

2021

FINANCIAL STATEMENTS RELEASE





4 February 2022 at 8:00 AM

eQ Plc's financial statements release 2021 – eQ's result grew by 55%, distribution proposal of EUR 1.00 per share to the shareholders

January to December 2021 in brief

- The Group's net revenue during the period was EUR 78.9 million (EUR 56.7 million from 1 Jan. to 31 Dec. 2020).
 - The Group's net fee and commission income was EUR 71.6 million (EUR 56.7 million).
 - The Group's net investment income from own investment operations was EUR 7.3 million (EUR 0.0 million), including the return from private equity and real estate fund investments and liquid fixed income funds.
- The Group's operating profit grew by 55% to EUR 47.7 million (EUR 30.8 million).
- The Group's profit was EUR 38.1 million (EUR 24.6 million).
- The consolidated earnings per share were EUR 0.97 (EUR 0.64).
- The net revenue of the Asset Management segment increased by 23% to EUR 64.9 million (EUR 52.8 million) and the operating profit by 26% to EUR 40.3 million (EUR 32.1 million).
- The net revenue of the Corporate Finance segment was EUR 6.9 million (EUR 4.1 million) and the operating profit was EUR 2.7 million (EUR 1.1 million).
- The net cash flow from the Group's own private equity and real estate fund investment operations was EUR 4.1 million (EUR 0.6 million).
- Dividend proposal EUR 0.97 (EUR 0.64) and proposal for equity repayment EUR 0.03 (EUR 0.06) per share.

October to December 2021 in brief

- In the last quarter, the Group's net revenue totalled EUR 21.1 million (EUR 20.1 million from 1 Oct. to 31 Dec. 2020).
 - The Group's net fee and commission income was EUR 19.5 million (EUR 19.5 million).
 - The Group's net investment income from own investment operations was EUR 1.6 million (EUR 0.7 million), including the return from private equity and real estate fund investments and liquid fixed income funds.
- The Group's operating profit grew by 10% to EUR 12.7 million (EUR 11.5 million).
- The Group's profit was EUR 10.1 million (EUR 9.2 million).
- The consolidated earnings per share were EUR 0.26 (EUR 0.24).

Key ratios	1-2/21	1-12/20	Change	10-12/21	10-12/20	Change
Net revenue, Group, M€	78.9	56.7	39%	21.1	20.1	5%
Net revenue, Asset Management, M€	64.9	52.8	23%	16.3	18.1	-10%
Net revenue, Corporate Finance, M€	6.9	4.1	67%	3.2	1.4	132%
Net revenue, Investments, M€	7.1	-0.1	8860%	1.6	0.6	176%
Net revenue, Group administration and eliminations, M€	0.0	0.0		0.0	0.0	
Operating profit, Group, M€	47.7	30.8	55%	12.7	11.5	10%
Operating profit, Asset Management, M€	40.3	32.1	26%	10.1	11.3	-11%
Operating profit, Corporate Finance, M€	2.7	1.1	141%	1.6	0.4	269%
Operating profit, Investments, M€	7.1	-0.1	8860%	1.6	0.6	176%
Operating profit, Group administration, M€	-2.5	-2.4		-0.7	-0.8	
Profit for the period, M€	38.1	24.6	55%	10.1	9.2	10%



Key ratios	1-12/21	1-12/20	Change	10-12/21	10-12/20	Change
Earnings per share, €	0.97	0.64	51%	0.26	0.24	7%
Proposal for dividend and equity repayment per share, €	1.00	0.70	43%			
Equity per share, €	2.02	1.74	16%	2.02	1.74	16%
Cost/income ratio, Group, %	39.5	45.6	-13%	40.0	42.5	-6%
Liquid assets, M€	56.0	36.3	54%	56.0	36.3	54%
Private equity and real estate fund investments, M€	18.8	15.7	20%	18.8	15.7	20%
Interest-bearing loans, M€	0.0	0.0	0%	0.0	0.0	0%
Assets under management excluding reporting services, € billion	9.2	7.5	23%	9.2	7.5	23%
Assets under management, € billion	11.6	9.0	29%	11.6	9.0	29%

Mikko Koskimies, CEO

The sentiment at the beginning of 2021 was hopeful. In Western countries, population received COVID-19 vaccines and economies could open up. Combined with extensive recovery measures, this clearly accelerated economic growth. China continued to go its own way and managed to keep the number of COVID-19 infections very small with strict lockdown measures. The prognosis for the growth outcome in 2021 was 5.6% in the US, 5.1% in the euro zone and 8.1% in China. Towards the end of the year, the new Omicron variant caused concern and some countries closed their economies once more. This had minor impacts on economic growth and the investment market, however.

Inflation accelerated clearly in 2021. The supply problems caused by COVID-19 and, simultaneously, the allocation of demand to goods instead of services, so-called green transition, and the strong economic growth accelerated the increase in all prices. Central banks indicated that inflation is a temporary phenomenon that is to a large extent related to COVID-19, but towards the end of the year, the debate on a tighter monetary policy increased, above all in the US. Towards the end of the year, central banks in both the US and Europe announced that they would cut purchase programmes. The Fed indicated that it planned to raise its key policy rate several times in 2022. This announcement, together with situation between Russia and Ukraine, made above all the equity market nervous early in 2022.

Expectations on increasing interest rates raised concerns in the equity market. In the autumn, additional worries were caused by the second largest real estate developer in China, which ended up in a debt crisis and deteriorated the outlook of the entire real estate sector. The strong economic growth and increasing profits of companies calmed down the market, however, and equities gave an excellent return for the whole year. The highest return in euros came from S&P 500, no less than 37.9%. European equities gave a 25.1% return and Finnish equities a 25.3% return, calculated with the MSCI index. The return of emerging markets remained at 4.9%. The reason for this was, above all, the slow pace of COVID-19 vaccinations in other countries than China, and as for China, its own regulatory measures directed to different sectors.

Interest income was negative in 2021 with the exception of high yield loans and corporate loans in local currencies of emerging economies. The euro government bond index gave a return of -3.4%, the euro IG corporate loan index -1.0% and the euro hedged emerging market corporate loan index -2.2%. The index return of high yield loans was 3.2%.

eQ's growth very strong

eQ's growth in 2021 was very strong, and its profit has already grown for 31 consecutive quarters. The net revenue of the Group during the period under review was EUR 78.9 million and the operating profit EUR 47.7 million. Net revenue grew by 39% and operating profit by almost EUR 17 million, which is an increase of 55% on the previous year.



eQ Asset Management's growth continued

The result of eQ Asset Management was once more excellent. During the period under review, the net revenue of eQ Asset Management increased by 23% to EUR 64.9 million. Operating profit increased by 26%, more than EUR 8 million, to EUR 40.3 million. The management fees of traditional asset management as well as performance fees experienced the strongest growth. Part of the performance fees (EUR 3.1 million) accrued from the Amanda IV private equity fund.

The returns of client portfolios were excellent in 2021. No less than 85% of the funds that eQ manages itself exceeded their benchmark indices, and during a three-year period the corresponding figure was 83%. Within the discretionary asset management portfolios, both absolute and relative returns were also exceptionally good. The excellent returns from traditional asset management were complemented by the good real estate and private equity returns.

The year 2021 was also very good with regard to sales, above all within real estate and private equity asset management. Net subscriptions in the eQ Community Properties and Commercial Properties funds totalled almost EUR 330 million, and the size of the eQ Residential Fund grew to its target size of EUR 100 million. The investment operations of the eQ Residential Fund advanced excellently, and the entire investment capacity of the fund was in practice used by the end of the year. Therefore, we decided to establish a new eQ Residential II Fund during the first quarter of 2022. In 2021, private equity assets were raised to the eQ PE XIII US Fund. In the final close the size of the fund grew to a record amount of USD 318 million. The assets raised to the US PE funds since 2015 exceed USD 700 million. In addition, we launched three new private equity asset management programmes at the beginning of 2021, and the size of three old, renewed programmes grew markedly. The first close of the eQ VC Fund was held at the end of October at EUR 36 million. The eQ VC fund invests in the best venture capital funds in the US.

Advium's fee income and profit grew

In 2021, Advium's net revenue amounted to EUR 6.9 million (EUR 4.1 million) and its operating profit was EUR 2.7 million (EUR 1.1 million).

In 2021, the size of the M&A market developed favourably in general. The positive development of the equity and bond markets contributed to the execution of transactions planned by companies and private equity actors.

Advium's market position and share remained strong, and during the financial year, we acted as advisor in seven finalised M&A transactions. The most important of these were the divestment of Nordkalk to SigmaRoc for EUR 500 million, the merger of Purmo with Virala Acquisition Company (VAC) and the purchase of Nettix Oy by Alma Media.

The real estate transaction activity grew from 2020. Advium acted as advisor to the seller in two published transactions in 2021. The major transaction towards the end of the year was the divestment of Espoo Hospital, where the city of Espoo sold the hospital for about EUR 300 million. This deal was signed immediately at the beginning of 2022.

Operating profit of the Investments segment excellent

The operating profit of the Investments segment was EUR 7.1 million (EUR -0.1 million) and the net cash flow was EUR 4.1 million. The balance sheet value of the private equity and real estate fund investments was EUR 18.8 million at the end of the year. eQ Plc made an investment commitment of USD 1 million to the eQ PE XIII US and eQ VC private equity funds. In addition, eQ decided to make an investment commitment of EUR 1 million to the eQ PE XIV North Fund, which was established at the end of January 2022. The considerable increase in the M&A activity of unlisted companies had a positive impact on the portfolio's cash flow, value changes and realised profits.

Outlook

As for sales, the year 2021 was very good for eQ Asset Management. In January 2022, the eQ PE XIV North and eQ PE SF IV private equity funds raised a record amount of EUR 281 million in the first closings of the



funds, and the eQ VC Fund grew to USD 56 million. This strengthens our view that the demand for alternative investment products continues to be strong among investors. In addition, eQ will begin to accrue the catch up share of private equity funds' performance fee in the income statement in 2022, which will support eQ's result.

Consequently, we expect the net revenue and operating profit of the Asset Management segment to grow in 2022. In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent on factors that are not dependent on the company. Therefore, their operating profits may vary considerably and are difficult to foresee.

eQ's financial statements release 1 January to 31 December 2021 is enclosed to this release and it is also available on the company website at www.eQ.fi.

eQ Plc

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eQ Group is a group of companies that concentrates on asset management and corporate finance business. eQ Asset Management offers a wide range of asset management services (including private equity funds and real estate asset management) for institutions and private individuals. The assets managed by the Group total approximately EUR 11.6 billion. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets. More information about the Group is available on our website www.eQ.fi.



eQ PLC'S FINANCIAL STATEMENTS RELEASE 1 JAN. TO 31 DEC. 2021

Result of operations and financial position 1 Jan. to 31 Dec. 2021

- The Group's net revenue during the period was EUR 78.9 million (EUR 56.7 million from 1 Jan. to 31 Dec. 2020).
 - The Group's net fee and commission income was EUR 71.6 million (EUR 56.7 million).
 - The Group's net investment income from own investment operations was EUR 7.3 million (EUR 0,0 million), including the return from private equity and real estate fund investments and liquid fixed income funds.
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- Dividend proposal EUR 0.97 (EUR 0.64) and proposal for equity repayment EUR 0.03 (EUR 0.06) per share.

Result of operations and financial position 1 Oct. to 31 Dec. 2021

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Operating environment

The sentiment at the beginning of 2021 was hopeful. In Western countries, population received COVID-19 vaccines and economies could open up. Combined with extensive recovery measures, this clearly accelerated economic growth. China continued to go its own way and managed to keep the number of COVID-19 infections very small with strict lockdown measures. The prognosis for the growth outcome in 2021 was 5.6% in the US, 5.1% in the euro zone and 8.1% in China. Towards the end of the year, the new Omicron variant caused concern and some countries closed their economies once more. This had minor impacts on economic growth and the investment market, however.

Inflation accelerated clearly in 2021. The supply problems caused by COVID-19 and, simultaneously, the allocation of demand to goods instead of services, so-called green transition, and the strong economic growth accelerated the increase in all prices. The highest inflation rates were seen in the US, where the 12-month change in the consumer price index was 7% in December and the change in the core inflation index 5.5%. Central banks indicated that inflation is a temporary phenomenon that is to a large extent related to COVID-19, but towards the end of the year, the debate on a tighter monetary policy increased, above all in the US. Towards the end of the year, central banks in both the US and Europe announced that they would cut purchase programmes. The Fed indicated that it planned to raise its key policy rate several times in 2022. This announcement, together with situation between Russia and Ukraine, made above all the equity market nervous early in 2022.



Expectations on increasing interest rates raised concerns in the equity market. In the autumn, additional worries were caused by the second largest real estate developer in China, which ended up in a debt crisis and deteriorated the outlook of the entire real estate sector. The strong economic growth and increasing profits of companies calmed down the market, however, and equities gave an excellent return in the whole year. The highest return in euros came from S&P 500, no less than 37.9%. The return in dollars was 28.2%. European equities gave a 25.1% return and Finnish equities a 25.3% return, calculated with the MSCI index. The return of emerging markets remained at 4.9%. The reason for this was, above all, the slow pace of COVID-19 vaccinations in other countries than China, and as for China, its own regulatory measures directed to different sectors.

Interest income was negative in 2021 with the exception of high yield loans and corporate loans in local currencies of emerging economies. The euro government bond index gave a return of -3.4%, the euro IG corporate loan index -1.0% and the euro hedged emerging market corporate loan index -2.2%. The index return of high yield loans was 3.2%.

Major events during the financial period

eQ Plc's Annual General Meeting was held on 24 March 2021. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra and Tomas von Rettig were re-elected to the Board. Janne Larma was elected as new member. From 1 April 2021, Janne Larma is a full-time Chair of the Board. Previously he has acted as CEO of eQ Plc since 2011. The Deputy Chair of the Board is Georg Ehrnrooth. The decisions by the Annual General Meeting have been presented in a separate chapter below.

eQ Plc's Board appointed Mikko Koskimies CEO of eQ Plc from 1 April 2021. Mikko Koskimies will also continue as CEO of eQ Asset Management Ltd after the appointment.

As a result of the changes in the company management, Janne Larma left the Management Team of eQ Group and Mikko Koskimies chairs the Management Team from 1 April 2021.

During the period, the number of eQ Plc's shares increased with new shares subscribed for with option rights. The number of shares increased by 45,000 shares on 18 March 2021 and by 715,000 shares on 17 May 2021.

Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 78.9 million (EUR 56.7 million from 1 Jan. to 31 Dec. 2020). The Group's net fee and commission income was EUR 71.6 million (56.7 EUR million). The Group's net investment income from own investment operations was EUR 7.3 million (EUR 0,0 million), including the return from private equity and real estate fund investments and liquid fixed income funds.

The Group's expenses and depreciation totalled EUR 31.2 million (EUR 26.0 million). Personnel expenses were EUR 26.7 million (EUR 21.5 million), other administrative expenses EUR 2.1 million (EUR 2.0 million) and the other operating expenses were EUR 1.3 million (EUR 1.4 million). Depreciation was EUR 1.0 million (EUR 1.1 million). The salary expenses increased from the year before above all due to result-related remuneration. The increase was also influenced by the change in postponed share-based bonuses due to the strong increase in the share price (EUR 1.2 million from 1 Jan. to 31 Dec. 2021). Based on regulations that were previously in force in the finance sector, part of the decided bonuses has been postponed and bound to eQ's share price. In future, bonuses will no longer be postponed.

The Group's operating profit was EUR 47.7 million (EUR 30.8 million) and the profit for the period was EUR 38.1 million (EUR 24.6 million).

Business areas

Asset Management

eQ Asset Management offers versatile and innovative asset management services to both institutions and individuals. The Asset Management segment consists of the investment firm eQ Asset Management Ltd and



other Group companies engaged in asset management operations, the most important of which is eQ Fund Management Company Ltd.

Mutual funds and asset management

At the end of the period, eQ had 23 traditional mutual funds registered in Finland.

The returns of eQ's fixed income funds varied during the year as a result of the rise in long interest rates and narrowing of credit risk margins. The best returns came from the eQ Emerging Markets Corporate Bond LC and eQ High Yield funds. The return of the eQ Government Bond Fund was, on the other hand, negative. The returns of all our fixed income funds exceeded the returns of their benchmark indices, and the eQ Emerging Markets Corporate Bonds and eQ Euro Investment Grade funds gave the best returns.

In 2021, the returns of all our equity funds were very good, the best returns being almost 35%. The best returns came from the eQ Nordic Small Cap, eQ Europe Small Cap and eQ Frontier Markets funds. The returns of almost all of our equity funds exceeded their benchmark indices, and the biggest positive differences were seen in the eQ Emerging Markets Dividend, eQ Nordic Small Cap and eQ Europe Small Cap funds. The eQ Europe Dividend Fund won the Lipper Nordics 2021 best "Equity Europe Income Fund" award measured by the three and five year return.

Of the funds managed by eQ, no less than 85% surpassed their benchmark indices in 2021, and in the past three years, 83% of the funds managed by eQ have surpassed their benchmark indices. The average Morningstar rating of funds managed by eQ was 3.5 stars at the end of the year. The returns of the discretionary asset management portfolios that eQ manages varied between +0.2 and +28.4% based on the allocation of the investment portfolio. The return of portfolios that are only invest in Finnish shares was +25.5%. The ESG ratings of the eQ funds are better than the average, and eQ obtained excellent ESG ratings in the 2020 PRI assessment.

Private equity

The first close of the new eQ PE XIII US private equity fund was held at the end of January 2021 at USD 131 million. In the final close, the size of the fund grew to USD 318 million. The assets raised to the US PE funds since 2015 exceed USD 700 million. The eQ PE XIII US Fund makes investments in private equity funds that invest in unlisted small and mid-sized companies in Northern America. During the first months of 2021, eQ also launched three new private equity asset management programmes and extended the agreements of three old programmes and increased the investment amounts. The first close of the eQ VC Fund was held at the end of October at USD 36 million. The eQ VC fund invests in the best venture capital funds in the US. During the period under review, we also held the final closing of our third fund that invests in the European private credit market, eQ Private Credit III. Its size grew to EUR 54 million.

During the period, eQ's private equity team won the "Best LP, Regional Strategy" award at the 11th Private Equity Exchange gala arranged in Paris. eQ was awarded for its Northern European lower midmarket strategy.

eQ's private equity ESG integration and reporting are at an excellent level and the company continues with the development work. At the end of the period, the assets in private equity funds managed by eQ totalled EUR 2,203 million (EUR 1,814 million) and the assets managed under private equity asset management programmes were EUR 1,001 million (EUR 856 million).

eQ will begin to accrue the catch up share of private equity funds' performance fee in the income statement in 2022. More information about the estimated returns and performance fees is available on page 29 of the financial statements release.

Real estate investments

The net subscriptions in the eQ Finnish Real Estate Fund were EUR 59 million during the period under review. At the end of the year, the size of the fund was EUR 745 million, and its real estate property amounted to almost EUR 1.2 billion. The return of the fund in 2021 was 8.9% and since establishment 8.5% p.a. The fund has almost 2,200 unit holders.



During the period under review, new net subscriptions for EUR 269 million were made in the eQ Community Properties Fund. At the end of the year, the size of the fund was EUR 1,437 million, and its real estate property amounted to EUR 1.7 billion. The return of the fund in 2021 was 8.2% and since establishment 8.9% p.a. The fund has almost 4,700 unit holders.

In May 2020, eQ established a new real estate fund eQ Residential. At the end of 2020, the size of the fund was EUR 75 million, and its final closing was held in May 2021 at EUR 100 million. The investment operations have proceeded excellently, and the fund invests more than EUR 300 million in residential real estate. eQ Residential makes investments in the Helsinki metropolitan area, Tampere and Turku. The fund targets complete residential buildings and aims to manage approximately 1,500 rental units in total. In practice, the entire investment capacity of the fund was used by the end of the period under review, and we decided to establish a new eQ Residential II Fund during the first quarter of 2022. Unlike eQ Community Properties and eQ Commercial Properties funds, the eQ Residential funds are targeted at professional investors only and have a closed-end fund structure.

During the period under review, we made some amendments to the rules of the eQ real estate funds, which entered into force on 15 April 2021. At the same time, we changed the name of the popular eQ Care Fund to eQ Community Properties Fund to better correspond to the use of the properties owned by the fund. Overall, eQ's real estate funds had real estate property worth almost EUR 3.0 billion at the end of the year, and eQ has become a major Finnish real estate investor. In 2021, eQ's real estate funds also participated in the GRESB sustainability assessment for the third time. The results improved further and clearly exceed both the average results of companies participating in the GRESB assessment and the results of the funds' peers.

Assets under management and clients

The assets managed by eQ Asset Management totalled EUR 11,584 million at the end of the period. Growth during the period was EUR 2,611 million (EUR 8,973 million on 31 Dec. 2020). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 4,264 million (EUR 3,439 million), and the assets increased by EUR 825 million during the period under review. The assets managed by the real estate funds totalled EUR 2,282 million (EUR 1,862 million). The assets managed by the private equity funds and asset management programmes totalled EUR 3,203 million (EUR 2,670 million).

Assets under management, € million	12/21	12/20	Change
eQ mutual funds	4,264	3,439	24%
of which eQ equity, fixed income and balanced funds	2,082	1,651	26%
of which eQ real estate funds	2,182	1,787	22%
Closed-end real estate funds	100	75	34%
Funds of partners and other asset management	1,619	1,252	29%
eQ private equity funds	2,203	1,814	21%
Private equity asset management programmes	1,001	856	17%
Total excl. reporting services	9,187	7,435	24%
Private equity reporting services	2,397	1,538	56%
Total	11,584	8,973	29%

Result of the Asset Management segment

During the period under review, the net revenue of the Asset Management segment increased by 23% and the operating profit by 26% to EUR 40.3 million (EUR 32.1 million from 1 Jan. to 31 Dec. 2020). Performance fees increased to EUR 11.4 million. Part of the performance fees accrued from the Amanda IV private equity fund. Performance fees typically fluctuate strongly per quarter and financial period. The cost/income ratio was 37.7% (39.0%). Calculated as full-time resources, the Asset Management segment had 76 employees at the end of the period under review.

Asset Management	1–12/21	1–12/20	Change	10–12/21	10–12/20	Change
Net revenue, M€	64.9	52.8	23%	16.3	18.1	-10%
Operating profit, M€	40.3	32.1	26%	10.1	11.3	-11%
Cost/income ratio, %	37.7	39.0	-3%	38.2	37.6	2%
Personnel as full-time resources	76	75	1%	76	75	1%



Fee and commission income, Asset Management, M€	1–12/21	1–12/20	Change	10–12/21	10–12/20	Change
Management fees						
Traditional asset management	10.6	8.1	30%	2.7	2.2	24%
Real estate asset management	29.1	25.6	14%	7.8	6.7	17%
Private equity asset management	13.9	12.5	11%	3.6	3.3	8%
Management fees, total	53.6	46.3	16%	14.1	12.2	16%
Performance fees						
Traditional asset management	2.9	2.7	8%	0.0	1.9	-100%
Real estate asset management	5.4	4.0	34%	2.1	4.0	-49%
Private equity asset management	3.1	-	n/a	0.2	-	n/a
Performance fees, total	11.4	6.7	70%	2.3	5.9	-62%
Other fee and commission income	0.5	0.2	93%	0.1	0.1	-40%
Fee and commission income, total	65.4	53.2	23%	16.5	18.2	-10%

Corporate Finance

In the Corporate Finance segment, Advium Corporate Finance acts as advisor in mergers and acquisitions, large real estate transactions and equity capital markets.

In 2021, the size of the M&A market developed favourably in general and in the fourth quarter as well. The positive development of the equity and bond markets contributed to the execution of transactions planned by companies and private equity actors. One distinctive feature seen during the year was, however, that the M&A market has also suffered somewhat from the strong equity market, as most of the private equity exit processes end in a stock exchange listing.

Advium's market position and share remained strong, and during the financial year, we acted as advisor in seven finalised M&A transactions. The most important of these were the divestment of Nordkalk to SigmaRoc for EUR 500 million, the merger of Purmo with Virala Acquisition Company (VAC) (value EUR 685 million) and the purchase of Nettix Oy by Alma Media (value EUR 170 million).

The real estate transaction activity grew from 2020. The strong debt financing market and low interest rate environment had a positive impact. Advium acted as advisor to the seller in two published transactions in 2021. The clients were Schroders, the Association of Finnish Pharmacies and Helsingfors Gymnastikklubb. The major transaction towards the end of 2021 was a transaction where the city of Espoo sold Espoo Hospital to LähiTapiola Yhteiskuntakiinteistöt Ky for EUR 300 million. This deal was signed in January 2022.

Result of the Corporate Finance segment

In 2021, Advium's net revenue was EUR 6.9 million, compared with EUR 4.1 million the year before. The operating profit was EUR 2.7 million (EUR 1.1 million from 1 Jan. to 31 Dec. 2020). The segment had 15 employees at the end of December. At the close of the year, the volume and quality of the stock of assignments was good.

It is typical of corporate finance business that success fees have a considerable impact on invoicing, due to which the result of the segment varies considerably from quarter to quarter.

Corporate Finance	1–12/21	1–12/20	Change	10–12/21	10–12/20	Change
Net revenue, M€	6.9	4.1	67%	3.2	1.4	132%
Operating profit, M€	2.7	1.1	141%	1.6	0.4	269%
Cost/income ratio, %	60.0	72.3	-17%	48.9	67.9	-28%
Personnel as full-time resources	15	14	7%	15	14	7%



Investments

The business operations of the Investments segment consist of private equity and real estate fund investments made from eQ Group's own balance sheet.

During the period, the operating profit of the Investments segment was EUR 7.1 million (EUR -0.1 million from 1 Jan. to 31 Dec. 2020). The recovery from the COVID-19 crisis had a positive impact on the result of the segment during the financial period. At the end of the period, the fair value of the investments was EUR 18.8 million (EUR 15.7 million on 31 Dec. 2020) and the amount of the remaining investment commitments was EUR 7.2 million (EUR 7.1 million). In 2021, eQ Plc made a USD 1.0 million investment commitment in the eQ PE XIII US private equity fund. In addition, eQ Plc made a USD 1.0 million investment commitment in the eQ VC private equity fund. In December 2021, eQ Plc also decided to make a EUR 1.0 million investment commitment in the eQ PE XIV North private equity fund to be established in January 2022.

During the period, the investment objects returned capital for EUR 3.5 million (EUR 1.8 million from 1 Jan. to 31 Dec. 2020) and distributed a profit of EUR 3.2 million (EUR 0.3 million). Capital calls totalled EUR 2.6 million (EUR 1.6 million). The net cash flow from investments during the period was EUR 4.1 million (EUR 0.6 million). The value changes of investments recognised through profit or loss were EUR 4.1 million during the period (EUR -0.3 million).

The income of eQ's Investments segment is recognised due to factors independent of the company. Due to this, the segment's result may vary considerably.

Investments	1-12/21	1-12/20	Change	10-12/21	10-12/20	Change
Operating profit, M€	7.1	-0.1	8860%	1.6	0.6	176%
Fair value of investments, M€	18.8	15.7	20%	18.8	15.7	20%
Investment commitments, M€	7.2	7.1	2%	7.2	7.1	2%
Net cash flow of investments, M€	4.1	0.6	626%	0.4	0.8	-48%

Balance sheet and capital adequacy

At the end of the period, the consolidated balance sheet total was EUR 110.8 million (EUR 91.5 million on 31 Dec. 2020) and the shareholders' equity was EUR 80.0 million (EUR 67.5 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 38.1 million, the dividend distribution of EUR -24.9 million, the repayment of equity of EUR -2.3 million from the reserve for invested unrestricted equity, the subscription for new shares with option rights of EUR 1.4 million and the accrued expense of EUR 0.2 million related to the option scheme and enter in shareholders' equity. The changes are specified in detail in the tables attached to this release.

At the end of the period, liquid assets totalled EUR 35.1 million (EUR 21.5 million) and liquid investments in mutual funds EUR 20.9 million (EUR 14.9 million). The Group's short-term receivables amounted to EUR 5.1 million (EUR 7.6 million) at the end of the period.

The lease liability related to premises and entered in the balance sheet was EUR 1.2 million (EUR 2.0 million) at the end of the period, the share of short-term liabilities being EUR 0.9 million (EUR 0.9 million). eQ has concluded a follow-up agreement on the rented premises and an agreement on the expansion of premises, which are conditional. If the prerequisites associated with the conditional agreements are fulfilled, the amount of the lease liability will increase by about EUR 5 million in 2022.

Short-term interest-free debt was EUR 29.7 million (EUR 21.9 million). The Group had no interest-bearing loans at the end of the period (EUR - million). eQ's equity to assets ratio was 72.1% (73.8%).

A new IFD/IFR regime for investments firms entered into force on 26 June 2021. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the regulations. According to the new regulations, the most restrictive capital requirement for eQ at the end of the financial period is defined on the basis of fixed overheads. The minimum capital requirement based on fixed overheads was EUR 4.7 million. At the end of the period, the Group's own funds based on capital adequacy calculations totalled EUR 10.8 million. Detailed information on the Group's capital adequacy can be found in the tables section.



Shares and share capital

At the end of the period on 31 December 2021, the number of eQ Plc's shares was 39,632,198 and the share capital was EUR 11,383,873.

During the financial period, on 18 March 2021, the number of shares increased by 45,000 new shares subscribed for with option rights 2015. The subscription price of the new shares totalled EUR 112,050.00. In addition, the number of eQ Plc's shares increased by 715,000 shares subscribed for with option rights 2015 during the period on 17 May 2021. The subscription price of the new shares totalled EUR 1,279,850.00. The entire subscriptions were entered in the reserve for invested unrestricted equity.

The closing price of eQ Plc's share on 31 December 2021 was EUR 25.75 (EUR 16.75 on 31 Dec. 2020). The market capitalisation of the company was thus EUR 1,020.5 million (EUR 651.1 million) at the end of the financial period. During the financial period, 2,089,680 shares were traded on Nasdaq Helsinki (2,721,819 shares from 1 Jan. to 31 Dec. 2020). In euros, the turnover was EUR 48.9 million (EUR 35.8 million).

Own shares

On 31 December 2021, eQ Plc held no own shares.

Shareholders

Ten major shareholders on 31 December 2021

	Shares	Share, %
1 Fennogens Investements SA	7,953,766	20.07
2 Anchor Oy Ab	6,106,706	15.41
3 Chilla Capital S.A.	6,055,904	15.28
4 Teamet Oy	4,200,000	10.60
5 Oy Cevante Ab	1,419,063	3.58
6 Fazer Jan	1,302,484	3.29
7 Procurator-Holding Oy	793,892	2.00
8 Lavventura Oy	700,000	1.77
9 Linnalex Ab	631,652	1.59
10 Pinomonte Ab	529,981	1.34
10 major shareholders, total	29,693,448	74.92
Nominee registered	443,266	1.12
Other shares	9,495,484	23.96
Total	39,632,198	100.00

On 31 December 2021, eQ Plc had 7 883 shareholders (7 261 shareholders on 31 Dec. 2020).

Option schemes

At the end of the financial period, eQ Plc had one option scheme, the Option Scheme 2018. The option scheme is intended as part of the commitment system of the Group's key personnel. The 2015 Option Scheme, which was in force at the beginning of the financial period, has ended during the period, and all outstanding options related to the 2015 Option Scheme were exercised as a result of the share subscriptions made.



Option scheme 2018

At the end of the period, altogether 1,775,000 options had been allocated from option scheme with a purchase price 2018. The subscription period of shares with option rights 2018 will begin on 1 April 2022 and end on 1 April 2024. No options of the option scheme 2018 can any longer be allocated.

The terms and conditions of the option scheme have been published in a stock exchange release of 26 October 2018, and they can be found in their entirety on the company website at www.eQ.fi.

Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Monday 24 March 2021 in Helsinki, decided upon the following:

Confirmation of the financial statements

eQ Plc's AGM confirmed the financial statements of the company, which included the consolidated financial statements, the report by the Board of Directors, and the auditors' report for the financial year 2020.

Decision in respect of the result shown on the balance sheet and the distribution of assets from the reserve for invested unrestricted equity

The AGM confirmed the proposal by the Board of Directors that a dividend of EUR 0.64 per share and a repayment of equity of EUR 0.06 from the reserve for invested unrestricted equity be paid out. The dividend and equity repayment were paid to shareholders who, on the record date for the dividend payment, i.e. 26 March 2021, were recorded in the shareholder register of eQ Plc held by Euroclear Finland Ltd. Payment date of the dividend and equity repayment was 6 April 2021.

Discharge from liability to the Board of Directors and the CEO

The AGM decided to grant discharge from liability to the Board of Directors and the CEO.

Remuneration Report for Governing Bodies

The AGM confirmed the Remuneration Report for Governing Bodies.

Remuneration Policy for governing bodies

The Annual General Meeting adopted the Remuneration Policy for the governing bodies.

Number of directors, appointment of directors, and the remuneration of directors

According to the decision of the AGM, six members shall be elected to eQ Plc's Board of Directors. Nicholas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra and Tomas von Rettig were re-elected and Janne Larma was elected as new member for a term of office that will end at the close of the next Annual General Meeting. The AGM decided that the directors would receive remuneration as follows: Chair of the Board will receive EUR 5,000, Deputy Chair EUR 4,000 and the other directors EUR 3,000 per month. The Directors will also be paid EUR 500 for each Board meeting that they attend. Travel and lodging costs will be compensated in accordance with the company's expense policy. At its constituent meeting, the Board elected Janne Larma Chair of the Board and George Ehrnrooth Deputy Chair of the Board.



Auditors and auditors' compensation

The AGM decided to elect the corporation of authorised public accountants KPMG Oy Ab auditor of the company. The auditor with main responsibility appointed by the company is Tuomas Ilveskoski, APA. It was decided to compensate the auditor according to an invoice approved by eQ Plc.

Authorising the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares

The AGM authorised the Board of Directors to decide on a share issue or share issues and/or the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, in one or several transactions, comprising a maximum total of 3,500,000 new shares. The amount of the authorisation corresponded to approximately 9.00% of all shares in the company on the date of the notice of the AGM.

The authorisation can be used in order to finance or carry out potential acquisitions or other business transactions, to strengthen the balance sheet and the financial position of the company, to carry out the company's incentive schemes or for any other purposes decided by the Board. Based on the authorisation, the Board shall decide on all matters related to the issuance of shares and special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, including the recipients of the shares or the special rights entitling to shares and the amount of the consideration to be paid. Therefore, based on the authorisation, shares or special rights entitling to shares may also be issued to certain persons, i.e. in deviation of the shareholders' pre-emptive rights as described in said Act. A share issue may also be executed without payment in accordance with the preconditions set out in the Limited Liability Companies Act. The authorisation cancels all previous corresponding authorisations and is effective until the next AGM, no longer than 18 months, however.

Personnel and organisation

At the end of the period, the number of Group personnel calculated as full-time resources was 96 (94 persons on 31 December 2020). Calculated as full-time resources, the Asset Management segment had 76 (75) employees and the Corporate Finance segment 15 (14) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 26,7 million (EUR 21.5 million from 1 Jan. to 31 Dec. 2020). The salary expenses increased from the year before above all due to result-related remuneration. The increase was also influenced by the change in postponed share-based bonuses due to the strong increase in the share price (EUR 1.2 million from 1 Jan. to 31 Dec. 2021). Based on regulations that were previously in force in the finance sector, part of the decided bonuses has been postponed and bound to eQ's share price. In future, bonuses will no longer be postponed.

Major risks and short-term uncertainties

The major single risk of the Group is the dependence of the operating income on changes in the external operating environment. The result of the Asset Management segment depends on the development of the assets under management, which is dependent of the development of the capital market, for instance. On the other hand, the management fees of private equity funds and closed real estate funds are based on long-term agreements that produce a stable cash flow. The realisation of the performance fee income that is dependent on the success of the investment operations also influences result development. The performance fees of the asset management operations may consist of performance fees paid by mutual funds and real estate funds, profit shares that private equity funds pay to the management company, and performance fees from asset management portfolios. Performance fees may vary considerably by quarter and financial period.

Success fees, which depend on the number of mergers and acquisitions and real estate transactions and the execution of transactions, have a considerable impact on the result of the Corporate Finance segment. These vary considerably within one year and are dependent on economic trends.



The risks related to the operations of eQ Group's Investments segment are the market risk and currency risk, for instance. Of said risks, the market risk has the greater impact on investments. The company's own investments are well diversified, which means that the impact of one investment made by one individual fund in one single investment object on the return is often small. The income from eQ Group's Investment segment is recognised in different quarters due to factors independent of the company, depending on the exits from funds. The income from investment operations and changes in value may vary considerably from quarter to quarter and financial period.

Proposal for the distribution of profit

The distributable means of the parent company on 31 December 2021 totalled EUR 64,090,948.98. The sum consisted of retained earnings of EUR 41,698,740.48 and the means in the reserve of invested unrestricted equity of EUR 22,392,208.50.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.97 per share be paid out. The proposal corresponds to a dividend totalling EUR 38,443,232.06 calculated with the number of shares at the close of the financial year. Additionally, the Board proposes to the AGM that an equity repayment of EUR 0.03 per share be paid out from the reserve of invested unrestricted equity. The proposal corresponds to an equity repayment totalling EUR 1,188,965.94 calculated with the number of shares at the close of the financial year. The dividend and equity repayment shall be paid to those who are registered as shareholders in eQ Plc's shareholder register maintained by Euroclear Finland Ltd on the record date 25 March 2022. The Board proposes 1 April 2022 as the payment date of the dividend and equity repayment.

After the end of the financial period, no essential changes have taken place in the financial position of the company. The Board of Directors feel that the proposed distribution of dividend and equity repayment do not endanger the liquidity of the company.

Events after the financial period

eQ Plc's shareholders with more than 60% of the company shares and votes have made a proposal to the Annual General Meeting to be held on 23 March 2022 regarding the number of directors, their remuneration and the principles for compensating expenses as well as the election of the directors. The shareholders propose that the composition of the Board will remain unaltered and that Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra, Janne Larma and Tomas von Rettig are re-elected to the Board.

The first close of the eQ PE XIV North private equity fund was held at the end of January 2022 at EUR 196 million. eQ Plc made an investment commitment of EUR 1.0 million to the fund. eQ also established its fourth secondary market fund eQ PE SF IV. The first close of the fund was held at EUR 85 million. The second close of the eQ VC private equity fund was held at USD 56 million.

Outlook

As for sales, the year 2021 was very good for eQ Asset Management. In January 2022, the eQ PE XIV North and eQ PE SF IV private equity funds raised a record amount of EUR 281 million in the first closings of the funds, and the eQ VC Fund grew to USD 56 million. This strengthens our view that the demand for alternative investment products continues to be strong among investors. In addition, eQ will begin to accrue the catch up share of private equity funds' performance fee in the income statement in 2022, which will support eQ's result.

Consequently, we expect the net revenue and operating profit of the Asset Management segment to grow in 2022. In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent on factors that are not dependent on the company. Therefore, their operating profits may vary considerably and are difficult to foresee.

eQ Plc
Board of Directors



TABLES

Principles for drawing up the report

The financial statements release has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU. At the beginning of the financial period, the company has adopted certain new or amended IFRS standards and IFRIC interpretations. However, the introduction of these new and amended standards has not had any essential impact on the reported figures. For other parts, the Group has applied the same accounting principles as in the financial statements 2020. The calculation principles and formulas of the key ratios remain unaltered, and they have been presented in the financial statements 2020.

The income of eQ Group's Investments segment is recognised due to factors independent of the company. As a result, the net income from financial assets may vary considerably.

The financial statement figures presented in this release are based on the company's audited financial statements. The Auditors' Report has been issued on 3 February 2022.



CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-12/21	1-12/20	10-12/21	10-12/20
Fee and commission income	72 152	57 193	19 635	19 584
Interest income	7	1	0	1
Net income from financial assets	7 314	32	1 635	673
Operating income, total	79 473	57 226	21 270	20 258
Fee and commission expenses	-574	-459	-150	-116
Interest expenses	-19	-23	-5	-5
NET REVENUE	78 880	56 744	21 115	20 136
Administrative expenses				
Personnel expenses	-26 683	-21 523	-7 147	-7 260
Other administrative expenses	-2 141	-1 979	-693	-657
Depreciation on tangible and intangible assets	-1 050	-1 086	-253	-284
Other operating expenses	-1 346	-1 399	-361	-387
OPERATING PROFIT (LOSS)	47 660	30 757	12 661	11 549
PROFIT BEFORE TAXES	47 660	30 757	12 661	11 549
Income tax	-9 582	-6 148	-2 540	-2 334
PROFIT (LOSS) FOR THE PERIOD	38 078	24 610	10 121	9 214

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-12/21	1-12/20	10-12/21	10-12/20
Other comprehensive income:	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	38 078	24 610	10 121	9 214
Profit for the period attributable to:				
Equity holders of the parent company	38 078	24 610	10 121	9 214
Non-controlling interests	-	-	-	-
Comprehensive income for the period attributable to:				
Equity holders of the parent company	38 078	24 610	10 121	9 214
Non-controlling interests	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:				
Earnings per average share, EUR	0.97	0.64	0.26	0.24
Diluted earnings per average share, EUR	0.93	0.60	0.25	0.22



CONSOLIDATED BALANCE SHEET, EUR 1 000

	31 Dec. 2021	31 Dec. 2020
ASSETS		
Liquid assets	71	80
Claims on credit institutions	35 069	21 372
Financial assets		
Financial securities	20 943	14 920
Private equity and real estate fund investments	18 817	15 656
Intangible assets		
Fair value and brands	29 212	29 212
Client agreements	208	308
Other intangible assets	131	240
Tangible assets		
Right-of-use assets	965	1 703
Tangible assets	301	349
Other assets	4 525	6 969
Accruals and prepaid expenditure	502	544
Income tax receivables	52	55
Deferred tax assets	44	66
TOTAL ASSETS	110 842	91 476
LIABILITIES AND EQUITY		
LIABILITIES		
Other liabilities	6 348	5 218
Accruals and deferred income	19 103	14 956
Lease liabilities	1 187	2 035
Income tax liabilities	4 249	1 722
TOTAL LIABILITIES	30 887	23 931
EQUITY		
Attributable to equity holders of the parent company:		
Share capital	11 384	11 384
Reserve for invested unrestricted equity	24 247	25 190
Retained earnings	6 247	6 362
Profit (loss) for the period	38 078	24 610
TOTAL EQUITY	79 955	67 545
TOTAL LIABILITIES AND EQUITY	110 842	91 476



CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-12/2021	1-12/2020
CASH FLOW FROM OPERATIONS		
Operating profit	47 660	30 757
Depreciation and write-downs	1 050	1 086
Interest income and expenses	13	22
Transactions with no related payment transactions	-3 894	389
Financial assets' cash flow – private equity and real estate fund investments	910	243
Change in working capital		
Business receivables, increase (-) / decrease (+)	2 500	-2 776
Interest-free debt, increase (+) / decrease (-)	3 555	2 506
Total change in working capital	6 055	-270
Cash flow from operations before financial items and taxes	51 794	32 227
Interests received	7	1
Interests paid	-19	-23
Taxes	-5 321	-4 542
CASH FLOW FROM OPERATIONS	46 460	27 663
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-70	-739
Investments/redemptions in other investments – liquid mutual funds	-6 018	-4 916
CASH FLOW FROM INVESTMENTS	-6 088	-5 655
CASH FLOW FROM FINANCING		
Dividends paid/equity repayments	-27 242	-23 750
Option issue with a subscription price	-	-18
Subscription of new shares	1 392	1 407
Decrease in the lease liability capital	-834	-568
CASH FLOW FROM FINANCING	-26 685	-22 930
INCREASE/DECREASE IN LIQUID ASSETS	13 688	-922
Liquid assets on 1 Jan.	21 453	22 375
Liquid assets on 31 Dec.	35 141	21 453



CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY, EUR 1 000

Equity attributable to equity holders of the parent company					
	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2020	11 384	26 482	27 251	65 117	65 117
Profit (loss) for the period			24 610	24 610	24 610
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			24 610	24 610	24 610
Dividend/equity repayment		-2 682	-21 069	-23 750	-23 750
Option issue with a subscription price		-18		-18	-18
Subscription of shares		1 407		1 407	1 407
Options granted, cost accrual			180	180	180
Shareholders' equity on 31 Dec. 2020	11 384	25 190	30 972	67 545	67 545
Shareholders' equity on 1 Jan 2021	11 384	25 190	30 972	67 545	67 545
Profit (loss) for the period			38 078	38 078	38 078
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			38 078	38 078	38 078
Dividend/equity repayment		-2 335	-24 907	-27 242	-27 242
Subscription of shares		1 392		1 392	1 392
Options granted, cost accrual			182	182	182
Shareholders' equity on 31 Dec. 2021	11 384	24 247	44 325	79 955	79 955



FEE AND COMMISSION INCOME, GROUP, EUR 1 000

	1-12/21	1-12/20	10-12/21	10-12/20
Asset management fees				
Management fees				
Traditional asset management	10 591	8 118	2 706	2 174
Real estate asset management	29 112	25 615	7 849	6 700
Private equity asset management	13 722	12 375	3 553	3 293
Management fees, total	53 425	46 108	14 108	12 167
Performance fees				
Traditional asset management	2 922	2 717	8	1 922
Real estate asset management	5 385	4 014	2 066	4 014
Private equity asset management	3 104	-	208	-
Performance fees, total	11 410	6 731	2 281	5 936
Other fee and commission income	458	238	64	107
Asset management fees, total	65 293	53 076	16 453	18 210
Corporate finance fees	6 859	4 117	3 182	1 373
Fee and commission income, total	72 152	57 193	19 635	19 584

NET INCOME FROM FINANCIAL ASSETS, GROUP, EUR 1 000

	1-12/21	1-12/20	10-12/21	10-12/20
Private equity and real estate fund investment operations				
Profit distribution of funds	3 220	326	1 029	181
Changes in fair value and losses	4 068	-257	625	442
Total	7 288	69	1 654	623
Other investment operations				
Changes in fair value	8	48	-19	50
Sales profit/loss	18	-84	-	-
Total	26	-36	-19	50
Net income from financial assets, total	7 314	32	1 635	673



FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1 000

	31 Dec. 2021		31 Dec. 2020	
	Fair value	Book value	Fair value	Book value
Financial assets				
Investments				
Private equity and real estate fund investments	18 817	18 817	15 656	15 656
Financial securities	20 943	20 943	14 920	14 920
Accounts receivable and other receivables	1 023	1 023	1 378	1 378
Liquid assets	35 141	35 141	21 453	21 453
Total	75 923	75 923	53 406	53 406
Financial liabilities				
Accounts payable and other liabilities	214	214	139	139
Lease liabilities	1 187	1 187	2 035	2 035
Total	1 401	1 401	2 174	2 174

The table shows the fair values and book values of financial assets and liabilities per balance sheet item. The assessment principles of fair values are presented in the accounting principles. The original book value of accounts receivable and accounts payable corresponds to their fair value, as the impact of discounting is not essential taking into account the maturity of the receivables and liabilities.

Value of financial instruments across the three levels of the fair value hierarchy

	31 Dec. 2021		31 Dec. 2020	
	Level 1	Level 3	Level 1	Level 3
Financial assets				
Private equity and real estate fund investments	-	18 817	-	15 656
Financial securities	20 943	-	14 920	-
Total	20 943	18 817	14 920	15 656

Level 3 reconciliation: Private equity and real estate fund investments

1-12/2021	
Opening balance on 1 Jan. 2021	15 656
Calls	2 622
Returns	-3 530
Value change and loss through profit or loss	4 068
Closing balance on 31 Dec. 2021	18 817

1-12/2020	
Opening balance on 1 Jan. 2020	16 156
Calls	1 567
Returns	-1 809
Value change and loss through profit or loss	-257
Closing balance on 31 Dec. 2020	15 656

Level 1 comprises liquid assets the value of which is based on quotes in the liquid market. A market where the price is easily available on a regular basis is regarded as a liquid market.



The fair values of level 3 private equity funds are based on the value of the fund according to the management company of the private equity fund and their use in widely used valuation models. Private equity fund investments are valued in accordance with a practice widely used in the sector, International Private Equity and Venture Capital Guidelines. The fair values of level 3 real estate fund investments are based on the value of the fund according to the management company. The valuation of real estate owned by a fund is based on a value defined by an external valuer. During the period under review, no transfers took place between the levels of the fair value hierarchy.

PRIVATE EQUITY AND REAL ESTATE FUND INVESTMENTS, EUR 1 00

Market value	31 Dec. 2021	31 Dec. 2020
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XIII US	38	0
eQ PE XII North	336	22
eQ PE XI US	349	87
eQ PE X North	521	282
eQ PE IX US	986	565
eQ PE VIII North	2 430	1 980
eQ PE VII US	2 517	1 903
eQ PE VI North	1 946	2 161
Amanda V East	3 639	4 296
Amanda IV West	599	697
Amanda III Eastern PE	1 321	1 830
Total	14 683	13 823
Real estate funds:		
eQ Residential	383	43
Funds managed by others:		
Large buyout funds	1 848	754
Midmarket funds	808	378
Venture funds	1 094	658
Total	18 817	15 656



REMAINING INVESTMENT COMMITMENTS OF PRIVATE EQUITY AND REAL ESTATE FUND INVESTMENTS, EUR 1 000

Investment commitment	31 Dec. 2021	31 Dec. 2020
Funds managed by eQ:		
Private equity funds of funds:		
eQ VC	883	0
eQ PE XIII US	835	0
eQ PE XII North	635	980
eQ PE XI US	573	711
eQ PE X North	427	638
eQ PE IX US	228	400
eQ PE VIII North	501	736
eQ PE VII US	263	424
eQ PE VI North	534	477
Amanda V East	663	645
Amanda IV West	427	427
Amanda III Eastern PE	273	348
Total	6 243	5 786
Real estate funds:		
eQ Residential	650	950
Funds managed by others:		
Large buyout funds	132	132
Midmarket funds	211	211
Venture funds	0	0
Total	7 235	7 079



SEGMENT INFORMATION, EUR 1 000

1–12/2021	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	65 293	6 859	-	-		72 152
From other segments	150	-	-	-	-150	-
Interest income	-	-	-	7		7
Net income from financial assets	-	-	7 288	26		7 314
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
Operating income, total	65 443	6 859	7 288	109	-227	79 473
Fee and commission expenses	-570	-	-	-4		-574
To other segments	-	-	-150	-	150	-
Interest expenses	-11	-3	-	-5		-19
NET REVENUE	64 862	6 856	7 138	100	-77	78 880
Administrative expenses						
Personnel expenses	-21 201	-3 572	-	-1 910		-26 683
Other administrative expenses	-1 649	-250	-	-319	77	-2 141
Depreciation on tangible and intangible assets	-777	-172	-	-101		-1 050
Other operating expenses	-942	-122	-	-281		-1 345
OPERATING PROFIT (LOSS)	40 293	2 740	7 138	-2 511	0	47 660
Income tax				-9 582		-9 582
PROFIT (LOSS) FOR THE PERIOD				-12 093		38 078

1–12/2020	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	53 077	4 117	-	-		57 193
From other segments	150	-	-	-	-150	-
Interest income	-	-	-	1		1
Net income from financial assets	-	-	69	-36		32
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
Operating income, total	53 227	4 117	69	41	-227	57 226
Fee and commission expenses	-451	-	-	-8		-459
To other segments	-	-	-150	-	150	-
Interest expenses	-14	-4	-	-5		-23
NET REVENUE	52 761	4 112	-81	29	-77	56 744
Administrative expenses						
Personnel expenses	-17 433	-2 373	-	-1 716		-21 523
Other administrative expenses	-1 475	-288	-	-293	77	-1 979
Depreciation on tangible and intangible assets	-800	-182	-	-104		-1 086
Other operating expenses	-981	-133	-	-285		-1 399
OPERATING PROFIT (LOSS)	32 072	1 137	-81	-2 370	0	30 757
Income tax				-6 148		-6 148
PROFIT (LOSS) FOR THE PERIOD				-8 517		24 610



10-12/21	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	16 453	3 182	-	-		19 635
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-			0
Net income from financial assets	-	-	1 654	-19		1 635
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	16 491	3 182	1 654	0	-57	21 270
Fee and commission expenses	-150	-	-			-150
To other segments	-	-	-38	-	38	-
Interest expenses	-3	-1	-	-1		-5
NET REVENUE	16 338	3 181	1 616	-1	-19	21 115
Administrative expenses						
Personnel expenses	-5 291	-1 399	-	-457		-7 147
Other administrative expenses	-524	-86	-	-102	19	-693
Depreciation on tangible and intangible assets	-187	-42	-	-24		-253
Other operating expenses	-258	-30	-	-73		-361
OPERATING PROFIT (LOSS)	10 078	1 624	1 616	-657	0	12 661
Income tax				-2 540		-2 540
PROFIT (LOSS) FOR THE PERIOD				-3 197		10 121

10-12/20	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	18 211	1 373	-	-		19 584
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	1		1
Net income from financial assets	-	-	623	50		673
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	18 248	1 373	623	70	-57	20 258
Fee and commission expenses	-114	-	-	-2		-116
To other segments	-	-	-38	-	38	-
Interest expenses	-4	-1	-	-1		-5
NET REVENUE	18 130	1 372	585	67	-19	20 136
Administrative expenses						
Personnel expenses	-5 857	-768	-	-634		-7 260
Other administrative expenses	-505	-79	-	-91	19	-657
Depreciation on tangible and intangible assets	-213	-44	-	-27		-284
Other operating expenses	-264	-41	-	-82		-387
OPERATING PROFIT (LOSS)	11 290	440	585	-767	0	11 549
Income tax				-2 334		-2 334
PROFIT (LOSS) FOR THE PERIOD				-3 101		9 214



The fee and commission income of the Asset Management segment from other segments comprises the management fee income from eQ Group's own investments in private equity funds. The corresponding expenses are allocated to the Investments segment. Under the item Other, income from other segments comprises the administrative services provided by Group administration to other segments and the undivided interest income and expenses. The item Other also includes the undivided personnel, administration and other expenses allocated to Group administration. The taxes not distributed to the segments are also presented under the item Other.

The highest operative decision-making body does not follow assets and liabilities at segment level, due to which the Group's assets and liabilities are not presented as divided between the segments.

PROFIT DEVELOPMENT OF SEGMENTS PER QUARTER, EUR 1 000

	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
Asset Management					
Net revenue	16 338	17 614	16 100	14 809	18 130
Operating profit	10 078	11 761	9 604	8 850	11 290
Corporate Finance					
Net revenue	3 181	1 284	1 327	1 063	1 372
Operating profit	1 624	480	362	273	440
Investments					
Net revenue	1 616	2 048	1 353	2 121	585
Operating profit	1 616	2 048	1 353	2 121	585
Other segments and eliminations					
Net revenue	-20	0	1	44	48
Operating profit	-657	-440	-738	-676	-767
Group total					
Net revenue	21 115	20 946	18 781	18 037	20 136
Operating profit	12 661	13 850	10 581	10 568	11 549
Profit for the period	10 121	11 065	8 452	8 439	9 214



CAPITAL ADEQUACY, EUR 1 000

	IFR 31 Dec. 2021 eQ Group	CRR 31 Dec. 2020 eQ Group
Equity	79 955	67 545
Common equity tier 1 (CET 1) before deductions	79 955	67 545
Deductions from CET 1		
Intangible assets	-29 552	-29 761
Unconfirmed profit for the period	-38 078	-24 610
Dividend proposal by the Board*	-1 554	-2 601
Common equity tier 1 (CET1)	10 771	10 574
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	10 771	10 574
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	10 771	10 574
Own funds requirement according to the most restrictive requirement (IFR)	4 696	-
Fixed overhead requirement	4 696	-
K-factor requirement	331	-
Absolute minimum requirement	150	-
Risk-weighted items total – Total risk exposure	58 697	58 830
Risk-weights, total (CRR)	-	58 830
of which credit risk	-	54 064
of which market risk - currency risk	-	4 766
of which fixed overhead risk	-	-
Common equity tier (CET1) / own funds requirement, %	229.4%	-
Tier 1 (T1) / own funds requirement, %	229.4%	-
Total capital (TC) / own funds requirement, %	229.4%	-
Common equity tier 1 (CET1) / risk weights, %	18.3%	18.0%
Tier 1 (T1) / risk weights, %	18.3%	18.0%
Total capital (TC) / risk weights, %	18.3%	18.0%
Excess of total capital compared with the minimum level	6 075	5 867
Total capital compared with the target level (incl. a 25% risk buffer for the requirement)	4 901	4 691

*The dividend and equity repayment proposed by the Board exceeding the profit for the period.

A new IFD/IFR regime for investments firms entered into force on 26 June 2021. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the regulations. The comparison information on capital adequacy has been presented according to the previous regulations (CRD/CRR).



GROUP KEY RATIOS

31 Dec. 2021 31 Dec. 2020

Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	38 078	24 610
Earnings per average share, EUR	0.97	0.64
Diluted earnings per average share, EUR	0.93	0.60
Equity per share, EUR	2.02	1.74
Equity per average share, EUR *)	2.03	1.76
Return on investment, ROI % p.a.	50.6	35.9
Return on equity, ROE % p.a.	51.6	37.1
Equity to assets ratio, %	72.1	73.8
Cost/income ratio, Group, %	39.5	45.6
Share price at the end of the period, EUR	25.75	16.75
Market value, EUR million	1 020.5	651.1
Personnel calculated as full-time resources at the end of the period	96	94

*) Weighted average number of shares outstanding.

eQ applies the guidelines of the European Securities and Markets Authority, ESMA, on alternative performance measures. An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS). eQ presents alternative measures in order to describe the financial development of its operations. Capital adequacy performance measures are presented based on European legislation concerning companies in the finance sector. The calculation principles and formulae of the key ratios are presented in the company's 2020 financial statements, which are available on the company website at www.eQ.fi. The key ratios presented by eQ can be directly calculated with the calculation formulae based on the information in the income statement, balance sheet and notes thereto.

REMAINING COMMITMENTS

On 31 December 2021, eQ's remaining investment commitments in private equity funds totalled EUR 7.2 million (EUR 7.1 million on 31 Dec. 2020). Other commitments at the end of the period totalled EUR 0.0 million (EUR 0.0 million on 31 Dec. 2020).



PERFORMANCE BASED FEES OF PRIVATE EQUITY FUNDS MANAGED BY eQ

It is possible for eQ Group to obtain a performance based fee (carried interest) based on the return of the private equity fund or asset management programme that eQ manages. The performance based fee, which is based on fund agreements and belongs to the management company, is not paid until the return rate defined by the hurdle rate (IRR) has been achieved at cash flow level. Typically, the performance fee will become payable first towards the end of a fund's life cycle. If the return from the fund remains below the hurdle rate, the management company receives no performance fee. When the hurdle rate has been reached, the management company will receive the coming cash flow until the entire performance fee accumulated this far has been obtained (catch up stage, catch up share 100%). After the catch up stage, the cash flows distributed by the fund will be divided between the management company and investors according to the fund agreement (e.g. 7.5% / 92.5%).

Based on the strong value creation of the private equity funds managed by eQ, eQ will begin to accrue the catch up share of private equity funds' performance fee in the income statement in 2022. eQ Group will begin to accrue the catch up share of performance fees when the Group has assessed that it will not be necessary to later make any considerable cancellations in the accrued and recognised income. Accruals will be recognised for the funds that fulfil the requirements and that are assessed, based on cash flows, to pay carried interest in the following five years, the investment period of which has ended, and regarding which eQ has received return assessments of the final returns from the targets funds' management companies. After the catch up stage, the performance fees will be booked in the income statement according to the cash flow distributed by the fund and divided between the management company and investors (e.g. 7.5% / 92.5%).

The estimated returns and performance fees for each separate fund have been presented on the following page. The catch up share to be recognised in 2022 income statement is estimated to be round EUR 7.2 million.



Funds – 31 December 2021

Fund	Fund size	Vintage year	Hurdle rate	Performance fee	eQ's share of the performance fee	Present TVPI	Estimated TVPI	Estimate on reaching the hurdle rate (cash flow)	Estimated catch up share, total MEUR	Estimated future performance fees, total MEUR	Performance fees accrued presently in the fund's value, MEUR ¹⁾
Amanda III	MEUR 110	2006	6.0%	10.0%	100%	1.2x	1.2x	Will not reach	n/a	n/a	n/a
Amanda IV	MEUR 90	2007	8.0%	7.5%	100%	1.5x	1.5x	Has reached	n/a	0.9	0.9
Amanda V	MEUR 50	2011	6.0%	10.0%	100%	1.4x	1.6x	2023	2.4	3.7	2.9
eQ PE VI	MEUR 100	2013	7.0%	7.5%	100%	1.4x	2.0x	2023	1.9	8.2	3.3
eQ PE VII	MUSD 80	2015	7.0%	7.5%	45%	1.4x	1.9x	2024	0.7	2.6	1.1
eQ PE VIII	MEUR 160	2016	7.0%	7.5%	100%	1.4x	1.9x	2023	2.7	14.0	5.1
eQ PE IX	MUSD 105	2017	7.0%	7.5%	45%	1.4x	1.9x	2026	0.8	3.5	1.4
eQ PE X	MEUR 175	2018	7.0%	7.5%	100%	1.1x	1.7x	After 2026	n/a	12.1	1.3
eQ PE XI	MUSD 217	2019	7.0%	7.5%	45%	1.0x	1.8x	After 2026	n/a	6.1	0.3
eQ PE XII	MEUR 205	2020	7.0%	7.5%	100%	1.1x	1.7x	After 2026	n/a	13.3	0.3
eQ PE XIII	MUSD 318	2021	7.0%	7.5%	45%	n/a	1.8x	After 2026	n/a	9.3	n/a
eQ PE SF II	MEUR 135 ²⁾	2018	10.0%	10,0 %	100%	1.2x	1.5x	2024	2.4	4.1	1.8
eQ PE SF III	MEUR 170 ³⁾	2020	10.0%	10,0 %	100%	1.4x	1.6x	After 2026	n/a	7.0	1.4
PE programmes	MEUR 198	2013-16	8-12%	7.5-12%	100%	n/a	n/a	2023 – after 2026	4,0	23.9	7.5
eQ VC	MUSD 36 ⁴⁾	2021	7.0%	7.5%	45%	n/a	n/a	After 2026	n/a	n/a	n/a
Total									15.0	108.7	27.5
of which covered by the catch up accrual									15.0	48.0	21.0
of which accrual for 2022									7.2		

The return estimates that eQ has presented are based on assessments obtained from the target funds' management companies regarding the funds that are fully invested and where that investment periods of the target funds have ended. Otherwise, the estimates are based on eQ's own assessment model.

- 1) The amount of the performance fee that eQ would receive, if the investments of the funds were sold at present market value.
- 2) Capital covered by the performance fee MEUR 75.
- 3) Capital covered by the performance fee MEUR 104.
- 4) First closing.