

CapMan Plc

Jan-Sep 2018

Interim Report



In September, CapMan Growth Fund successfully exited Fluidio to global technology company Infosys.

CapMan Plc 1 Jan–30 Sep 2018 Interim Report

Fee income grew by 24 per cent

PERFORMANCE AND MAIN EVENTS FOR THE REVIEW PERIOD:

- Group turnover was MEUR 27.1 (MEUR 26.0 1 January –30 September 2017).
- Management fees and fees from services were MEUR 23.9 combined (MEUR 19.4), growth was 24 per cent.
- Operating profit was MEUR 14.9 (MEUR 22.9).
- Profit for the period after taxes was MEUR 11.7 (MEUR 18.7).
- Diluted earnings per share for the period were 7.5 cents (12.4 cents, of which the sale of Idean in Q1 2017 had an impact of 5.2 cents.)
- CapMan Growth Fund's exit from Fluido had a significant positive impact on CapMan's result.
- CapMan Infra held a first close of MEUR 115 in its first fund targeting above MEUR 300.
- Ville Poukka, Managing Partner of CapMan Infra, has been appointed to CapMan's Management Group as of 1 November 2018.

JOAKIM FRIMODIG, CEO

"CapMan's strong growth continued in the third quarter of the year. Fees from the Management Company and Service businesses grew by approx. 24 per cent in January–September 2018 compared to the corresponding period last year. In addition to the positive growth trend, fee-based profitability has improved significantly in 2018. This

"CapMan's strong growth continued in the third quarter of the year."

development was supported by management fees from new funds, continued strong growth in the Service business and improved cost efficiency.

Recent developments in our newer business areas reinforce the positive direction of our company.

Our Growth fund's exit from Fluido was very successful for all fund investors. CapMan is the largest investor in the Growth fund with a holding of approx. 30 per cent, and the exit from Fluido contributed significantly to CapMan's third quarter result. The transaction is another excellent example of our Growth team's successful value creation work.

CapMan Infra has established itself as a significant new business area as we today announced the first closing of our first infrastructure fund. We have already raised MEUR 115 for the fund and investor demand for the product has been strong. We believe that the infrastructure fund will reach its target size, above MEUR 300, during next year. The new fund starts accumulating management fees from first closing and contributes significantly to management fees as it reaches its target size. We have made

“CapMan Infra has established itself as a significant new business area.”

a MEUR 30 commitment to the fund, and we expect it to contribute positively to our own investments longer term.

Returns from our own investments have developed well especially due to successful exits. The recent uncertainty in the stock market emphasises the importance of managing our market portfolio. We take the increased market volatility into account by, among others, deploying more efficient portfolio protection strategies utilising derivatives. We also continue allocating our capital in line with our strategy from market investments to private assets, which tend to correlate less with the general market development. CapMan’s commitment to the new Infra fund serves as an example of this.

We are currently working on several growth initiatives relating to fundraising for new funds, restructuring of existing funds, new mandate-based projects and M&A opportunities. The aforementioned initiatives may, when realised, quickly and significantly strengthen CapMan’s fee and return profile. The initiatives promote our long-term strategic objective, which is to become the leading Nordic private assets manager with an increasingly versatile product offering to serve an increasingly expanded customer base.”

GROUP TURNOVER AND RESULT IN JANUARY-SEPTEMBER 2018

The Group’s turnover totalled MEUR 27.1 (Jan-Sep 2017: MEUR 26.0). The growth in turnover was mainly due to the increase in management fees and fees from services, which were MEUR 23.9 (MEUR 19.4) combined and grew by 24 per cent from the comparable period.

Operating expenses were MEUR 21.3 (MEUR 21.0). Operating expenses included MEUR 1.0 reorganization expenses as well as expenses related to CapMan Infra business.

Fair value changes of investments were MEUR 9.1 (MEUR 17.9).

The Group’s operating profit was MEUR 14.9 (MEUR 22.9). In the corresponding period last year, the operating profit was significantly affected by the sale of Idean in the first quarter, which contributed MEUR 9.4.

Financial income and expenses amounted to MEUR -2.0 (MEUR -2.4) and it included an arrangement fee of MEUR 0.2 related to the pay back of MEUR 30 bond. Financial expenses decreased due to the repayment of the bond in Q4 2017 and the repayment of the bond and the bank loan in Q2 2018. Profit before taxes was MEUR 12.9 (MEUR 20.5) and profit after taxes was MEUR 11.7 (MEUR 18.7). Profit before taxes and profit after taxes for the comparable period were significantly affected by the exit from Idean, which contributed a total of MEUR 9.4 before taxes and MEUR 7.5 after taxes.

Earnings per share were 7.5 (12.6) cents. Diluted earnings per share were 7.5 (12.4) cents. Accrued interest payable on the hybrid bond, net of taxes, as well as penalties related to the early redemption for the corresponding period last year has been deducted when calculating earnings per share. A quarterly breakdown of turnover and profit, together with turnover, operating profit/loss, and profit/loss by segment for the review period are available in the Tables section of this report.

MANAGEMENT COMPANY BUSINESS

Turnover generated by the Management Company business for the review period totalled MEUR 18.0 (MEUR 18.4).

Management fees totalled MEUR 16.5 (MEUR 14.4). The growth in management fees consisted mainly of management fees from CapMan Nordic Property Income, CapMan Nordic Real Estate II and CapMan Growth funds. In addition, the fees from CapMan Infra’s first investment, Elenia, were included in turnover.

Carried interest income for the review period totalled MEUR 0.9 (MEUR 3.1) and was mainly received from the exit from InfoCare as well as from the Access Capital Fund. In the comparable period, CapMan received carried interest income from Access Capital Fund. Operating profit of Management company business totalled MEUR 2.3 (MEUR 4.3). Profit for the review period was MEUR 1.8 (MEUR 3.4). Fee-based operating profit (excluding carried interest income) was MEUR 1.4 (MEUR 1.1). The improvement in fee-based profitability was due to growth in management fees.

SERVICE BUSINESS

Turnover generated by Service business totalled MEUR 6.6 (MEUR 4.1) and the growth consisted mainly of the success fees of Scala Fund Advisory offering fundraising and advisory services and the continued strong growth in net sales of procurement service CaPS. A significant part of the fees for Scala are success fees, which were recognised especially in the first half of the year. Success fees may vary from one period to the next.

The operating profit of the Service business was MEUR 3.6 (MEUR 1.4). The profit for the review period was MEUR 2.8 (MEUR 1.1). The improved profit for the segment was due to the success fees recorded for the review period and the overall increase in fee income.

INVESTMENT BUSINESS

Turnover of the Investment business was MEUR 2.3 in the review period (MEUR 3.5) and it comprised dividend and interest income from financial assets held for trading.

Operating profit for the Investment business was MEUR 10.4 (MEUR 18.5). Profit for the Investment business was MEUR 8.2 (MEUR 15.1). The operating profit and the profit for the review period in corresponding period last year was significantly affected by the exit from Idean, MEUR 9.4.

Table 1: CapMan's investments booked at fair value as at 30 September 2018

	Fair value 30 September 2018 (MEUR)
Fund investments	81.9
Investments in joint ventures	4.5
Other financial assets	2.5
Trading portfolio	58.8
Total	147.7

Fair value of **fund investments** was MEUR 81.9 in 30 September 2018 (MEUR 54.2). Fair value changes of fund investments were MEUR 7.0 (MEUR 4.6) representing a 8.0 % increase in value (Jan-Sep 2017 +8.5 %). The positive change in the fair value of fund investments during the review period was mainly due to exits completed during 2018. Fund investments also include investments in funds not managed by CapMan.

CapMan invested a total of MEUR 28.1 (MEUR 10.5) in funds during the review period. During the review period, CapMan made investments, among others, into Growth-, CapMan Nordic Real Estate II- and CapMan Nordic Property- funds and into Elenia, the first investment of CapMan Infra. CapMan received distributions from funds totalling MEUR 11.9 (MEUR 5.3). The majority of the distributions came from the Buyout VIII fund's exit from Walki. The effects of the Growth fund's exit from Fluidio has not been included in the distributions for the review period, as the transaction was completed in October.

The amount of remaining commitments that have not yet been called totalled MEUR 72.4 as at 30 September 2018 (30 September 2017: MEUR 42.1).

The trading portfolio, which invests in market instruments, was MEUR 58.8 on 30 September 2018 (MEUR 81.9 in 30 September 2017). During the review period

approximately MEUR 20.0 of the assets in trading portfolio were allocated to the funds and investments of the company's other business areas.

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

BALANCE SHEET AND FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

CapMan's balance sheet totalled MEUR 214.7 as at 30 September 2018 (30 September 2017: MEUR 236.9). Non-current assets amounted to MEUR 101.5 (MEUR 100.9), of which goodwill totalled MEUR 4.7 (MEUR 6.2).

As at 30 September 2018, fund investments booked at fair value totalled MEUR 81.9 (MEUR 54.2 as at 30 September 2017).

Other financial assets booked at fair value were MEUR 2.5 (MEUR 0.1). The fair value of investments in joint ventures was MEUR 4.5 (MEUR 4.9). Long-term receivables amounted to MEUR 5.2 (MEUR 3.8).

Current assets amounted to MEUR 113.2 (MEUR 136.0). Financial assets booked at fair value, i.e. current investments, were MEUR 58.8 (MEUR 81.9) and included the trading portfolio. Cash in hand and at banks amounted to MEUR 41.3 (MEUR 43.1).

CapMan's interest-bearing net debt amounted to MEUR 18.1 as at 30 September 2018 (MEUR 21.3). CapMan's total interest-bearing debt as at 30 September 2018 is outlined in Table 2.

CapMan Plc's 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 30 September 2018.

Trade and other payables totalled MEUR 21.1 (MEUR 31.1).

The Group's cash flow from operations totalled MEUR -0.2 for the review period (MEUR -0.4). Income from fund management fees is paid semi-annually, in January and July, and is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR 21.9 (MEUR 34.1) and includes, inter alia, investments and repaid capital received by the Group.

Cash flow before financing totalled MEUR 21.7 (MEUR 33.8) and reflects the development in the Management Company business, Service business and Investment business. Cash flow from financing was MEUR -3.7 (MEUR -35.7), due to the new bond issued in April 2018 with the principal amount of MEUR 50.

Table 2: CapMan's interest bearing debt

	Debt amount 30 Sep 2018	Matures latest	Annual interest	Debt amount 31 Dec 2017
Bank financing	-	-		MEUR 8,5
Multi-issuer bond (issued in 2014)	MEUR 10	Q2 2019	1,85 %	MEUR 10
Senior bond (issued in 2015)	-	-	-	MEUR 30
Senior bond (issued in 2018)	MEUR 50	Q2 2023	4,13 %	-
Long-term credit facility (available)	(MEUR 20)			(MEUR 10)

KEY FIGURES 30 SEPTEMBER 2018

CapMan's return on equity was 11.7 per cent (30 September 2017: 18.2 per cent) and return on investment 11.1 per cent (15.1 per cent). Equity ratio was 58.0 per cent (55.7 per cent). Net gearing was 14.6 per cent (16.4 per cent).

According to the CapMan's long-term financial targets, the target level for the company's return on equity is on average over 20 per cent. The objective for the equity ratio is more than 60 per cent p.a. Items affecting comparability for comparable key figures shown in Table 3 are described under Segment Information in the Tables section of this report.

Table 3: CapMan's key figures

	30.9.18	30.9.17	31.12.17	Comparable key figures		
				30.9.18	30.9.17	31.12.17
Earnings per share, cents	7.5	12.6	10.4	7.5	13.2	13.1
Diluted, cents	7.5	12.4	10.2	7.5	13.1	13.0
Shareholders' equity / share, cents	84.3	89.2	87.3			
Share issue adjusted number of shares	146,324,237	145,033,528	145,179,460			
Number of shares at the end of period	146,922,768	144,990,351	145,625,985			
Number of shares outstanding	146,896,469	144,964,052	145,599,686			
Company's possession of its own shares, end of period	26,299	26,299	26,299			
Return on equity, %, p.a.	11.7	18.2	11.5	11.7	19.0	14.5
Return on investment, %, p.a.	11.1	15.1	10.1	11.1	15.7	12.4
Equity ratio, %	58.0	55.7	60.0			
Net gearing, %	14.6	16.4	19.4			
Net interest-bearing liabilities, EUR million	18.1	21.3	24.6			

CAPITAL UNDER MANAGEMENT AS AT 30 SEPTEMBER 2018

Capital under management refers to the remaining investment capacity, mainly equity, of funds and capital already invested at acquisition cost or at fair value, when referring to mandates. As capital under management is calculated based on the capital, which forms the basis for management fees, investment capacity includes in addition to equity also debt for such funds where debt is included in the fee base. Capital increases as fundraising for new funds progresses or as investments are executed under investment mandates and declines as exits are completed.

Capital under management was MEUR 2,681 as at 30 September 2018 (30 September 2017: MEUR 2,809). The decrease in capital under management was mainly due to exits completed after the comparable period. CapMan Nordic Real Estate II-, CapMan Nordic Property Income and CapMan Growth funds established in the end of year 2017 had a positive impact on capital under management. Of the total capital under management, MEUR 1,662 (MEUR 1,701) was held in real estate funds and MEUR 820 (MEUR 975) was held in funds making investments in portfolio companies. A total of MEUR 199 (MEUR 134) was held in Infra and Credit funds. Capital under management as of 30 September 2018 does not include the newest Infra fund, which held its first closing after the end of the review period. In June 2018, CapMan has clarified the calculation method of capital under management in order to better reflect the amount of the assets at the reporting date. Due to this, the figures on the comparable period differ from figures reported earlier.

AUTHORISATIONS GIVEN TO THE BOARD BY THE AGM

The 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 shares concerned shall not exceed 14,000,000, which corresponds to approx. 9.6 per cent of all shares in the company. The authorisation shall remain in force until the end of the following AGM and 30 June 2019 at the latest. 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

shall not exceed 14,000,000 shares, which corresponds to approx. 9.6 per cent of all shares in the company. The authorisation shall remain in force until the end of the following AGM and 30 June 2019 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 14 March 2018.

PERSONNEL

CapMan employed a total of 120 people as at 30 September 2018 (30 September 2017: 112), of whom 78 (73) worked in Finland and the remainder in the other Nordic countries, Russia, Luxembourg and the United Kingdom. A breakdown of personnel by country is presented in the Tables section of this report.

SHARES AND SHARE CAPITAL

There were no changes in CapMan Plc's share capital during the review period. Share capital totalled EUR 771,586.98 as at 30 June 2018. CapMan had 146,922,768 shares outstanding as at 30 September 2018.

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.

SHAREHOLDERS

The number of CapMan Plc shareholders increased by 14 per cent from the corresponding period last year and totalled 18,041 as at 30 September 2018 (30 September 2017: 15,764).

COMPANY SHARES

As at 30 September 2018, 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 43,130 as at 30 September 2018 (30 September 2017: EUR 43 393). No changes occurred in the number of own shares held by CapMan Plc during the review period.

TRADING AND MARKET CAPITALISATION

CapMan Plc's shares closed at EUR 1.64 on 30 September 2018 (30 September 2017: EUR 1.65). The trade-weighted average price for the review period was EUR 1.60 (EUR 1.56). The highest price paid was EUR 1.81 (EUR 1.80) and the lowest EUR 1.39 (EUR 1.24). The number of CapMan Plc shares traded totalled 24.5 million (43.3 million), valued at MEUR 39.3 (MEUR 66.9).

The market capitalisation of CapMan Plc shares as at 30 September 2018 was MEUR 241.0 (30 September 2017: MEUR 239.2).

COMPENSATION SCHEMES

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

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

The long-term scheme of CapMan consists of an investment based long-term share-based incentive plan for key employees and carried interest payable to investment teams.

In the investment based long-term share-based incentive plan the participants are committed to shareholder value creation by investing a significant amount into the

CapMan Plc share. The investment-based long-term incentive plan includes one performance period. The performance period will commence on 1 April 2018 and end on 31 March 2021. The participants may earn a matching reward and a performance-based reward from the performance period. The prerequisite for receiving reward on the basis of the plan is that a participant acquires company's shares or allocates previously owned company's shares up to the number determined by the Board of Directors. The performance-based reward from the plan is based on the company share's Total Shareholder Return (TSR) and on a participant's employment or service upon reward payment. The rewards from the Plan will be paid fully in the company's shares in 2021. The Board shall resolve whether new Shares or existing Shares held by the Company are given as reward. The target group of the Plan consists of approximately 20 people, including the members of the Management Group.

The carried interest payable to investment teams is based on the success of investments made in the corresponding funds. This arrangement is in line with international industry practice.

At the end of the reporting period, CapMan Plc had two stock option programmes, Option Programme 2013 and Stock Option Programme 2016, in place as part of its incentive and commitment arrangements for key personnel. Following the decision of the new long-term incentive plan, CapMan will not grant new options from the ongoing option plans 2013 and 2016. The terms of the option programmes can be found on CapMan's website.

SIGNIFICANT EVENTS DURING THE REVIEW PERIOD

In September, CapMan Growth fund agreed to sell its holdings in Fluidio Oy, the leading Salesforce partner in the Nordics, to Infosys, a global technology company. The exit was the first for CapMan Growth fund established in 2017. CapMan has a 31 per cent stake in the fund, and the exit had a significant impact on CapMan's result for the review period. The transaction closed in October.

CapMan announced a new dividend policy and updated long-term financial objectives in August. The company's objective is to pay an annually increasing dividend to its shareholders. Previously, CapMan's objective was to pay at least 75 per cent of earnings per share as dividend. The combined growth objective for Management Company and Service business is more than 10 per cent p.a. on average. The return on equity target is more than 20 per cent p.a. on average. These objectives remained unchanged. According to the company's new financial objective the equity ratio is more than 60 per cent. Previously, CapMan's objective for net gearing was a maximum of 40 per cent on average.

In April, CapMan Buyout sold portfolio company Walki to One Equity Partners.

In April, CapMan announced that it issues senior unsecured notes in the principal amount of EUR 50 million. The Notes will mature on 16 April 2023 and carry fixed interest at a rate of 4.125 per cent per annum.

In March, CapMan Group changed its structure of reportable segments.

In February, CapMan's Board of Directors resolved on a new investment-based long-term incentive plan for key employees.

EVENTS AFTER THE END OF THE REVIEW PERIOD

In October, CapMan Nordic Infrastructure I fund held its first close at MEUR 115. The funds target size is more than MEUR 300. The fund pays CapMan management fees and carried interest in line with industry standards.

SIGNIFICANT RISKS AND SHORT-TERM UNCERTAINTIES

Private equity investment is generally subject to a risk of non-liquid investments, among others, which means uncertainty of the realisation of any increase in value, a risk concerning general economic development and market situation and a risk concerning the economy and political situation of target countries.

Investment operations carried out by CapMan are subject to general market risk. Market values can change, for example, because of fluctuations in the equity, fixed income, currency and real estate markets. Changes in market values impact the result of CapMan through the appreciations of its investment assets, including its trading portfolio. Changes in the equity markets also influence the valuation of unlisted portfolio companies because the valuation methods used by funds include the share values of suitable listed companies. Economic uncertainty may have a direct impact on the success of the funds administered by CapMan, on the success of CapMan's investment activities, and also on the assets available for investment or solvency of the current and potential investors of the funds.

The business operations of the CapMan Group have a material risk of failure regarding the establishment of new private equity funds and their fundraising. Successful funding is important to management fees and creates opportunity for receiving carried interest income in the future. For example, poor performance of investments made by funds managed by CapMan, increasing competition or other reasons that are independent of CapMan may make it more difficult to raise funds from new or current investors in the future.

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

The timing of exits and the magnitude of the potential carried interest profits are difficult to foretell. The timing of fees from fund advisory activities are difficult to predict due to the nature of the business.

Group companies managing a fund may in certain circumstances, pursuant to the terms of the fund agreement, have to return carried interest income they have received (so-called clawback). The obligation to return carried interest income applies typically when, according to the final distribution of funds, the carried interest income received by the fund management company exceeds the carried interest it is entitled to when the fund expires. CapMan recognises revenue from carried interest, to the extent carried interest is based on realised cash flows and repayment risk is estimated to be very low, CapMan is entitled to carried interest, a confirmation on the amount has been received and CapMan is relatively close to receiving it in cash. Returned carried interest income based on clawback conditions would in turn have a negative impact on CapMan's result as a potential clawback provision may not be sufficient. CapMan has recorded a EUR 7.6 million clawback provision for the CapMan Real Estate I KY fund. The sufficiency of the provision is reviewed quarterly by the management but its actual amount will only be known after all target investments of the fund have been liquidated. The realisation of the clawback liability would have a negative cash flow impact and it is possible that the provision made is not sufficient.

The company's financing agreements include financing covenants and other conditions. Violation of covenants related to financing agreements and a failure to fulfil other contractual terms may cause the cost of financing to increase significantly and even jeopardise continued financing for CapMan.

Changes in the securities markets regulation, significant domestic or international tax regulation or practice and regulation generally applicable to business operations, or measures and actions by authorities or requirements set by authorities, or in the manner in which such laws, regulations and actions are implemented or interpreted, as well as the application and implementation of new laws and regulations, may have a significant effect on CapMan's business operations.

FINANCIAL OBJECTIVES AND OUTLOOK ESTIMATE FOR 2018

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

The combined growth objective for Management Company and Service business is more than 10 per cent p.a. on average. The objective for return on equity is more than 20 per cent p.a. on average. CapMan's equity ratio target is more than 60 per cent.

CapMan expects to achieve these financial objectives gradually and key figures are expected to show fluctuation on annual basis considering the nature of the business. CapMan expects fees from services to continue to grow and have an impact on results from the Management Company and Service business in 2018. Our objective is to improve the profitability of Management Company and Service business before carried interest income and any possible items affecting comparability.

The return on CapMan's investments have a substantial impact on CapMan's overall result. The development of industries and local economies, inflation development, valuation multiples of peer companies, exchange rates and various other factors outside of CapMan's control influence fair value development of CapMan's overall investments in addition to company and real estate specific development.

CapMan's objective is to improve results longer term, taking into account annual fluctuations affecting the business. For these and other above-mentioned reasons, CapMan does not provide numeric estimates for 2018. Items affecting comparability are described in the Tables section of this report.

CapMan Plc

Board of Directors

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GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

€ ('000)	7-9/18	7-9/17	1-9/18	1-9/17	1-12/17
Management fees	5,173	4,632	16,531	14,381	19,583
Sale of services	1,696	1,526	7,410	4,989	7,108
Carried interest	189	3,128	900	3,128	4,418
Dividend and interest income from financial assets held for trading	179	147	2,267	3,504	3,735
Turnover	7,237	9,433	27,108	26,002	34,843
Other operating income	-34	1	3	12	15
Personnel expenses	-4,661	-3,951	-14,833	-13,933	-21,366
Depreciation and amortisation	-40	-52	-144	-176	-1,716
Other operating expenses	-1,559	-2,276	-6,314	-6,866	-9,876
Fair value changes of investments	3,890	1,974	9,078	17,888	17,582
Operating profit	4,833	5,129	14,898	22,927	19,482
Financial income and expenses	-528	-663	-1,997	-2,410	-3,171
Share of the income of investments accounted for using the equity method					-87
Profit before taxes	4,305	4,466	12,901	20,517	16,224
Income taxes	-238	-648	-1,244	-1,855	-757
Profit for the period	4,067	3,818	11,657	18,662	15,467
Other comprehensive income:					
Translation differences	-75	-24	-47	-4	-256
Total comprehensive income	3,991	3,794	11,610	18,658	15,211
Profit attributable to:					
Equity holders of the company	4,004	3,818	11,042	18,662	15,473
Non-controlling interest	62		615		-5
Total comprehensive income attributable to:					
Equity holders of the company	3,929	3,794	10,995	18,658	15,216
Non-controlling interest	62		615		-5
Earnings per share for profit attributable to the equity holders of the Company:					
Earnings per share, cents	2.7	2.6	7.5	12.6	10.4
Diluted, cents	2.7	2.6	7.5	12.4	10.2

On comparative periods, the accrued interest payable on the hybrid bond, net of taxes, has been deducted from the earnings per share.

GROUP BALANCE SHEET (IFRS)

€ ('000)	30.9.18	30.9.17	31.12.17
ASSETS			
Non-current assets			
Tangible assets	294	146	287
Goodwill	4,704	6,204	4,547
Other intangible assets	90	247	208
Investments accounted for using the equity method		87	
Investments at fair value through profit and loss			
Investments in funds	81,913	54,188	58,264
Growth investments		28,726	28,840
Other financial assets	2,466	142	142
Investments in joint ventures	4,516	4,949	4,917
Receivables	5,212	3,838	3,143
Deferred income tax assets	2,303	2,347	1,752
	101,498	100,875	102,100
Current assets			
Trade and other receivables	13,148	11,005	8,725
Financial assets at fair value through profit and loss	58,792	81,948	77,144
Cash and bank	41,286	43,064	23,291
	113,226	136,017	109,160
Total assets	214,724	236,893	211,259

€ ('000)	30.9.18	30.9.17	31.12.17
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	83,784	82,536	82,550
Translation difference	-404	-105	-357
Retained earnings	187	7,734	4,766
Total capital attributable to the Company's equity holders	123,307	129,905	126,699
Non-controlling interests	631		-5
Total equity	123,938	129,905	126,694
Non-current liabilities			
Deferred income tax liabilities	7,915	8,535	8,573
Interest-bearing loans and borrowings	49,702	46,678	45,215
Other non-current liabilities	124	124	124
	57,741	55,337	53,912
Current liabilities			
Trade and other payables	21,058	31,105	26,837
Interest-bearing loans and borrowings	9,989	18,000	3,000
Current income tax liabilities	1,999	2,545	816
	33,046	51,650	30,653
Total liabilities	90,787	106,988	84,565
Total equity and liabilities	214,724	236,893	211,259

GROUP STATEMENT OF CHANGES IN EQUITY

€ ('000)	Attributable to the equity holders of the Company						Non-controlling interests
	Share capital	Share premium account	Other reserves	Translation differences	Retained earnings	Total	
Equity on 1 January 2017	772	38,968	97,111	-101	6,229	142,979	
Profit for the year					18,662	18,662	
Other comprehensive income for the year							
Currency translation differences				-4		-4	
Total comprehensive income for the year				-4	18,662	18,658	
Options			505		36	541	
Dividends					-13,047	-13,047	
Share issue			-80			-80	
Hybrid bond, interest and other expenses			-15,000		-4,146	-19,146	
Equity on 30 September 2017	772	38,968	82,536	-105	7,734	129,905	
Equity on 1 January 2018	772	38,968	82,550	-357	4,766	126,699	-5
Profit for the year					11,042	11,042	615
Other comprehensive income for the year							
Currency translation differences				-47		-47	
Total comprehensive income for the year				-47	11,042	10,995	615
Share issue of non-controlling interests						0	21
Share subscriptions with options			1,119			1,119	
Options and Performance Share Plan			115		458	572	
Dividends					-16,079	-16,079	
Equity on 30 September 2018	772	38,968	83,784	-404	187	123,306	631

STATEMENT OF CASH FLOW (IFRS)

€ ('000)	1-9/18	1-9/17	1-12/17
Cash flow from operations			
Profit for the financial year	11,657	18,662	15,468
Adjustments on cash flow statement	-5,035	-13,088	-11,810
Change in working capital:			
Change in current non-interest-bearing receivables	-5,766	-5,240	-1,812
Change in current trade payables and other non-interest-bearing liabilities	3,099	2,190	19
Interest paid	-1,265	-1,348	-3,864
Taxes paid	-2,883	-1,547	-1,624
Cash flow from operations	-193	-371	-3,623
Cash flow from investing activities			
Acquisition of subsidiaries	-8,399	-1,173	-1,173
Investments in tangible and intangible assets	-130	-209	-260
Investments at fair value through profit and loss	29,658	33,695	32,560
Long-term loan receivables granted	-26	-78	-236
Proceeds from long-term receivables	706	1,496	2,304
Dividends received		210	210
Interest received	80	192	286
Cash flow from investing activities	21,889	34,133	33,690
Cash flow from financing activities			
Share issue	1,119		421
Proceeds from borrowings	49,748		9,000
Repayment of long-term loan	-38,489	-16,500	-42,000
Paid withheld tax on dividends	1	-6,151	-6,151
Dividends paid	-16,079	-13,047	-13,047
Cash flow from financing activities	-3,701	-35,698	-51,777
Change in cash and cash equivalents	17,995	-1,937	-21,710
Cash and cash equivalents at start of year	23,291	45,001	45,001
Cash and cash equivalents at end of year	41,286	43,064	23,291

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.

As from January 1, 2018, the Group has applied the following new standards that have come into effect:

- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers

With respect to IFRS 15 CapMan has changed the specification of turnover on the profit and loss statement. The new standards do not have a material effect on the groups result or financial position.

ITEMS AFFECTING COMPARABILITY AND ALTERNATIVE PERFORMANCE MEASURES

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

Items affecting comparability are, among others, material items related to mergers and acquisitions or major development projects, material gains or losses related to the acquisition or disposals of business units, material gains or losses related to the

acquisition or disposal of intangible assets, material expenses related to decisions by authorities and material gains or losses related to reassessment of potential repayment risk to the funds.

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

SEGMENT INFORMATION

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

In its Management Company business, CapMan manages private equity funds that are invested by its partnership-based investment teams. Investments are Nordic and Russian mainly unlisted companies and Nordic real estate. CapMan raises capital for the funds from Nordic and international investors. Income from the Management company business is derived from fees and carried interest received from funds. The fees include management fees related to CapMan's position as a fund management company and fees from other services closely related to fund management.

In the Service business, CapMan offers procurement services to companies in Finland and Sweden through CapMan Procurement Services (CaPS) and private equity advisory

and fundraising services to private equity fund managers and investors through Scala Fund Advisory. Income from the Services business include fees from CapMan Procurement Services (CaPS) and fundraising advisory services (Scala).

Through its Investment business, CapMan invests from its own balance sheet in the private equity asset class and listed markets in a diversified manner. 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 7-9/2018

7-9/2018 € ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	5,173				5,173
Service fees	184	1,484		27	1,696
Carried interest	189				189
Dividend and interest income from financial assets held for trading			179		179
Turnover, external	5,546	1,485	179	27	7,237
Turnover, internal		98		-98	0
Other operating income	-34				-34
Personnel expenses, of which	-3,035	-497	-43	-1,086	-4,661
Salaries and bonuses	-3,035	-497	-43	-907	-4,482
Share-based payment				-179	-179
Depreciation, amortisation and impairment	-27	-2		-11	-40
Other operating expenses	-765	-210	-41	-544	-1,559
Internal service fees	-880	-310	-172	1,362	0
Fair value changes of investments			3,890		3,890
Operating profit	806	564	3,813	-350	4,832
Financial items			-528		-528
Income taxes	-157	-200	56	63	-238
Profit for the period	649	364	3,341	-287	4,066
Earnings per share, cents					2.7
Earnings per share, diluted, cents					2.7
Non-current assets	7,186	2,957	93,949	-2,593	101,499
Total assets include:					
Investments in joint ventures			4,516		4,516

Segment Information 7-9/2017

7-9/2017 € ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	4,632				4,632
Sale of services	248	1,261		17	1,526
Carried interest	3,128				3,128
Dividend and interest income from financial assets held for trading			147		147
Turnover, external	8,008	1,261	147	17	9,432
Turnover, internal		59		-59	0
Other operating income				1	1
Personnel expenses, of which	-2,011	-611	-421	-907	-3,951
Salaries and bonuses	-2,011	-611	-421	-866	-3,910
Share-based payment				-41	-41
Depreciation, amortisation and impairment	-43	-1		-7	-51
Other operating expenses	-1,262	-182	-298	-536	-2,278
Overhead costs	-991	-98	-186	1,274	0
Fair value changes of investments			1,974		1,974
Operating profit	3,701	428	1,216	-216	5,129
Items affecting comparability					
Norvestia acquisition related costs			162		162
Norvestia integration related costs			269		269
Items affecting comparability, total			431		431
Adjusted operating profit	3,701	428	1,647	-216	5,560
Financial items			-662		-662
Income taxes	-740	-86	134	43	-648
Profit for the period	2,961	342	689	-173	3,818

7-9/2017 € ('000)	Management company business	Service business	Investment business	Other	Total
Items affecting comparability					
Norvestia acquisition related costs			161		161
Norvestia integration related costs			215		215
Items affecting comparability, total			377		377
Adjusted profit for the period	2,961	342	1,065	-173	4,195
Earnings per share, cents					2.6
Items affecting comparability, cents					0.4
Adjusted earnings per share, cents					3.0
Earnings per share, diluted, cents					2.6
Items affecting comparability, cents					0.4
Adjusted earnings per share, diluted, cents					3.0
Non-current assets	6,361		94,142	373	100,876
Total assets include:					
Investments accounted for using the equity method			87		87
Investments in joint ventures			4,949		4,949

Segment Information 1-9/2018

1-9/2018 € ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	16,531				16,531
Service fees	554	6,636		220	7,410
Carried interest	900				900
Dividend and interest income from financial assets held for trading			2,267		2,267
Turnover, external	17,985	6,636	2,267	220	27,108
Turnover, internal		343		-343	
Other operating income	2			1	3
Personnel expenses, of which	-9,485	-1,740	-186	-3,422	-14,833
Salaries and bonuses	-9,485	-1,740	-186	-2,965	-14,376
Share-based payment				-457	-457
Depreciation, amortisation and impairment	-105	-5		-34	-144
Other operating expenses	-3,405	-733	-243	-1,933	-6,314
Internal service fees	-2,688	-930	-515	4,134	0
Fair value changes of investments			9,078		9,078
Operating profit	2,304	3,571	10,401	-1,378	14,898
Financial items			-1,997		-1,997
Income taxes	-461	-802	-255	273	-1,244
Profit for the period	1,843	2,769	8,150	-1,105	11,657
Earnings per share, cents					7.5
Earnings per share, diluted, cents					7.5
Non-current assets	7,186	2,957	93,949	-2,593	101,499
Total assets include:					
Investments in joint ventures			4,516		4,516

Segment Information 1-9/2017

1-9/2017 € ('000)	Management company business	Services business	Investment business	Other	Total
Management fee	14,381				14,381
Service fees	857	4,057		74	4,989
Carried interest	3,128				3,128
Dividend and interest income from financial assets held for trading			3,505		3,505
Turnover, external	18,365	4,057	3,505	74	26,002
Turnover, internal		174		-174	0
Other operating income				12	12
Personnel expenses, of which	-7,197	-1,976	-1,513	-3,247	-13,933
Salaries and bonuses	-7,197	-1,976	-1,513	-3,115	-13,801
Share-based payment				-132	-132
Depreciation, amortisation and impairment	-133	-5	-12	-26	-176
Other operating expenses	-3,798	-535	-823	-1,711	-6,866
Internal service fees	-2,971	-293	-557	3,821	0
Fair value changes of investments			17,888		17,888
Operating profit	4,266	1,424	18,488	-1,250	22,927
Items affecting comparability					
Norvestia acquisition related costs			213		213
Norvestia integration related costs			706		706
Items affecting comparability, total			919		919
Adjusted operating profit	4,266	1,424	19,407	-1,250	23,846
Financial items			-2,410		-2,410
Income taxes	-853	-285	-967	250	-1,855
Profit for the period	3,413	1,139	15,111	-1,000	18,662

1-9/2017 € ('000)	Management company business	Services business	Investment business	Other	Total
Items affecting comparability					
Norvestia acquisition related costs			251		251
Norvestia integration related costs			565		565
Items affecting comparability, total			816		816
Adjusted profit for the period	3,413	1,139	15,927	-1,000	19,478
Earnings per share, cents					12.6
Items affecting comparability, cents					0.6
Adjusted earnings per share, cents					13.2
Earnings per share, diluted, cents					12.4
Items affecting comparability, cents					0.7
Adjusted earnings per share, diluted, cents					13.1
Non-current assets	6,361		94,142		100,876
Total assets include:					
Investments accounted for using the equity method			87		87
Investments in joint ventures			4,949		4,949

Segment Information 1-12/2017

1-12/2017 € ('000)	Management company business	Service business	Investment business	Other	Total
Management fees	19,549			34	19,583
Sale of services	1,098	5,563		447	7,108
Carried interest	4,418				4,418
Dividend and interest income from financial assets held for trading			3,735		3,735
Turnover, external	25,065	5,563	3,735	480	34,843
Turnover, internal		252		-252	
Items affecting comparability					
Reassessment of potential repayment risk to the funds	117				117
Items affecting comparability, total	117				117
Adjusted turnover	25,182	5,815	3,735	229	34,960
Other operating income			3	12	15
Personnel expenses, of which	-11,301	-2,346	-2,177	-5,543	-21,366
Salaries and bonuses	-11,301	-2,346	-2,177	-5,387	-21,210
Share-based payment				-156	-156
Depreciation, amortisation and impairment	-1,666	-4	-13	-34	-1,716
Other operating expenses	-5,436	-818	-1,127	-2,494	-9,876
Overhead costs	-3,982	-390	-743	5,115	
Fair value changes of investments			17,582		17,582
Operating profit	2,680	2,258	17,259	-2,716	19,482
Items affecting comparability					
Reassessment of potential repayment risk to the funds	117				117
Norvestia acquisition related costs			645		645
Norvestia integration related costs			1,204		1,204
Reorganisation costs	956				956
Goodwill impairment	1,500				1,500
Items affecting comparability, total	2,573		1,849		4,422
Adjusted operating profit	5,253	2,258	19,108	-2,717	23,903

1-12/2017 € ('000)	Management company business	Service business	Investment business	Other	Total
Financial items			-3,171		-3,171
Share of the income of investments accounted for using the equity method			-87		-87
Income taxes	-543	-452	-295	534	-757
Profit for the period	2,137	1,806	13,706	-2,183	15,467
Items affecting comparability					
Reassessment of potential repayment risk to the funds	94				94
Norvestia acquisition related costs			653		653
Norvestia integration related costs			1,025		1,025
Reorganisation costs	759				759
Goodwill impairment	1,500				1,500
Items affecting comparability, total	2,352		1,678		4,031
Adjusted profit for the period	4,489	1,806	15,385	-2,182	19,498
Earnings per share, cents					10.4
Items affecting comparability, cents					2.8
Adjusted earnings per share, cents					13.1
Earnings per share, diluted, cents					10.2
Items affecting comparability, cents					2.7
Adjusted earnings per share, diluted, cents					13.0
Non-current assets	4,702		96,920	478	102,100
Total assets include:					
Investments in joint ventures			4,917		4,917

NON-CURRENT ASSETS

	Level 1	Level 2	Level 3	Total
Fair value hierarchy of financial assets measured at fair value at 30 September 2018				
Investments in funds				
at Jan 1		19	58,245	58,264
Additions			28,103	28,103
Distributions		-4	-11,914	-11,918
Fair value gains/losses		-15	6,978	6,963
Transfers*			500	500
at the end of period		0	81,912	81,912
Growth investments				
at Jan 1			28,840	28,840
Decreases			-26,626	-26,626
Fair value gains/losses			-2,214	-2,214
at the end of period			0	0
Other investments				
at Jan 1		124	18	142
Transfers			2,214	2,214
Fair value gains/losses			111	111
at the end of period		124	2,342	2,466
Investments in joint ventures				
at Jan 1			4,917	4,917
Additions			50	50
Decreases			-833	-833
Fair value gains/losses			382	382
at the end of period			4,516	4,516
Current financial assets at FVTPL**	48,263	10,529		58,792

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

**Fair value through profit or loss (trading portfolio)

The different levels have been defined as follows:

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

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

Level 3 - The asset that is not based on observable market data. Investments in joint ventures reported on Level 3 include investments in Maneq Investments Luxembourg S.a.r.l.

There were no transfers from one level to another during the review period.

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of EUR 45.1 million at the end of the reporting period.

	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss as at 31 December 2017				
Investments in funds				
at Jan 1		41	51,353	51,394
Additions			10,543	10,543
Disposals			-35	-35
Distributions		-22	-7,135	-7,157
Fair value gains/losses			3,422	3,422
Transfers*			97	97
at the end of period		19	58,245	58,264
Growth investments				
at Jan 1			37,856	37,856
Additions			1,856	1,856
Disposals			-20,920	-20,920
Fair value gains/losses			9,959	9,959
Transfers			89	89
at the end of period			28,840	28,840
Other investments				
at Jan 1		124	55	179
Disposals			-5	-5
Fair value gains/losses			-32	-32
at the end of period		124	18	142
Investments in joint ventures				
at Jan 1			5,376	5,376
Additions			173	173
Disposals			-63	-63
Distributions			-210	-210
Fair value gains/losses			-359	-359
at the end of period			4,917	4,917
Current financial assets at FVTPL**	66,121	11,023		77,144

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

**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). Fund investments on Level 2 are investments in the CapMan Public Market fund. All other fund investments are included in Level 3.

Level 3 - The asset that is not based on observable market data. Investments in joint ventures reported on Level 3 include investments in Maneq Investments Luxembourg S.a.r.l.

There were no transfers from one level to another during the review period.

Sensitivity analysis of Level 3 investments at 30 September 2018

Investment area	Fair value MEUR	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth investments	17.0	Peer group	Peer group earnings multiples	EV/EBITDA 2018 11.2x	-/+ 0.9 MEUR
			Discount to peer group multiples	26 %	-/+ 0.3 MEUR
Buyout	14.6	Peer group	Peer group earnings multiples	EV/EBITDA 2018 9.3x	- 2.5 MEUR / + 2.4 MEUR
			Discount to peer group multiples	23 %	+/- 0.8 MEUR
Real Estate	25.7	Valuation by an independent valuer			
Investments in external PE funds	12.0	Reports from PE fund management company			
Investments in joint ventures	4.5	Peer group	Peer group earnings multiples	EV/EBITDA 2018 9.0x	- 0.4 MEUR / + 0.3 MEUR
			Discount to peer group multiples	24 %	-/+ 0.1 MEUR
Infrastructure	5.0	Price of recent investment			

Investment area	Fair value MEUR	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Russia	4.2	Peer group	Peer group earnings multiples	EV/EBITDA 2018 10.5x	-/+ 0.3 MEUR
			Discount to peer group multiples	29 %	-/+ 0.2 MEUR
Credit	2.0	Discounted cash flows	Discount rate; market rate and risk premium	10 %	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Funds of funds	0.4	Reports from PE fund management company			
Other investment areas	3.3	Peer group	Peer group earnings multiples	EV/EBITDA 2018 8.3x	-/+ 0.1 MEUR
			Discount to peer group multiples	15 %	-/+ 0.0 MEUR

Sensitivity analysis of Level 3 investments at 31 December 2017

Investment area	Fair value MEUR	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Growth investments	28.8	Peer group	Peer group earnings multiples	EV/Sales 2017 1.1x EV/EBITDA 2017 10.9x	+/- 2.1 MEUR
			Discount to peer group multiples	26 %	-/+ 0.8 MEUR
Buyout	22.0	Peer group	Peer group earnings multiples	EV/EBITDA 2017 9.4x	+ 3.7 / - 3.8 MEUR
			Discount to peer group multiples	26 %	+/- 1.4 MEUR
Real Estate	17.9	Valuation by an independent valuer			
Investments in external PE funds	8.8	Reports from PE fund management company			
Investments in joint ventures	4.9	Peer group	Peer group earnings multiples	EV/EBITDA 2017 9.5x	+/- 0.6 MEUR
			Discount to peer group multiples	29 %	-/+ 0.3 MEUR

Investment area	Fair value MEUR	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity to a +/- 10% change in input value
Russia	4.5	Peer group	Peer group earnings multiples	EV/EBITDA 2017 11.5x	+/- 0.4 MEUR
			Discount to peer group multiples	30 %	+/- 0.1 MEUR
Credit	1.7	Discounted cash flows	Discount rate; market rate and risk premium	10 %	- 0.1 MEUR / value increase based on a change in the discount rate is not booked
Funds of funds	0.5	Reports from PE fund management company			
Other investment areas	2.4	Peer group	Peer group earnings multiples	EV/EBITDA 2017 8.9x	+/- 0.1 MEUR
			Discount to peer group multiples	15 %	-/+ 0.0 MEUR

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

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

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

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

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

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

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

The value of investments in joint ventures consist almost entirely of investments in Maneq Investments Luxembourg which is indirectly invested into portfolio companies in funds managed by CapMan. The fair values of investments are determined in the same way as in funds investing in portfolio companies. The investment is made through several separate instruments and their values are co-dependent. Therefore, the investment has been valued as one entity based on the fair values of underlying portfolio companies.

SEASONAL NATURE OF BUSINESS

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

PERSONNEL

By country	30.9.18	30.9.17	31.12.17
Finland	78	73	74
Sweden	19	19	22
Denmark	4	4	4
Russia	12	11	12
Luxembourg	1	1	1
United Kingdom	6	4	5
In total	120	112	118

CONTINGENT LIABILITIES

€ ('000)	30.9.2018	30.9.17	31.12.17
Leasing agreements	3,248	4,142	4,012
Securities and other contingent liabilities	33,346	53,838	35,765
Remaining commitments to funds	72,359	42,124	67,081
Remaining commitments by investment area			
Buyout	12,025	13,364	13,178
Credit	2,090	2,674	2,316
Russia	1,123	1,477	1,477
Real Estate	9,393	10,710	10,584
Other	4,166	3,282	3,272
Funds of funds	713	717	717
Growth *	15,306		26,626
External private equity funds	27,543	9,900	8,911
In total	72,359	42,124	67,081

*The commitment relates to a new Growth-based fund founded on 11.12.2017 with respect to CapMan sold its Growth investments in January 2018.

RELATED PARTIES

Loans to related parties

CapMan has granted a Management Group member a short-term loan of 133 thousand euros, the interest rate of which being 12-month Euribor + margin of 1%. The loan has been originally granted in January 2016 and it has been renewed in December 2017. The loan will mature in December 2018.

Commitments to related parties

€ ('000)	30.9.18	30.6.17	31.12.17
Commitments to Maneq funds	3,853	3,903	3,903

TURNOVER AND PROFIT QUARTERLY**2018**

MEUR	1-3/18	4-6/18	7-9/18	1-9/18
Turnover	8.5	11.4	7.2	27.1
Management fees	5.6	5.7	5.2	16.5
Sales of services	1.6	4.1	1.7	7.4
Carried interest	0.1	0.6	0.2	0.9
Dividend and interest income from financial assets held for trading	1.1	1.0	0.2	2.3
Other operating income	0.0	0.0	0.0	0.0
Operating expenses	-6.9	-8.1	-6.3	-21.3
Fair value changes of investments	2.5	2.7	3.9	9.1
Operating profit	4.1	6.0	4.8	14.9
Financial income and expenses	-0.5	-1.0	-0.5	-2.0
Share of the income of investments accounted for using the equity method	0.0	0.0	0.0	0.0
Profit / loss before taxes	3.5	5.1	4.3	12.9
Profit / loss for the period	3.3	4.3	4.1	11.7

2017

MEUR	1-3/17	4-6/17	7-9/17	1-9/17	10-12/17	1-12/17
Turnover	7.5	9.1	9.4	26.0	8.8	34.8
Management fees	5.0	4.7	4.6	14.3	5.3	19.6
Sale of services	1.4	2.2	1.6	5.2	1.9	7.1
Carried interest	0.0	0.0	3.1	3.1	1.3	4.4
Dividend and interest income from financial assets held for trading	1.1	2.2	0.1	3.5	0.2	3.7
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Operating expenses	-7.3	-7.4	-6.3	-21.0	-12.0	-33.0
Fair value changes of investments	10.3	5.6	2.0	17.9	-0.3	17.6
Operating profit	10.5	7.3	5.1	22.9	-3.5	19.4
Financial income and expenses	-0.9	-0.8	-0.7	-2.4	-0.8	-3.2
Share of the income of investments accounted for using the equity method	0.0	0.0	0.0	0.0	-0.1	-0.1
Profit / loss before taxes	9.6	6.4	4.5	20.5	-4.4	16.1
Profit / loss for the period	9.1	5.8	3.8	18.7	-3.2	15.5