Interim Report 1–3 | 2023

CapMan

Continued strong fee income growth despite market turbulence

CapMan Plc 28 April 2023

CapMan Plc 1–3 2023 Interim Report

Results and significant events in 1–3 2023

- Group turnover was MEUR 15.1 1 January–31 March 2023 (MEUR 14.2 1 January–31 March 2022) and increased by 6 per cent.
- Group turnover excluding carried interest, i.e., fee income was MEUR 15.1 (12.9) and increased by 17 per cent.
- Operating profit was MEUR 0.5 (MEUR 18.9).
- Operating profit excluding carried interest and fair value changes was MEUR 2.9 (MEUR 2.9) and increased by 1 per cent.
- Management Company business turnover was MEUR 12.5 (MEUR 11.7). Operating profit was MEUR 3.2 (MEUR 4.4).
- Service business turnover was MEUR 2.6 (MEUR 2.5). Operating profit was MEUR 1.5 (MEUR 1.4).
- Investment business operating loss was MEUR 2.5 (operating profit MEUR 14.5).
- Diluted earnings per share were 0.2 cents (8.3 cents).
- Assets under management were EUR 5.1 billion on 31 March 2023.
- Pia Kåll started as CEO of CapMan Plc as of 15 March 2023.

TURNOVER 1–3 2023	OPERATING PROFIT 1–3 2023
€15.1m (€14.2m, +6%)	**€0.5m** (€18.9m)
TURNOVER EXCL. CARRIED INTEREST 1–3 2023	**ASSETS UNDER MANAGEMENT 31 MAR 2023**
€15.1m (€12.9m, +17%)	**€5.1 bn** (€5.1 bn)

CEO's comment:

"The beginning of 2023 was characterised by increased and prolonged financial market uncertainty, which in turn has resulted in a slowdown of transaction and fundraising activity. Despite challenging market conditions, CapMan's business overall developed favourably in the beginning of the year; the growth in fee income continued strong, the fair value development of our own funds was positive, and due to ongoing exit processes, we expect carried interest from several funds during this year.

We are a long-term investor, and now is a favourable time to make new investments. Our funds have significant amounts of dry powder to be deployed and changing market fundamentals offer attractive investment opportunities across investment areas. Historically, the highest returns in the unlisted market have been achieved when daring to invest during turbulent conditions.

Stable and predictable fee income provides support in a turbulent market

We have grown our fee income over several years in a purposeful manner. These stable and predictable income streams continued to grow in the beginning of the year and their significance is emphasized during times of increased market uncertainty. Fee income grew by 17 per cent from the first quarter last year due to growing management fees and CaPS, which demonstrates strong growth.

Due to the growth in fee income, operating profit before carried interest and fair value changes for the last twelve months again reached new record levels.

Fundraising and transaction processes experience delays

We succeeded in progressing our ongoing fundraising projects despite the prevailing market conditions. During the first months of 2023, we have raised MEUR 110 in new capital in our funds and mandates and we expect significant new capital commitments in several ongoing projects. Investor demand for CapMan's products has remained favourable and we have secured several new investors in our funds in the beginning of the year. At the end of March, our assets under management were EUR 5.1 billion and we expect them to increase during 2023.

There are several ongoing exit processes in our funds that generate carried interest if they are realised. In addition to funds already in carry, we have several funds approaching carry and we expect some of them to transfer into carry already in 2023.

Value creation in our own funds was successful, exchange rates had a negative impact on external funds

Investments in our own funds developed positively during the quarter due to the favourable development of portfolio companies. Fair value change without the impact of external fund investments was MEUR +2.2, which corresponds to a fair value increase of 2 percent. However, fair value change of own investments was negative overall due to the fair value change of external funds, which was mainly driven by changes in the USD/EUR exchange rate.

Climate targets set and validated

We have continued to integrate sustainability factors in our business and thereby furthering our vision to be the most responsible private assets company in the Nordics. It is important for us that the targets we set are measurable, based in science and guide our activities in the right direction. Consequently, we are especially proud that our greenhouse gas reduction targets have been validated by the Science Based Targets initiative this spring following our commitment in 2022 and extensive development work.

We also uphold employee wellbeing and support the realisation of a diverse work environment in practice. We have set up a working group with the task to recognise and develop themes that relate to diversity, equity and inclusion at CapMan. We have developed a Supplier Code of Conduct that we implement in our contracts going forward. Sustainability factors are part of variable remuneration, in addition elements related to sustainability have been integrated in the performance targets for almost every employee starting from 2023.

A strong balance sheet enables the execution of our dividend policy

Our balance sheet and liquidity are strong. At the end of March 2023, our equity ratio was 44 per cent and liquid assets MEUR 51. CapMan's objective is to pay an annually increasing dividend and the distribution for shareholders increased to 17 cents per share for 2022. CapMan has as such joined an exclusive group of Finnish listed companies that have increased their distribution to shareholders for ten consecutive years.

I started as CEO in March and am very pleased with CapMan's strong position. We are committed to execute on the strategy that was launched last autumn. Our target is to double assets under management over the next five years. The objective is based on the combination of strong organic growth and M&A and relies on the attractive fundamentals of the unlisted market and CapMan's strong financial position and competitive advantages. The long-term growth prospects of our business are excellent despite short-term uncertainty, and we have a capable team in place with which to realise them."

Pia Kåll
CEO, CapMan Plc

CapMan Plc 1–3 2023 Interim Report

Group turnover and result in 1–3 2023

CapMan Group's turnover totalled MEUR 15.1 in the period spanning 1 January–31 March 2023 (1 January–31 March 2022: MEUR 14.2). The 6 per cent increase in turnover was due to an increase in fee income.

Operating expenses were MEUR 12.0 (MEUR 9.9) in total and consisted of personnel expenses, depreciations and amortisations, and other operating expenses. Personnel expenses, including employer contributions, were MEUR 8.9 (MEUR 7.2). The growth was mainly due to new employees and a larger share of variable remuneration compared to the corresponding period last year. Depreciations and amortisations were MEUR 0.4 (MEUR 0.4). Other operating expenses amounted to MEUR 2.6 (MEUR 2.3).

Fair value changes of investments were MEUR –2.4 in 2023 (MEUR +14.7) in the first quarter of 2023.

Following negative fair value changes, the Group's operating profit was MEUR 0.5 (MEUR 18.9).

Financial income and expenses amounted to MEUR –0.5 (MEUR –2.6). Expenses in the comparison period 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 0.0 (MEUR 16.3) and profit after taxes was MEUR 0.8 (MEUR 13.4).

Diluted earnings per share were 0.2 cents (8.3 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 available in the Tables section of this report.

Management Company business

Turnover generated by the Management Company business for the first quarter of 2023 totalled MEUR 12.5 (MEUR 11.7). The 7 per cent increase was due to an increase in fee income from the comparison period.

Fee income was MEUR 12.5 (MEUR 10.4) and grew by 20 per cent. New capital in funds and investment programmes raised in 2022 and the first quarter of 2023, as well as other asset management services, contributed favourably to fee income for the period.

There was no carried interest income in the first quarter of 2023. In the comparison period, CapMan received MEUR 1.3 in carried interest income mainly from the CapMan Nordic Real Estate fund, which transferred to carry during 2022.

Of the turnover, 98 per cent was based on income based on long-term contracts booked over time (87 per cent).

Operating expenses of the Management Company business amounted to MEUR 9.3 (MEUR 7.3).

Operating profit of the Management Company business was MEUR 3.2 (MEUR 4.4).

Service business

Turnover generated by Service business totalled MEUR 2.6 (MEUR 2.5), growth 4 per cent from the review period. CaPS grew by 22 per cent (17 per cent). Service business includes procurement service CaPS and until 1 February 2023, JAY Solutions, which was sold during the review period.

Operating expenses of the Service business amounted to MEUR 1.0 (MEUR 1.2).

The operating profit of the Service business was MEUR 1.5 (MEUR 1.4).

Investment business

Fair value of fund investments was MEUR 167.5 on 31 March 2023 (31 March 2022: MEUR 141.9). Fair value changes were entirely driven by fund investments and were MEUR –2.4 (MEUR +14.7) in the first quarter of 2023, corresponding to a 1.4 per cent decrease in value (1 January–31 March 2022: +11.0 per cent). CapMan's own funds have on average developed positively over the review period mainly due to a favourable development of portfolio companies. The negative fair value change was due to the fair value change of external funds mainly driven by the development of the USD/EUR exchange rate.

CapMan invested a total of MEUR 3.8 in its funds in the first quarter of 2023 (MEUR 5.6). CapMan received distributions from funds totalling MEUR 3.3 (MEUR 8.8). The amount of remaining commitments that have yet to be called totalled MEUR 86.3 as at 31 March 2023 (31 March 2022: MEUR 95.1). Capital calls, distributions and remaining commitments are detailed in the Tables section of this report.

Operating loss for the Investment business was MEUR 2.5 (profit MEUR 14.5).

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

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

Balance sheet and financial position as at 31 March 2023

CapMan's balance sheet totalled MEUR 265.3 as at 31 March 2023 (31 March 2022: MEUR 250.3). Non-current assets amounted to MEUR 189.7 (MEUR 169.7), of which goodwill totalled MEUR 7.9 (MEUR 15.3). Goodwill was written down in December 2022 due to the disposal of JAY Solutions, which was completed in the review period.

As at 31 March 2023, fund investments booked at fair value totalled MEUR 167.5 (MEUR 141.9 as at 31 March 2022). Other financial assets booked at fair value were MEUR 0.4 (MEUR 0.4).

Long-term receivables amounted to MEUR 6.0 (MEUR 5.7).

Current assets amounted to MEUR 75.6 (MEUR 80.6). Cash in hand and at banks amounted to MEUR 50.8 (MEUR 59.8).

CapMan's interest-bearing net debt amounted to MEUR 44.6 as at 31 March 2023 (MEUR 25.2). CapMan's total interest-bearing debt as at 31 March 2023 is outlined in Table 1.

Table 1: CapMan's interest bearing debt

	Debt amount 31 Mar 2023 (MEUR)	Matures latest	Annual interest (%)	Debt amount 31 Mar 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	1.75-2.70%	0/20.0

CapMan's interest bearing net debt increased from the comparison period due to the issue in April 2022 of a MEUR 40.0 sustainability-linked bond maturing in 2027. The proceeds of the bond were used for the voluntary redemption of the senior bond maturing in 2023 and general company purposes.

CapMan's bonds and long-term credit facility include financing covenants, which are conditional on the company's equity ratio and net gearing ratio. CapMan honoured all covenants as at 31 March 2023.

Trade and other payables totalled MEUR 40.4 on 31 March 2023 (31 March 2022: MEUR 33.0) and included a MEUR 12.6 payable and MEUR 1.8 in withholding tax related to the dividend payment and equity repayment executed in March 2023.

The Group's cash flow from operations totalled MEUR +6.7 for the first quarter of 2023 (MEUR +4.2). 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 +2.7 (MEUR +12.9) 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 +9.4 (MEUR +7.0) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR –14.4 (MEUR –12.4) and included the payment of dividends and equity repayment.

Sustainability

Following the updated strategy, responsibility is at the core of all activities. CapMan's vision is to become the most responsible private assets company in the Nordics. A strategic objective is to integrate sustainability into all operations and implement it in the product offering, fundraising, investment activities, fund management, services and the development of personnel and work environment, among others.

As part of its environmental strategy, CapMan made a commitment to set Science Based Targets in line with a 1.5 °C scenario and established greenhouse gas (GHG) reduction targets, which were validated by the Science Based Targets initiative (SBTi) in April 2023. CapMan's target is to reduce absolute Scope 1 and 2 GHG emissions 51 per cent by 2032. CapMan has also set a target for the sourcing of renewable electricity. In addition, CapMan has set targets for Scope 3 emissions related to its investments following the SBTi private equity sector guidance. The target is that 54.5 per cent of its eligible Private Equity and Infra investments by assets under management set SBTi validated targets by 2027, and 100 per cent by 2032. For real estate, CapMan commits to reduce its real estate portfolio GHG emissions from residential buildings within its direct investment portfolio by 50 per cent per square meter by 2032 and respectively from service buildings by 72 per cent. During 2023, CapMan will define the year when it seeks to reach net zero emissions.

In order to further employee satisfaction, CapMan has established an internal working group with the objective to promote diversity, equity and inclusion in the company.

To foster responsible practices in the supply chain, CapMan adopted a Supplier Code of Conduct which is implemented in our contracts going forward.

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

In April 2023, CapMan achieved the sustainability performance targets set for its sustainability-linked bond maturing in 2027. In line with the performance targets, CapMan set GHG emission targets validated by SBTi and integrated sustainability targets as part of long-term incentive schemes.

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

Assets under management as at 31 March 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. The practice for calculating assets under management was updated at the end of 2022 to include all fee generating assets managed by CapMan Wealth Services. The comparison period figures have been adjusted accordingly. Assets increase as fundraising for new funds progresses or as investments are executed under investment mandates and declines as exits are completed.

Assets under management was MEUR 5,070 as at 31 March 2023 (31 March 2022: MEUR 5,060). The increase in assets under management was mainly due to the establishment of and commitments to new funds. The increase was modest due to completed exits, negative fair value changes in open-ended real estate funds and the liquidation of old funds after the end of the comparison period. Assets under management per fund type is displayed in Table 2.

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

	31.3.23 (MEUR)	31.3.22 (MEUR)
Real Estate	3,163	3,248
Private Equity & Credit	931	1,059
Infra	506	352
Wealth Management	470	402
Total assets under management	**5,070**	**5,060**

Key figures 31 March 2023

CapMan's return on equity was 2.4 per cent on 31 March 2023 (31 March 2022: 44 per cent) and return on investment was 0.9 per cent (35.4 per cent). Equity ratio was 44.1 per cent (47.8 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

	31.3.23	31.3.22	31.12.22
Earnings per share, € cents	0.2	8.5	25.1
Diluted earnings per share, € cents	0.2	8.3	24.8
Adjusted diluted earnings per share, € cents	0.2	8.3	26.4
Shareholders' equity / share, € cents	72.8	74.4	90.2
Share issue adjusted number of shares, avg.	158,054,968	156,617,293	157,560,284
Return on equity, %	2.4	44.0	30.5
Return on equity, comparable, %	2.4	44.0	32.4
Return on investment, %	0.9	35.4	23.1
Return on investment, comparable, %	0.9	35.4	24.2
Equity ratio, %	44.1	47.8	52.7
Net gearing, %	39.1	21.6	26.3

Decisions of the 2023 Annual General Meeting

Decisions of the AGM regarding distribution of funds

CapMan's 2023 Annual General Meeting (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 will be paid around 22 September 2023. Decisions regarding the distribution of funds have been described in greater detail in the stock exchange release on the decisions taken by the General Meetings issued on 15 March 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 the first quarter of 2023.

Share capital totalled EUR 771,586.98 as at 31 March 2023. CapMan had 158,054,968 shares outstanding as at 31 March 2023 (156,617,293 shares as at 31 March 2023).

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

Company shares

As at 31 March 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 73 374 as at 31 March 2023 (31 March 2022: EUR 65 222). No changes occurred in the number of own shares held by CapMan Plc during 2022.

Trading and market capitalisation

CapMan Plc's shares closed at EUR 2.79 on 31 March 2023 (31 March 2022: EUR 2.48). The trade-weighted average price for the first quarter of 2023 was EUR 2.87 (EUR 2.72). The highest price paid was EUR 3.09 (EUR 3.19) and the lowest EUR 2.67 (EUR 2.22). The number of CapMan Plc shares traded totalled 5.2 million (12.3 million), valued at MEUR 14.9 (MEUR 33.4).

The market capitalisation of CapMan Plc shares as at 31 March 2023 was MEUR 441.0 (31 March 2022: MEUR 388.4).

Shareholders

The number of CapMan Plc shareholders increased by 7 per cent from the comparison period and totalled 31,158 as at 31 March 2023 (31 March 2022: 29,014).

Personnel

CapMan employed 179 people on average in the first quarter of 2023 (1 January–31 March 2022 average: 180), of whom 131 (137) worked in Finland and the remainder in the other Nordic countries, Luxembourg and the United Kingdom. JAY Solutions accounted for an average of 8 (22) persons during the review period and decreased due to the disposal of JAY Solutions in the beginning of February. A breakdown of personnel by country is presented in the Tables section of this report.

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

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

CapMan's 2020 investment-based long-term incentive plan includes one performance period that commenced on 1 April 2020 and 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 will remain 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.

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

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

The prerequisite for receiving a reward on the basis of the plans is that a participant acquires company's shares or allocates previously owned company's shares up to the number determined by the Board of Directors. The performance-based reward from the plans is based on the company share's Total Shareholder Return and on a participant's employment or service upon reward payment. The Board shall resolve whether new shares or existing shares held by the company are given as reward. The target group of the plans consists of approximately 20 people, including the members of the Management Group.

More information about the share-based incentive plan can be found on CapMan's website at www.capman.com.

Other significant events in 1–3 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.

By the end of March 2023. CapMan Special Situations I fund achieved a final close at MEUR 78. CapMan Nordic Infrastructure II fund has raised MEUR 237 in commitments of which MEUR 30 was raised after the end of the review period. Commitments to the CapMan Residential fund have increased to MEUR 819.

Events after the end of the review period

In April 2023, CapMan resolved on a directed share issue of 794,419 new shares as early payment of the vested reward shares from the 2020 incentive plan to CapMan Group management and selected key employees. The new shares are intended to be registered with the Trade Register on or about 4 May 2023.

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 and reports on any material developments quarterly. An annual risk assessment and risk descriptions is presented in CapMan's 2022 annual report as well as on the website under https://capman.com/shareholders/risks/. A summary of risks is presented in Table 4.

Table 4: Risk classification and short-term changes

Risk classification	Principal risks	Changes in the short-term risk environment
1. Strategic risks	• Failure to achieve strategic or performance targets • Failure to select the correct strategy in a competitive environment • Failure to recruit key personnel • Failure to scale the business	• Slowdown of the fundraising market may delay fundraising processes or reduce the amount of capital raised
2. Financial risk	• Poor financial performance • Insufficient liquidity position • Failure to obtain fincancing	• Uncertainty in the realisation of carry due to the prevailing transaction market
3. Market risks	• Interest rate, inflation and asset valuation volatility • Changes in customer preferences	• An increase in general uncertainty, increased interest rates and inflation • Increased volatility can impact fair values • Foreign exchange rate risk partially realised
4. Operational risks	• Cyber threats and system errors • Inadequate or failed processes or controls • Corruption, fraud or criminal behaviour • Mistakes	• No significant changes
5. Regulatory risks	• Adverse changes in the regulatory environment	• No significant changes
6. Sustainability risks	• Physical and transition risks of climate change • Inefficient procedures to address safety and well-being • Human rights risks in the supply chain	• An improved recognition of climate risks due to the establishment and validation of GHG emission reduction targets • Implementation of the Supplier Code of Conduct mitigates risks in the supply chain
7. Reputational risk	• Negative public perception	• No significant changes

Financial objectives

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

The combined growth objective for the Management Company and Service businesses is more than 15 per cent p.a. on average. The objective for return on equity is more than 20 per cent p.a. on average. CapMan's equity ratio target is more than 50 per cent.

Outlook estimate for 2023

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuations on an annual basis considering the nature of the business. CapMan estimates assets under management to grow in 2023. The company's objective is to grow operating profit excluding carried interest income and fair value changes. These estimations do not include possible items affecting comparability.

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

CapMan's objective is to improve results in the long term, taking into consideration annual fluctuations related to the nature of the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2023.

Helsinki, 28 April 2023

CAPMAN PLC
Board of Directors

CapMan Group's Half-Year Report for the period 1 January–30 June 2023 is published on Thursday 3 August 2023.

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Group Statement of comprehensive income (IFRS)

€ ('000)	1-3/23	1-3/22	1-12/22
Management fees	10 768	9 327	38 847
Sale of services	4 360	3 586	19 072
Carried interest	-27	1 301	9 613
Turnover	**15 102**	**14 215**	**67 532**
Material and services	-298	-65	-985
Other operating income	77	0	2
Personnel expenses	-8 929	-7 237	-34 571
Depreciation, amortisation and impairment	-385	-375	-4 180
Other operating expenses	-2 646	-2 330	-11 236
Fair value changes of investments	-2 391	14 654	36 547
Operating profit	**529**	**18 863**	**53 108**
Financial income and expenses	-498	-2 565	-5 475
Result before taxes	**32**	**16 298**	**47 633**
Income taxes	738	-2 877	-6 585
Result for the period	**769**	**13 421**	**41 049**
Other comprehensive income:			
Translation differences	-49	-27	-295
Total comprehensive income	**720**	**13 394**	**40 754**

€ ('000)	1-3/23	1-3/22	1-12/22
Profit attributable to:			
Equity holders of the company	305	13 325	39 616
Non-controlling interest	464	96	1 433
Total comprehensive income attributable to:			
Equity holders of the company	256	13 298	39 321
Non-controlling interest	464	96	1 433
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, cents	0,2	8,5	25,1
Diluted, cents	0,2	8,3	24,8

Group balance sheet (IFRS)

€ ('000)	31.3.23	31.3.22	31.12.22
ASSETS			
Non-current assets			
Tangible assets	5 915	3 758	3 571
Goodwill	7 886	15 314	7 886
Other intangible assets	72	395	100
Investments at fair value through profit and loss			
Investments in funds	167 474	141 914	169 063
Other financial assets	434	393	434
Receivables	5 950	5 675	5 545
Deferred income tax assets	1 971	2 278	1 790
	189 702	**169 728**	**188 389**
Current assets			
Trade and other receivables	24 580	20 791	20 718
Financial assets at fair value through profit and loss	143	0	65
Cash and bank	50 828	59 820	55 571
	75 551	**80 612**	**76 353**
Assets held for sale	0		5 769
Total assets	**265 253**	**250 339**	**270 512**

€ ('000)	31.3.23	31.3.22	31.12.22
EQUITY AND LIABILITIES			
Capital attributable the Company's equity holders			
Share capital	772	772	772
Share premium account	38 968	38 968	38 968
Other reserves	21 146	35 493	35 425
Translation difference	-631	-314	-582
Retained earnings	53 164	40 768	65 473
Total capital attributable to the Company's equity holders	113 419	115 687	140 056
Non-controlling interests	541	878	2 088
Total equity	**113 961**	**116 565**	**142 144**
Non-current liabilities			
Deferred income tax liabilities	7 052	6 934	8 418
Interest-bearing loans and borrowings	94 004	83 906	91 854
Other non-current liabilities	6 884	7 529	7 343
	107 941	**98 369**	**107 615**
Current liabilities			
Trade and other payables	40 449	32 956	18 446
Interest-bearing loans and borrowings	1 430	1 084	1 112
Current income tax liabilities	1 472	1 366	478
	43 352	**35 405**	**20 036**
Liabilities associated with assets held for sale	0		717
Total liabilities	**151 292**	**133 774**	**128 367**
Total equity and liabilities	**265 253**	**250 339**	**270 512**

Group Statement of Changes in Equity

	Attributable to the equity holders of the Company						
€ ('000)	**Share capital**	**Share premium**	**Other reserves**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interests**
Equity on 1 January 2022	772	38 968	52 718	-286	33 607	125 778	1 616
Result for the year					13 325	13 325	96
Other comprehensive income for the year							
Currency translation differences				-27		-27	
Total comprehensive income for the year				-27	13 325	13 298	96
Share issue			0			0	4
Performance Share Plan					209	209	
Dividends and return of capital			-17 225		-6 579	-23 804	-953
Transactions with non-controlling interests					206	206	115
Equity on 31 March 2022	**772**	**38 968**	**35 493**	**-314**	**40 768**	**115 687**	**878**
Equity on 1 January 2023	772	38 968	35 425	-582	65 473	140 056	2 088
Result for the year					305	305	464
Other comprehensive income for the year							
Currency translation differences				-49		-49	
Total comprehensive income for the year				-49	305	256	464
Performance Share Plan					173	173	
Dividends and return of capital			-14 279		-12 787	-27 066	-2 011
Equity on 31 March 2023	**772**	**38 968**	**21 146**	**-631**	**53 164**	**113 419**	**541**

Statement of cash flow (IFRS)

€ ('000)	1-3/23	1-3/22	1-12/22
Cash flow from operations			
Result for the financial period	769	13 421	41 049
Adjustments for:			
Share-based payments	173	209	2 727
Depreciation and amortisation	385	375	4 180
Fair value changes of investments	2 391	-14 654	-36 547
Financial income and expenses	498	2 565	5 475
Income taxes	-738	2 877	6 585
Other non-cash items	-114	8	-52
Adjustments, total	2 595	-8 621	-17 632
Change in working capital:			
Change in current non-interest-bearing receivables	-1 619	-2 743	-8 054
Change in current trade payables and other non-interest-bearing liabilities	6 133	2 981	-2 215
Interest paid	-77	-82	-3 955
Taxes paid	-1 127	-788	-3 149
Cash flow from operations	**6 674**	**4 167**	**6 044**
Cash flow from investing activities			
Acquisition of subsidiaries		0	0
Proceeds from sale of subsidiaries	4 202	322	322
Investments in tangible and intangible assets	-17	-92	-333
Investments at fair value through profit and loss	-681	2 874	3 039
Long-term loan receivables granted	-901	-287	-844
Proceeds from long-term receivables	0	56	175
Interest received	64	1	83
Cash flow from investing activities	**2 667**	**2 874**	**2 441**
Cash flow from financing activities			
Share issue		11	
Proceeds from borrowings			39 791
Repayment of long-term loan			-31 520
Payment of lease liabilities	-250	-257	-1 189
Dividends paid and return of capital	-14 126	-12 180	-25 073
Cash flow from financing activities	**-14 376**	**-12 427**	**-17 992**
Change in cash and cash equivalents	**-5 035**	**-5 387**	**-9 507**
Cash and cash equivalents at start of year	55 944	65 207	65 207
Translation difference	-81		244
Cash and cash equivalents at end of year	**50 828**	**59 820**	**55 944**

Accounting principles

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

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

Items affecting comparability and alternative performance measures

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

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

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

Segment information 1-12/2022

€ ('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		0	2
Personnel expenses, of which	-21 414	-3 331	-459	-9 368	-34 571
Salaries and bonuses	-21 414	-3 331	-459	-6 641	-31 844
Share-based payment	0	0	0	-2 727	-2 727
Depreciation, amortisation and impairment	-947	-2 978	-10	-245	-4 180
Other operating expenses	-6 652	-1 114	-364	-3 106	-11 236
Internal service fees	-4 620	-231		4 851	0
Fair value changes of investments			36 547		36 547
Operating profit	**22 312**	**3 015**	**35 714**	**-7 932**	**53 108**
Items impacting comparability:					
Impairment of goodwill		2 600			2 600
Items impacting comparability, total		2 600			2 600
Adjusted operating profit	**22 312**	**5 615**	**35 714**	**-7 932**	**55 708**
Financial items					-5 475
Income taxes					-6 585
Result for the period					**41 049**

€ ('000)	Management company business	Service business	Investment business	Other	Total
Items impacting comparability:					
Impairment of goodwill					2 600
Items impacting comparability, total					2 600
Adjusted profit for the period					**43 649**
Earnings per share, cents					**25,1**
Items impacting comparability, cents					**1,7**
Adjusted earnings per share, cents					**26,8**
Earnings per share, diluted, cents					**24,8**
Items impacting comparability, cents					**1,6**
Adjusted earnings per share, diluted, cents					**26,4**
Timing of revenue recognition from customer contracts:					
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**

Segment information

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

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

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

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

Segment information 1-3/2023

€ ('000)	Management company business	Service business	Investment business	Other	Total
Fee income	12 485	2 620		24	15 128
Carried interest	-27				-27
Turnover	**12 458**	**2 620**		**24**	**15 102**
Turnover, internal	3	44		-46	
Materials and services		-298			-298
Other operating income		58		18	77
Personnel expenses, of which	-6 131	-558	-94	-2 147	-8 929
Salaries and bonuses	-6 131	-558	-94	-1 974	-8 756
Share-based payment				-173	-173
Depreciation, amortisation and impairment	-271	-52	-4	-58	-385
Other operating expenses	-1 697	-311	-48	-591	-2 646
Internal service fees	-1 202	-30		1 232	
Fair value changes of investments			-2 391		-2 391
Operating profit (loss)	**3 160**	**1 473**	**-2 536**	**-1 568**	**529**
Financial items					-498
Income taxes					738
Result for the period					**769**
Earnings per share, cents					**0,2**
Earnings per share, diluted, cents					**0,2**
Timing of revenue recognition from customer contracts:					
Services transferred over time	12 266	2 620		24	14 909
Services transferred at a point in time	192				192
Revenue from customer contracts, external	**12 458**	**2 620**		**24**	**15 102**

Segment information 1-3/2022

€ ('000)	Management company business	Service business	Investment business	Other	Total
Fee income	10 387	2 520		7	12 914
Carried interest	1 301				1 301
Turnover	**11 688**	**2 520**		**7**	**14 215**
Turnover, internal	11	153		-164	
Materials and services		-65			-65
Personnel expenses, of which	-4 526	-814	-125	-1 772	-7 237
Salaries and bonuses	-4 526	-814	-125	-1 563	-7 028
Share-based payment				-209	-209
Depreciation, amortisation and impairment	-231	-82	-2	-59	-375
Other operating expenses	-1 430	-298	-43	-559	-2 330
Internal service fees	-1 118	-43		1 161	0
Fair value changes of investments			14 654		14 654
Operating profit (loss)	**4 394**	**1 372**	**14 484**	**-1 387**	**18 863**
Financial items					-2 565
Income taxes					-2 877
Result for the period					**13 421**
Earnings per share, cents					**8,5**
Earnings per share, diluted, cents					**8,3**
Timing of revenue recognition from customer contracts:					
Services transferred over time	10 180	2 520		7	12 707
Services transferred at a point in time	1 507				1 507
Revenue from customer contracts, external	**11 688**	**2 520**		**7**	**14 215**

Disposal of JAY Solutions

On December 22, 2022, CapMan Plc and the non-controlling shareholders of JAY Solutions Oy, subsidiary of CapMan Plc, signed an agreement to sell their ownership of JAY Solutions Oy to a Swedish company Bas Invest AB and to the management of JAY Solutions Oy. The transaction was closed on February 1, 2023, and it did not have a significant impact on CapMan's operating profit or financial position in the current reporting period.

As at December 31,2022, CapMan classified assets and liabilities related to JAY Solutions Oy as non-current assets held for sale and due to revaluation of JAY Solutions' net assets, recorded an impairment loss of EUR 2.6 million to goodwill allocated to JAY Solutions in the financial year 2022. Goodwill impairment was reported on the line item Depreciation, amortisation and impairment in the consolidated income statement and presented as an item impacting comparability of the Service business in the segment information.

Income taxes

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

Dividends and repayment of capital

The Annual General Meeting, held on 15 March 2023, decided that a dividend of EUR 0.08 per share and a repayment of invested unrestricted equity fund of EUR 0.09 per share, together totalling approx. EUR 26.9 million, will be paid for the financial year 2022 in two instalments. The first instalment of approx. EUR 14.2 million was paid on March 23, 2023, and consisted of a dividend of EUR 0.04 per share and of an equity repayment of EUR 0.05 per share. The second instalment, consisting of a dividend of EUR 0.04 per share and an equity repayment of EUR 0.04 per share, will be paid in September 2023.

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

Non-current assets

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

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	1 197		167 866	169 063
Additions			3 817	3 817
Distributions			-3 326	-3 326
Fair value gains/losses			-2 342	-2 342
Transfers*	263		0	263
at the end of period	**1 460**		**166 014**	**167 474**
Other investments				
at Jan 1	408	0	25	434
at the end of period	**408**	**0**	**25**	**434**
Current financial assets at FVTPL		143		**143**

** Change of cash and cash equivalents of the subsidiary CapMan Fund Investments SICAV-SIF, classified as fund investments and transfer of fund investments consisting only of cash from Level 3 to Level 1.*

The different levels have been defined as follows:

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

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

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

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 103.1 million at the end of the reporting period. The fair valued included EUR 1.1 million of cash.

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

	Level 1	Level 2	Level 3	Total
Investments in funds				
at Jan 1	236		129 776	130 011
Additions			29 313	29 313
Distributions			-27 600	-27 600
Disposals			-1	-1
Fair value gains/losses			36 685	36 685
Transfers*	961		-307	654
at the end of period	**1 197**		**167 866**	**169 063**
Other investments				
at Jan 1	368	0	25	393
Additions	45			45
Fair value gains/losses	-5			-5
at the end of period	**408**	**0**	**25**	**434**
Current financial assets at FVTPL		**65**		**65**

** Change of cash and cash equivalents of the subsidiary CapMan Fund Investments SICAV-SIF, classified as fund investments and transfer of fund investments consisting only of cash from Level 3 to Level 1.*

The different levels have been defined as follows:

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

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

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

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

Sensitivity analysis of Level 3 investments at 31 March 2023

Investment area	Fair Value MEUR, 31 March 2023	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	**20.1**	Peer group	Peer group earnings multiples	EV/EBITDA 2023 8.5x	+/- 10%	+/- 1.3 MEUR
			Discount to peer group multiples	26 %	+/- 10%	-/+ 0.5 MEUR
Buyout	**27.3**	Peer group	Peer group earnings multiples	EV/EBITDA 2023 4.5x	+/- 10%	+/- 3.6 MEUR
			Discount to peer group multiples	10 %	+/- 10%	-/+ 1.0 MEUR
Real Estate	**42.7**	Valuation by an independent valuer	FX rate	EUR/SEK 11.2805	+/-1%	-/+ 0.1 MEUR
				EUR/DKK 7.4485	+/-1%	-/+ 0.1 MEUR
				EUR/NOK 11.394	+/-1%	-/+ 0.0 MEUR
Infra	**13.1**	Discounted cash flows	Terminal value	EV/EBITDA 17.3x	+/- 5%	+/- 0.8 MEUR
			Discount rate; market rate and risk premium	15 %	+/- 100 bps	-/+ 1.0 MEUR
Credit	**5.0**	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	**3.3**	Peer group	Peer group earnings multiples	EV/EBITDA 2023 7.5x	+/- 10%	+/- 0.2 MEUR
			Discount to peer group multiples	28 %	+/- 10%	-/+ 0.1 MEUR
Investments in funds-of-funds	**15.7**	Reports from PE fund management company				
Investments in external venture capital funds	**38.9**	Reports from PE fund management company and possible ajustment by CapMan	Company level negative adjustment for the reported value by CapMan	16 %	+/- 10%	- 0.8 MEUR / + 0.8 MEUR

Sensitivity analysis of Level 3 investments at 31 December 2022

Investment area	Fair Value MEUR, 31 Dec 2022	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Change in input value	Fair value sensitivity
Growth	**18.7**	Peer group	Peer group earnings multiples	EV/EBITDA 2022 9.3x	+/- 10%	+/- 1.3 MEUR
			Discount to peer group multiples	24 %	+/- 10%	-/+ 0.5 MEUR
Buyout	**26.1**	Peer group	Peer group earnings multiples	EV/EBITDA 2022 7.4x	+/- 10%	+/- 2.3 MEUR
			Discount to peer group multiples	16 %	+/- 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
Infra	**13.1**	Discounted cash flows	Terminal value	EV/EBITDA 17.1x	+/- 5%	+/- 1.0 MEUR
			Discount rate; market rate and risk premium	15 %	+/- 100 bps	-/+ 1.0 MEUR
Credit	**4.3**	Discounted cash flows	Discount rate; market rate and risk premium	10 %	+/- 100 bps	- 0.1 MEUR / value 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 7.6x	+/- 10%	+/- 0.2 MEUR
			Discount to peer group multiples	23 %	+/- 10%	-/+ 0.0 MEUR
Investments in funds-of-funds	**16.5**	Reports from PE fund management company				
Investments in external venture capital funds	**42.5**	Reports from PE fund management company and possible 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.

Seasonal nature of business

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

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

Average personnel

By country	31.3.23	31.12.22
Finland	131	141
Sweden	27	25
Denmark	10	8
Norway	2	2
Luxembourg	3	2
United Kingdom	7	7
In total	179	186

Contingent liabilities

€ ('000)	31.3.23	31.12.22
Securities and other contingent liabilities	61 871	62 062
Remaining commitments to funds	86 330	89 111
Remaining commitments by investment area		
Buyout	23 423	25 273
Credit	4 119	4 768
Russia	1 066	1 066
Real Estate	7 324	7 577
Other	2 181	2 181
Funds of funds	245	245
Growth equity	11 114	11 171
Infra	11 769	12 127
Special Situations	4 611	4 853
CapMan Wealth Services funds	13 372	13 868
External funds-of-funds	4 042	4 665
External venture capital funds	3 063	1 316
In total	86 330	89 111

Derivatives

€ ('000)	31.3.23	31.12.22
Fair value of derivatives		
Foreign exchange forwards	143	65
Nominal amounts of derivatives		
Foreign exchange forwards	6 327	6 327

CapMan uses short-term derivatives to hedge against currency changes incurred to its foreign currency denominated trade receivables. Derivatives have been valued at market value on the reporting date and are reported in current assets or liabilities. CapMan does not apply hedge accounting. In the comparison period, no derivatives were used.

Related parties

Transactions with related parties

There were no related party transactions during the reporting period. During the comparison period 1-3/2022, 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

1 000 EUR	31.3.23	31.12.22
Loan receivables, non-current, from related parties	231	235
Capital loan liability to related parties		120

Commitments to related parties

€ ('000)	31.3.23	31.12.22
Loan commitments	111	112

Turnover and profit quarterly

Year 2023

MEUR	1-3/23
Turnover	15,1
Management fees	10,8
Sales of services	4,4
Carried interest	0,0
Material and services	-0,3
Other operating income	0,1
Operating expenses	-12,0
Fair value changes of investments	-2,4
Operating profit	**0,5**
Financial income and expenses	-0,5
Result before taxes	0,0
Result for the period	**0,8**

Year 2022

MEUR	1-3/22	4-6/22	7-9/22	10-12/22	1-12/22
Turnover	14,2	17,7	15,9	19,7	67,5
Management fees	9,3	9,2	9,9	10,4	38,8
Sales of services	3,6	5,4	4,9	5,2	19,1
Carried interest	1,3	3,2	1,0	4,1	9,6
Material and services	-0,1	-0,3	-0,3	-0,3	-1,0
Other operating income	0,0	0,0	0,0	0,0	0,0
Operating expenses	-9,9	-13,0	-11,0	-16,1	-50,0
Fair value changes of investments	14,7	9,8	8,0	4,1	36,5
Operating profit	**18,9**	**14,1**	**12,7**	**7,5**	**53,1**
Financial income and expenses	-2,6	-1,1	-0,5	-1,3	-5,5
Result before taxes	16,3	13,0	12,2	6,1	47,6
Result for the period	**13,4**	**11,8**	**10,7**	**5,1**	**41,0**