	UNGC principle	TCFD
305-5 Reduction of GHG emissions	109		8	109 (Metrics)
GRI 404: Training and Education 2016				
3-3 Management of material topics	99, 114			
404-1 Average hours of training per year per employee	118			
404-2 Programs for upgrading employee skills and transition assistance programs	114		6	
404-3 Percentage of employees receiving regular performance and career development reviews	118		6	
GRI 405: Diversity and Equal Opportunity 2016				
3-3 Management of material topics	99, 115		6	
405-1 Diversity of governance bodies and employees	118		6	
405-2 Ratio of basic salary and remuneration of women to men	119			
GRI 406: Non-discrimination 2016				
3-3 Management of material topics	99, 115		1–2, 6	
406-1 Incidents of discrimination and corrective actions taken	118		6	
GRI 418: Customer Privacy 2016				
3-3 Management of material topic	99, 123			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	129			

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