

2023

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# HALF YEAR REPORT





8 August 2023 at 8:00 AM

## eQ Plc's half year report 2023 – eQ's profit for the period fell

### January to June 2023 in brief

- The Group's net revenue during the period was EUR 35.7 million (EUR 44.0 million from 1 Jan. to 30 June 2022). The Group's net fee and commission income was EUR 35.2 million (EUR 43.0 million).
- The Group's operating profit fell by 27 per cent to EUR 19.8 million (EUR 27.1 million).
- The Group's profit was EUR 15.7 million (EUR 21.5 million).
- The consolidated earnings per share were EUR 0.39 (EUR 0.54).
- The net revenue of the Asset Management segment fell by 14 per cent to EUR 34.4 million (EUR 40.1 million) and the operating profit by 19 per cent to EUR 21.2 million (EUR 26.3 million). The management fees of the Asset Management segment grew by 5 per cent to EUR 31.3 million (EUR 29.9 million) and the performance fees fell by 68 per cent to EUR 3.3 million (EUR 10.4 million).
- The net revenue of the Corporate Finance segment was EUR 0.9 million (EUR 2.9 million) and the operating profit was EUR -0.7 million (EUR 1.0 million).
- The operating profit of the Investments segment was EUR 0.1 million (EUR 1.2 million).
- The net cash flow from the Group's own private equity and real estate fund investment operations was EUR -0.2 million (EUR 1.0 million).

### April to June 2023 in brief

- In the second quarter, the Group's net revenue totalled EUR 18.0 million (EUR 22.4 million from 1 April to 30 June 2022). The Group's net fee and commission income was EUR 17.8 million (EUR 21.6 million).
- The Group's operating profit fell by 30 per cent to EUR 9.8 million (EUR 14.1 million).
- The Group's profit was EUR 7.8 million (EUR 11.2 million).
- The consolidated earnings per share were EUR 0.19 (EUR 0.28).

Key ratios	1-6/23	1-6/22	Change	4-6/23	4-6/22	Change	1-12/22
Net revenue, Group, MEUR	35.7	44.0	-19%	18.0	22.4	-20%	77.8
Net revenue, Asset Management, MEUR	34.4	40.1	-14%	17.3	20.5	-16%	71.8
Net revenue, Corporate Finance, MEUR	0.9	2.9	-70%	0.4	1.1	-62%	5.4
Net revenue, Investments, MEUR	0.1	1.2	-88 %	0.2	0.8	-71%	0.7
Net revenue, Group administration and eliminations, MEUR	0.3	-0.1		0.0	0.0		-0.1
Operating profit, Group, MEUR	19.8	27.1	-27%	9.8	14.1	-30%	45.7
Operating profit, Asset Management, MEUR	21.2	26.3	-19%	10.5	13.7	-23%	45.9
Operating profit, Corporate Finance, MEUR	-0.7	1.0	-168%	-0.3	0.3	-205%	1.7
Operating profit, Investments, MEUR	0.1	1.2	-88 %	0.2	0.8	-71%	0.7
Operating profit, Group administration, MEUR	-0.9	-1.4		-0.6	-0.6		-2.6
Profit for the period, MEUR	15.7	21.5	-27 %	7.8	11.2	-30%	36.3



Key ratios	1-6/23	1-6/22	Change	4-6/23	4-6/22	Change	1-12/22
Earnings per share, EUR	0.39	0.54	-28%	0.19	0.28	-32%	0.91
Equity per share, EUR	1.44	1.64	-12%	1.44	1.64	-12%	2.02
Cost/income ratio, Group, %	44.4	38.4	16%	45.3	36.9	23%	41.1
Liquid assets, MEUR	12.8	22.3	-43%	12.8	22.3	-43%	43.8
Private equity and real estate fund investments, MEUR	17.3	19.0	-9%	17.3	19.0	-9%	16.8
Interest-bearing liabilities, MEUR	0.0	0.0	0%	0.0	0.0	0%	0.0
Assets under management excluding reporting services, EUR billion	9.9	9.3	7%	9.9	9.3	7%	9.7
Assets under management, EUR billion	12.8	12.0	7%	12.8	12.0	7%	12.6

## Mikko Koskimies, CEO

The central themes of the first half of 2023 were inflation and the pressure to raise central bank rates as well as the problems of banks. Bank fears began from the smallest banks in the US and spread momentarily to Europe as well. The quick reaction of central banks and above all the stricter regulations that had already been introduced in Europe calmed down the market rapidly, however. Inflation remained high, but the price of energy already began to cut down inflation. The central banks in both the US and Europe continued with interest rate rises during the first half of the year. The Fed no longer raised its key interest rate in June 2023 but stated that it would follow up the impacts that the already made rises would have on the economy. The ECB, on the other hand, raised interest rates by 0.25 per cent in June as well, and the market expect that interest rates would still increase by at least 0.25 per cent.

Despite the interest rate increases, economic growth continued in both the US and Europe, and particularly the employment situation remained strong in both areas. In China, economic growth picked up as COVID restrictions were removed, but private consumption has remained weaker than hoped. The growth of Chinese exports has also been a disappointment, as Western countries have tried to cut down their dependence on China.

As a whole, the equities market gave a very good return. Regional differences were large, however, and above all in the US, the share prices of some AI-related companies went up sharply. This also gave a boost to the Taiwanese stock exchange, for instance. The largest price rise during the six-month period was seen in the US, where share prices measured by the S&P 500 Index rose by no less than 16.6 per cent calculated in dollars and by 14.1 per cent in euros. Share prices rose by 11.1 per cent in Europe, by 10.5 per cent in Japan and by 2.6 per cent in emerging markets. The Finnish stock exchange fell by 2.8 per cent, on the other hand.

Fixed income investments gave a good return during the first half. The best return came from Euro High Yield loans, which gave a return of 4.4 per cent at index level. Euro government bonds gave a 2.1 per cent return and Euro IG loans a 2.0 per cent return. Emerging market euro-hedged corporate loans gave a 1.6 per cent return.

### eQ's profit for the period fell

eQ's profit for the period fell in the challenging operating environment. The net revenue of the Group during the period under review was EUR 35.7 million and the operating profit was EUR 19.8 million. Operating profit fell by 27 per cent from the previous year.

### The growth of eQ Asset Management's management fees continued

The management fees of eQ Asset Management grew 5 percent despite the weak operating environment. Performance fees, on the other hand, fell by 68 cent from last year's EUR 10.4 million to EUR 3.3 million. During the period under review, the net revenue of the Asset Management segment fell by 14 per cent to



EUR 34.4 million. The operating profit of the period fell by 19 per cent to EUR 21.2 million. The assets managed by eQ Asset Management grew by 2 cent to EUR 12.8 billion during the period under review.

As for traditional investments, the returns of client portfolios were positive in the first half in line with the market. Of the funds that eQ manages itself, 77 per cent surpassed their benchmark indices, and during a three-year period the corresponding figure was no less than 85 per cent. The returns of the discretionary asset management portfolios were also positive in the first half in line with the market. The returns of private equity funds were slightly positive during the six-month period. The returns of the real estate funds were slightly negative for the first time, on the other hand, due to the increase of the yields resulting from the strong increase in the interest rate level.

As for sales, the beginning of 2023 was good in private equity asset management. In 2023, private equity assets are raised to the eQ PE XV US fund, which makes investments in Northern America. In the third closing, which took place in June, its size already grew to USD 263 million.

### **Advium had a quiet beginning of the year**

Advium's net revenue during the period under review was EUR 0.9 million (EUR 2.9 million) and operating profit EUR -0.7 million (EUR 1.0 million).

During the period, the value of corporate acquisitions fell clearly from the year before globally. The value of real estate transactions in Finland was EUR 1.4 billion during the half-year period, which is about 70 per cent less than the year before. Towards the end of the second quarter, activity increased in the real estate market. There are several processes going on in the market, but their realisation is uncertain.

During the period under review, Advium acted as advisor in one assignment: Otava's mandatory public offer for shares in Alma Media Corporation.

### **The operating profit of Investments fell**

The operating profit of the Investments segment was EUR 0.1 million (EUR 1.2 million) and the net cash flow was EUR -0.2 million (EUR 1.0 million). The balance sheet value of the private equity and real estate fund investments was EUR 17.3 million at the end of the period (EUR 16.8 million on 31 Dec. 2022). At the beginning of the year, eQ Plc made a USD 1 million investment commitment in the eQ PE XV US Fund.

## **Outlook**

As for sales, the year 2022 was very good for eQ Asset Management. In June 2023, the eQ PE XV US private equity fund grew to USD 263 million in its third closing. This strengthens our view that demand will continue to be strong among investor, above all for private equity investment products. The returns of real estate funds are linked to the development of yields. Due to the rise of the yields, no performance fee is expected to accrue from the real estate funds from the year 2023. The performance fees of private equity funds will, on the other hand, be at the same level due to the catch up accrual.

Consequently, we expect the net revenue and operating profit of the Asset Management segment in 2023 to be at the same level as last year. 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.

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eQ's interim report 1 January to 30 June 2023 is enclosed to this release and it is also available on the company website at [www.eQ.fi](http://www.eQ.fi).

eQ Plc



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eQ Group is a group of companies specialising in 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 individuals. The assets managed by the Group total approximately EUR 12.8 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](http://www.eQ.fi).



# eQ PLC'S HALF YEAR REPORT 1 JAN. TO 30 JUNE 2023

## Result of operations and financial position 1 Jan. to 30 June 2023

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## Result of operations and financial position 1 April to 30 June 2023

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## Operating environment

The central themes of the first half of 2023 were inflation and the pressure to raise central bank rates as well as the problems of banks. Bank fears began from the smallest banks in the US and spread momentarily to Europe as well. The quick reaction of central banks and above all the stricter regulations that had already been introduced in Europe calmed down the market rapidly, however. Inflation remained high, but the price of energy already began to cut down inflation. The central banks in both the US and Europe continued with interest rate rises during the first half of the year. The Fed no longer raised its key interest rate in June 2023 but stated that it would follow up the impacts that the already made rises would have on the economy. The ECB, on the other hand, raised interest rates by 0.25 per cent in June as well, and the market expect that interest rates would still increase by at least 0.25 per cent.

Despite the interest rate increases, economic growth continued in both the US and Europe, and particularly the employment situation remained strong in both areas. Towards the summer, there were signs that above industrial production would slow down and service sectors, which had been strong during the entire year, began to show signs of a slowdown. On the whole it can be stated, however, that Western economies have endured the rapid and strong increase of interest rates surprisingly well. In China, economic growth picked up as COVID restrictions were removed, but private consumption has remained weaker than hoped. The growth of Chinese exports has also been a disappointment, as Western countries have tried to cut down their dependence on China.

The sentiments of stock exchanges varied according to interest rate increase expectations, and at the end of the quarter, the situation in Russia caused uncertainty above all in European stock exchanges. As a whole, the equities market gave a very good return. Regional differences were large, however, and above all in the US, the share prices of some AI-related companies went up sharply. This also gave a boost to the Taiwanese stock exchange, for instance. The largest price rise during the six-month period was seen in the



US, where share prices measured by the S&P 500 Index rose by no less than 16.6 per cent calculated in dollars and by 14.1 per cent in euros. Share prices rose by 11.1 per cent in Europe, by 10.5 per cent in Japan and by 2.6 per cent in emerging markets. The Finnish stock exchange fell by 2.8 per cent, on the other hand.

Fixed income investments gave a good return during the first half. The best return came from Euro High Yield loans, which gave a return of 4.4 per cent at index level. Euro government bonds gave a 2.1 per cent return and Euro IG loans a 2.0 per cent return. Emerging market euro-hedged corporate loans gave a 1.6 per cent return.

## Major events during the period under review

eQ Plc's Annual General Meeting was held on 27 March 2023. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Janne Larma and Tomas von Rettig were re-elected to the Board. Päivi Arminen was elected as new member. The Chair of the Board is Janne Larma and Deputy Chair Georg Ehrnrooth. The decisions by the Annual General Meeting have been presented in a separate chapter below.

During the period under review, the number of eQ Plc's shares increased with new shares subscribed for with option rights. The number of shares increased by 195,000 shares on 16 May 2023. After the change, the number of eQ Plc shares was 40,624,698.

## Group net revenue and result development

During the period under review, the Group's net revenue totalled EUR 35.7 million (EUR 44.0 million from 1 Jan. to 30 June 2022). The Group's net fee and commission income was EUR 35.2 million (EUR 43.0 million). The Group's net investment income from own investment operations was EUR 0.4 million (EUR 1.1 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 15.9 million (EUR 17.0 million). Personnel expenses were EUR 13.1 million (EUR 14.5 million), other administrative expenses EUR 1.3 million (EUR 1.1 million) and the other operating expenses were EUR 0.9 million (EUR 0.8 million). Depreciation was EUR 0.6 million (EUR 0.5 million). The salary expenses fell from the year before due to result-related remuneration.

The Group's operating profit was EUR 19.8 million (EUR 27.1 million) and the profit for the period was EUR 15.7 million (EUR 21.5 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 were positive during the period under review after the strong increase in interest rates last year and fall in long-term interest rates during the reporting period. The best returns came from the eQ Emerging Markets Corporate Bond LC and eQ High Yield funds. As compared with the benchmark indices, the best returns were yielded by the eQ Floating Rate and eQ High Yield funds. The returns of our equity funds were also positive during the period. The best returns came from the eQ



Emerging Market Small Caps and eQ Global funds. The best returns as compared with benchmark indices came from the eQ Emerging Dividend and eQ Frontier funds.

Of the funds managed by eQ, 77 per cent surpassed their benchmark indices in the six-month period, and in the past three years, no less than 85 per cent of the funds managed by eQ have surpassed their benchmark indices. The average Morningstar rating of funds managed by eQ was 3.2 stars at the end of the period under review. The returns of the discretionary asset management portfolios that eQ manages varied between approximately +2.7 and +9.0 per cent during the period, based on the allocation of the investment portfolio. The return of portfolios that only invest in Finnish shares was -2.0 per cent. The ESG ratings of the eQ funds are better than the average, and eQ obtained excellent ESG ratings in the latest PRI assessment.

### *Private equity*

The first closing of the new eQ PE XV US private equity fund was held at the end of January 2023 at USD 177 million. In the second and third closings of the fund, new assets worth USD 86 million were raised to the fund, and the third closing was carried out in June at altogether USD 263 million. The eQ PE XV US Fund makes investments in private equity funds that invest in unlisted small and mid-sized companies in Northern America. The eQ PE XV US Fund is already the fifth fund that makes investments in private equity funds in Northern America, and altogether we have raised investment commitments of about one billion dollars to these funds.

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 2,949 million (EUR 2,726 million) and the assets managed under private equity asset management programmes were EUR 1,009 million (EUR 1,009 million).

At the beginning of 2022, eQ began to accrue the catch up share of private equity funds' performance fee in the income statement. The catch up share accrued cumulatively by 31 December 2022 was EUR 5.8 million, and the accrual of the period under review was EUR 3.0 million. The estimated total amount of future performance fees grew to EUR 130 million at the end of 2022 (EUR 109 million on 31 Dec. 2021). More information about the estimated returns and performance fees of private equity funds is available in the tables of the financial statements release on page 31.

### *Real estate investments*

The net subscriptions in the eQ Finnish Commercial Properties Fund were EUR -9 million during the period under review. At the end of the period, the size of the fund was EUR 735 million, and its real estate property about EUR 1.3 billion. The return of the fund during the six-month period was -1.9 per cent and since establishment 7.6 per cent p.a. The fund has approximately 2,150 unit holders.

During the period under review, new net subscriptions for EUR 12 million were made in the eQ Community Properties Fund. At the end of the period, the size of the fund was EUR 1,526 million and its real estate property was approximately 2.2 billion. The return of the fund during the six-month period was -1.4 per cent and since establishment 8.3 per cent p.a. The fund has approximately 4,800 unit holders.

In May 2020, eQ established a new real estate fund eQ Residential. The fund was finally closed in May 2021 at EUR 100 million. 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, which will be completed by the end of 2024. At the beginning of 2022, we established a new similar eQ Residential II Fund. At the end of the reporting period, the size of the fund was EUR 53 million. Unlike eQ Community Properties and eQ Finnish Commercial Properties funds, the eQ Residential funds are intended for professional investors only, and they have a closed-end fund structure.

Overall, eQ's real estate funds had real estate property worth approximately EUR 3.8 billion at the end of the period under review, and eQ has become a major Finnish real estate investor. In 2022, eQ's real estate funds participated in the GRESB sustainability assessment already for the fourth time. The results remained good in 2022 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 12,817 million at the end of the period. Growth during the period was EUR 254 million (EUR 12,564 million on 31 Dec. 2022). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 3,999 million (EUR 4,101 million), and the assets decreased by EUR 102 million during the period. The assets managed by the real estate funds totalled EUR 2,623 million (EUR 2,697 million). The assets managed by the private equity funds and asset management programmes totalled EUR 3,958 million (EUR 3,734 million).

Assets under management, EUR million	6/23	6/22	Change	12/22	Change
eQ mutual funds	3 999	3 983	0%	4 101	-2%
of which eQ equity, fixed income and balanced funds	1 739	1 654	5%	1 687	3%
of which eQ real estate funds	2 261	2 329	-3%	2 415	-6%
Closed-end real estate funds	362	142	156%	282	28%
Funds of partners and other asset management	1 612	1 437	12%	1 561	3%
eQ private equity funds	2 949	2 680	10%	2 726	8%
Private equity asset management programmes	1 009	1 009	0%	1 009	0%
Total excl. reporting services	9 931	9 251	7%	9 678	3%
Private equity reporting services	2 886	2 774	4%	2 885	0%
Total	12 817	12 025	7%	12 564	2%

### Result of the Asset Management segment

During the period under review, the net revenue of the Asset Management segment fell by 14 per cent and the operating profit by 19 per cent to EUR 21.1 million (EUR 26.3 million from 1 Jan. to 30 June 2022). Performance fees fell by 68 per cent to EUR 3.3 million from last year's EUR 10.4 million. Performance fees typically fluctuate strongly per quarter and financial period. Performance fees include EUR 3.0 million of the accrued catch up share of private equity funds' performance fee.

The cost/income ratio was 38.1 per cent (34.3 per cent). Calculated as full-time resources, the Asset Management segment had 82 employees at the end of the period under review.

Asset Management	1-6/23	1-6/22	Change	4-6/23	4-6/22	Change	1-12/22
Net revenue, MEUR	34.4	40.1	-14%	17.3	20.5	-16%	71.8
Operating profit, MEUR	21.2	26.3	-19%	10.5	13.7	-23%	45.9
Cost/income ratio, %	38.1	34.3	11%	39.3	33.3	18%	36.0
Personnel as full-time resources	82	75	9%	82	75	9%	76

Fee and commission income, Asset Management, MEUR	1-6/23	1-6/22	Change	4-6/23	4-6/22	Change	1-12/22
Management fees							
Traditional asset management	4.3	5.0	-12 %	2.2	2.4	-8%	9.4
Real estate asset management	18.3	16.8	9 %	9.1	8.6	6%	35.1
Private equity asset management	8.7	8.2	6 %	4.5	4.3	4%	16.9
Management fees, total	31.3	29.9	5 %	15.8	15.3	3%	61.5
Performance fees, total							
Traditional asset management	0.0	-	n/a	0.0	-	n/a	0.0
Real estate asset management	0.2	7.3	-98 %	0.2	3.9	-96%	4.3
Private equity asset management	3.1	3.1	0 %	1.5	1.5	-1%	6.5
Performance fees, total	3.3	10.4	-68 %	1.7	5.4	-69%	10.8
Other fee and commission income	0.1	0.1	-32 %	0.0	0.0	12%	0.1
Fee and commission income, total	34.7	40.4	-14 %	17.5	20.7	-15%	72.4



## Corporate Finance

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

During the period, the value of corporate acquisitions fell clearly from the year before globally. The uncertain macroeconomic situation including the high interest rate level and inflation and the uncertain growth outlook resulting from them all contributed to the decrease in M&As. In Finland, a positive deviation from the trend was the interest in the acquisition of listed companies and the resulting bids. The value of real estate transactions in Finland was EUR 1.4 billion during the half-year period, which is about 70 per cent less than the year before. Towards the end of the second quarter, activity increased in the real estate market. There are several processes going on in the market, but their realisation is uncertain.

During the period under review, Advium acted as advisor in one assignment: Otava's mandatory public offer for shares in Alma Media Corporation.

### Result of the Corporate Finance segment

Advium's net revenue during the period under review was EUR 0.9 million (EUR 2.9 million from 1 Jan. to 30 June 2022). The operating profit was EUR -0.7 million (EUR 1.0 million). The segment had 14 employees at the end of the period.

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	1-6/23	1-6/22	Change	4-6/23	4-6/22	Change	1-12/22
Net revenue, MEUR	0.9	2.9	-70%	0.4	1.1	-62%	5.4
Operating profit, MEUR	-0.7	1.0	-168%	-0.3	0.3	-205%	1.7
Cost/income ratio, %	176.5	66.0	167%	168.9	74.8	126%	67.7
Personnel as full-time resources	14	16	-13%	14	16	-13%	13

## 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 0.1 million (EUR 1.2 million from 1 Jan. to 30 June 2022). At the end of the period, the fair value of the investments was EUR 17.3 million (EUR 16.8 million on 31 Dec. 2022) and the amount of the remaining investment commitments was EUR 7.3 million (EUR 7.5 million). During the period under review, eQ Plc made a USD 1.0 million investment commitment in the eQ PE XV US private equity fund.

During the period, the investment objects returned capital for EUR 0.6 million (EUR 1.6 million from 1 Jan. to 30 June 2022) and distributed a profit of EUR 0.3 million (EUR 0.5 million). Capital calls totalled EUR 1.2 million (EUR 1.1 million). The net cash flow from investments during the period was EUR -0.2 million (EUR 1.0 million). The value changes of investments recognised through profit or loss were EUR -0.1 million during the period (0.7 EUR 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	1-6/23	1-6/22	Change	4-6/23	4-6/22	Change	1-12/22
Operating profit, MEUR	0.1	1.2	-88%	0.2	0.8	-71%	0.7
Fair value of investments, MEUR	17.3	19.0	-9%	17.3	19.0	-9%	16.8
Investment commitments, MEUR	7.3	8.5	-15%	7.3	8.5	-15%	7.5
Net cash flow of investments, MEUR	-0.2	1.0	-124%	-0.5	0.8	-171%	2.8



## Balance sheet and capital adequacy

At the end of the period, the consolidated balance sheet total was EUR 79,9 million (EUR 110.9 million on 31 Dec. 2022) and the shareholders' equity was EUR 58.5 million (EUR 81.8 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 15.7 million, the dividend distribution of EUR -36.8 million, the repayment of equity of EUR -3.6 million from the reserve for invested unrestricted equity, the subscription for new shares with option rights of EUR 0.8 million and the accrued expense of EUR 0.6 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 12.4 (EUR 23.7 million) and liquid investments in mutual funds EUR 0.4 million (EUR 20.1 million).

The lease liability related to premises entered in the balance sheet was EUR 5.2 million (EUR 5.6 million) at the end of the period, the share of short-term liabilities being EUR 0.9 million (EUR 0.8 million).

Short-term interest-free debt was EUR 16.2 million (EUR 23.5 million). The Group had no interest-bearing loans at the end of the period (EUR - million). eQ's equity to assets ratio was 73.2 per cent (73.8 per cent).

The ratio between total capital and the capital requirement according to eQ Group's capital adequacy calculations was 272.8 per cent (242.3 per cent on 31 Dec. 2022). eQ Asset Management Ltd as investment firm and eQ Plc as the holding company apply the IFD/IFR regime. The most restrictive capital requirement for eQ is defined on the basis of fixed overheads at the end of the period. The minimum capital requirement based on fixed overheads was EUR 4.9 million. At the end of the period, the Group's total capital based on capital adequacy calculations was EUR 13.5 million (EUR 11.9 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 30 June 2023, the number of eQ Plc's shares was 40,624,698 and the share capital was EUR 11,383,873.00.

During the period under review on 16 May 2023, the number of eQ Plc's shares increased by 195,000 shares due to new shares subscribed for with option rights 2018. The subscription price of the new shares totalled EUR 783,900.00. The entire subscription was entered in the reserve for invested unrestricted equity.

The closing price of eQ Plc's share on 30 June 2023 was EUR 17.1 (EUR 25.45 on 31 Dec. 2022). The market capitalisation of the company was thus EUR 694.7 million (EUR 1,028.9 million) at the end of the period under review. During the period, 654,365 shares were traded on Nasdaq Helsinki (1,224,101 shares from 1 Jan. to 30 June 2022). In euros, the turnover was EUR 13.8 million (EUR 28.8 million).

## Own shares

On 30 June 2023, eQ Plc held no own shares.



## Shareholders

### Ten major shareholders on 30 June 2023

	Shares	Share, %
1 Fennogens Investments S.A.	7 962 605	19.60
2 Rettig Group Oy Ab	6 206 706	15.28
3 Chilla Capital S.A.	6 165 904	15.18
4 Teamet Oy	4 250 000	10.46
5 Oy Cevante Ab	1 419 063	3.49
6 Fazer Jan	1 314 185	3.23
7 Procurator-Holding Oy	793 892	1.95
8 Lavventura Oy	700 000	1.72
9 Ilmarinen Mutual Pension Insurance Company	697 500	1.72
10 Linnalex Ab	631 652	1.55
10 major shareholders, total	30 141 507	74.20
Nominee registered	376 728	0.93
Other shares	10 106 463	24.88
Total	40 624 698	100.00

On 30 June 2023, eQ Plc had 8,454 shareholders (8,277 shareholders on 31 Dec. 2022).

## Option schemes

At the end of the period, eQ Plc had two option schemes. The option schemes are intended as part of the commitment system of the Group's key personnel.

### 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 began on 1 April 2022 and will end on 1 April 2024.

Of the options granted, altogether 992,500 had been exercised by the end of the period. The number of outstanding options was 782,500 at the end of the period. 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](http://www.eQ.fi). The options have been listed on Nasdaq Helsinki.

### Option scheme 2022

At the end of the period, altogether 910,000 options had been allocated from option scheme 2022. The subscription period of shares with option rights 2022 will begin on 1 April 2025 April and end on 30 April 2027.

The terms and conditions of the option scheme have been published in a stock exchange release of 4 February 2022, and they can be found in their entirety on the company website at [www.eQ.fi](http://www.eQ.fi).

## Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Monday 27 March 2023 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 2022.

## **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 0.91 per share and a repayment of equity of EUR 0.09 per share be paid out from the reserve for invested unrestricted equity. The dividend and equity repayment were paid to shareholders who, on the record date for the dividend payment, i.e. 29 March 2023, were recorded in the shareholder register of eQ Plc held by Euroclear Finland Ltd. The payment date of the dividend and equity repayment was 5 April 2023.

## **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.

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

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 750 for each Board meeting that they attend. Travel and lodging costs will be compensated in accordance with the company's expense policy. 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, Janne Larma and Tomas von Rettig were re-elected for a term of office that will end at the close of the next Annual General Meeting. Päivi Arminen was elected as new member. At its constituent meeting immediately after the Annual General 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 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 8.66 per cent 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.

### **Amendment of the Articles of Association**

The AGM decided that the Articles of Association of eQ Plc be updated with section-specific headings for all items, the field of activity be specified and the possibility to organise a meeting without a physical meeting venue be added, and participation in the General Meeting be made possible via a remote connection. The change in question was made to Section 9 of the Articles of Association, which concerns the notice to the general meeting and registration for the general meeting.

### **Personnel and organisation**

The Group had 101 employees at the end of the period (94 employees on 31 Dec. 2022), calculated as full-time resources. Calculated as full-time resources, the Asset Management segment had 82 (76) employees and the Corporate Finance segment 14 (13) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 13.1 million (EUR 14.5 million from 1 Jan. to 30 June 2022). The salary expenses fell from the year before due to result-related remuneration.

During the period under review, Tero Estovirta was appointed deputy managing director of eQ Asset Management Ltd.

### **Major risks and short-term uncertainties**

The Group's major single risk is the dependence of the result 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 from asset management may consist of performance fees paid by mutual funds and real estate funds, profit shares that private equity funds pay to management companies, 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. Among these, the market risk has a 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 and value changes of the funds. The income from investment operations and changes in value may vary considerably from quarter to quarter and financial period.

### **Events after the period under review**

There have not been any significant events after the period under review.



## Outlook

As for sales, the year 2022 was very good for eQ Asset Management. In June 2023, the eQ PE XV US private equity fund grew to USD 263 million in its third closing. This strengthens our view that demand will continue to be strong among investor, above all for private equity investment products. The returns of real estate funds are linked to the development of yields. Due to the rise of the yields, no performance fee is expected to accrue from the real estate funds from the year 2023. The performance fees of private equity funds will, on the other hand, be at the same level due to the catch up accrual.

Consequently, we expect the net revenue and operating profit of the Asset Management segment in 2023 to be at the same level as last year. 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 interim report has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU.

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 report has not been audited.



## CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-6/23	1-6/22	4-6/23	4-6/22	1-12/22
Fee and commission income	35 516	43 246	17 885	21 745	77 665
Interest income	125	0	20	0	8
Net income from financial assets	436	1 102	289	791	709
Operating income, total	36 078	44 348	18 194	22 535	78 383
Fee and commission expenses	-268	-281	-134	-134	-536
Interest expenses	-77	-26	-44	-12	-65
NET REVENUE	35 732	44 041	18 016	22 389	77 781
Administrative expenses					
Personnel expenses	-13 097	-14 484	-6 784	-7 114	-26 724
Other administrative expenses	-1 261	-1 132	-604	-561	-2 490
Depreciation on tangible and intangible assets	-637	-521	-318	-260	-1 178
Other operating expenses	-938	-836	-474	-361	-1 655
OPERATING PROFIT (LOSS)	19 800	27 068	9 837	14 093	45 735
PROFIT BEFORE TAXES	19 800	27 068	9 837	14 093	45 735
Income tax	-4 104	-5 535	-2 038	-2 887	-9 412
PROFIT (LOSS) FOR THE PERIOD	15 696	21 533	7 798	11 206	36 322

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-6/23	1-6/22	4-6/23	4-6/22	1-12/22
Other comprehensive income:	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15 696	21 533	7 798	11 206	36 322
Profit for the period attributable to:					
Equity holders of the parent company	15 696	21 533	7 798	11 206	36 322
Non-controlling interests	-	-	-	-	-
Comprehensive income for the period attributable to:					
Equity holders of the parent company	15 696	21 533	7 798	11 206	36 322
Non-controlling interests	-	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:					
Earnings per average share, EUR	0.39	0.54	0.19	0.28	0.91
Diluted earnings per average share, EUR	0.37	0.52	0.18	0.27	0.87



## CONSOLIDATED BALANCE SHEET, EUR 1 000

	30 June 2023	30 June 2022	31 Dec. 2022
<b>ASSETS</b>			
Liquid assets	82	71	21
Claims on credit institutions	12 326	13 747	23 667
Financial assets			
Financial securities	394	8 518	20 119
Private equity and real estate fund investments	17 303	19 023	16 837
Intangible assets			
Fair value and brands	29 212	29 212	29 212
Client agreements	58	158	108
Other intangible assets	53	99	79
Tangible assets			
Right-of-use assets	4 742	4 497	5 273
Tangible assets	483	297	514
Other assets	12 892	14 747	14 393
Accruals and prepaid expenditure	644	618	426
Income tax receivables	1 464	10	138
Deferred tax assets	209	36	70
<b>TOTAL ASSETS</b>	<b>79 864</b>	<b>91 034</b>	<b>110 858</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Other liabilities	6 618	6 384	6 829
Accruals and deferred income	8 781	11 649	16 607
Lease liabilities	5 198	4 676	5 621
Income tax liabilities	792	1 926	22
<b>TOTAL LIABILITIES</b>	<b>21 389</b>	<b>24 635</b>	<b>29 079</b>
<b>EQUITY</b>			
Attributable to equity holders of the parent company:			
Share capital	11 384	11 384	11 384
Reserve for invested unrestricted equity	24 206	27 061	27 061
Retained earnings	7 189	6 421	7 011
Profit (loss) for the period	15 696	21 533	36 322
<b>TOTAL EQUITY</b>	<b>58 475</b>	<b>66 399</b>	<b>81 779</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>79 864</b>	<b>91 034</b>	<b>110 858</b>



## CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-6/2023	1-6/2022	1-12/2022
<b>CASH FLOW FROM OPERATIONS</b>			
Operating profit	19 800	27 068	45 735
Depreciation and write-downs	637	521	1 178
Interest income and expenses	-48	26	57
Transactions with no related payment transactions	727	-86	2 451
Financial assets' cash flow – private equity and real estate fund investments	-588	535	755
Change in working capital			
Business receivables, increase (-) / decrease (+)	1 283	-10 296	-9 741
Interest-free debt, increase (+) / decrease (-)	-8 059	-11 667	-6 264
Total change in working capital	-6 776	-21 963	-16 005
Cash flow from operations before financial items and taxes	13 753	6 101	34 172
Interests received	125	0	8
Interests paid	-77	-26	-65
Taxes	-4 778	-3 600	-9 553
<b>CASH FLOW FROM OPERATIONS</b>	<b>9 022</b>	<b>2 475</b>	<b>24 561</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in intangible and tangible assets	-37	-49	-369
Investments/redemptions in other investments – liquid mutual funds	19 766	12 309	727
<b>CASH FLOW FROM INVESTMENTS</b>	<b>19 728</b>	<b>12 260</b>	<b>359</b>
<b>CASH FLOW FROM FINANCING</b>			
Dividends paid/equity repayments	-40 430	-39 632	-39 632
Subscription of new shares	784	4 003	4 003
Decrease in lease liability capital	-385	-429	-744
<b>CASH FLOW FROM FINANCING</b>	<b>-40 031</b>	<b>-36 057</b>	<b>-36 372</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-11 280</b>	<b>-21 323</b>	<b>-11 452</b>
Liquid assets on 1 Jan.	23 688	35 141	35 141
Liquid assets on 30 June / 31 Dec.	12 408	13 818	23 688



## 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. 2022	11 384	24 247	44 325	79 955	79 955
Profit (loss) for the period			21 533	21 533	21 533
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			21 533	21 533	21 533
Dividend/equity repayment		-1 189	-38 443	-39 632	-39 632
Options granted, cost accrual			540	540	540
Shareholders' equity on 30 June 2022	11 384	27 061	27 954	66 399	66 399
Shareholders' equity on 1 Jan. 2023	11 384	27 061	43 334	81 779	81 779
Profit (loss) for the period			15 695	15 695	15 695
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			15 695	15 695	15 695
Dividend/equity repayment		-3 639	-36 791	-40 430	-40 430
Subscription of shares			784	784	784
Options granted, cost accrual			646	646	646
Shareholders' equity on 30 June 2023	11 384	23 422	22 884	58 475	58 475



## FEE AND COMMISSION INCOME, GROUP, EUR 1 000

	1-6/23	1-6/22	4-6/23	4-6/22	1-12/22
Asset management fees					
Management fees					
Traditional asset management	4 344	4 958	2 200	2 395	9 401
Real estate asset management	18 307	16 758	9 114	8 584	35 147
Private equity asset management	8 616	8 095	4 433	4 245	16 782
Management fees, total	31 267	29 811	15 746	15 224	61 330
Performance fees					
Traditional asset management	5	-	1	-	3
Real estate asset management	165	7 301	165	3 857	4 344
Private equity asset management	3 129	3 137	1 502	1 511	6 456
Performance fees, total	3 299	10 439	1 668	5 367	10 804
Other fee and commission income	57	84	34	30	146
Asset management fees, total	34 623	40 334	17 449	20 621	72 280
Corporate finance fees	893	2 912	436	1 124	5 385
Fee and commission income, total	35 516	43 246	17 885	21 745	77 665

	1-6/23	1-6/22	4-6/23	4-6/22	1-12/22
Private equity asset management performance fees - specification					
Paid non-accrued fees	130	216	2	50	613
Catch up share accrual	2 999	2 921	1 499	1 461	5 843
Total	3 129	3 137	1 502	1 511	6 456

## NET INCOME FROM FINANCIAL ASSETS, GROUP, EUR 1 000

	1-6/23	1-6/22	4-6/23	4-6/22	1-12/22
Private equity and real estate fund investment operations					
Profit distribution of funds	339	485	87	-	2 040
Changes in fair value and losses	-122	742	180	815	-1 224
Total	217	1 227	266	815	816
Other investment operations					
Changes in fair value	41	-116	-53	-19	-97
Sales profit/loss	178	-9	76	-5	-9
Total	219	-125	23	-25	-106
Net income from financial assets, total	436	1 102	289	791	709



## FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1 000

	30 June 2023		30 June 2022		31 Dec. 2022	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Financial assets						
Investments						
Private equity and real estate fund investments	17 303	17 303	19 023	19 023	16 837	16 837
Financial securities	394	394	8 518	8 518	20 119	20 119
Accounts receivable and other receivables	353	353	51	51	1 005	1 005
Liquid assets	12 408	12 408	13 818	13 818	23 688	23 688
Total	30 458	30 458	41 411	41 411	61 650	61 650
Financial liabilities						
Accounts payable and other liabilities	388	329	381	381	287	287
Lease liabilities	5 198	5 358	4 676	4 676	5 621	5 621
Total	5 585	5 687	5 057	5 057	5 908	5 908

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

	30 June 2023		30 June 2022		31 Dec.2022	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
Financial assets						
Private equity and real estate fund investments	-	17 303	-	19 023	-	16 837
Financial securities	394	-	8 518	-	20 119	-
Total	394	17 303	8 518	19 023	20 119	16 837

Level 3 reconciliation: Private equity and real estate fund investments

1-6/2023	
Opening balance on 1 Jan. 2023	16 837
Calls	1 172
Returns	-584
Value change and loss through profit or loss	-122
Closing balance on 30 June 2023	17 303

1-6/2022	
Opening balance on 1 Jan. 2022	18 817
Calls	1 072
Returns	-1 607
Value change and loss through profit or loss	742
Closing balance on 30 June 2022	19 023



1-12/2022	
Opening balance on 1 Jan. 2022	18 817
Calls	2 113
Returns	-2 868
Value change and loss through profit or loss	-1 224
Closing balance on 31 Dec. 2022	16 837

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 1 000

Market value	30 June 2023	31 Dec. 2022
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XIV North	256	145
eQ VC	153	76
eQ PE XIII US	355	215
eQ PE XII North	640	520
eQ PE XI US	792	638
eQ PE X North	738	613
eQ PE IX US	1 172	1 091
eQ PE VIII North	1 956	1 956
eQ PE VII US	2 987	3 022
eQ PE VI North	1 584	1 693
Amanda V East	2 065	2 209
Amanda IV West	25	153
Amanda III Eastern PE	348	378
Total	13 072	12 710
Real estate funds:		
eQ Residential II	329	181
eQ Residential	669	527
Funds managed by others:		
Large buyout funds	1 149	1 302
Midmarket funds	245	261
Venture funds	1 839	1 857
<b>Total</b>	<b>17 303</b>	<b>16 837</b>



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

Investment commitment	30 June 2023	31 Dec. 2022
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XV US	916	-
eQ PE XIV North	750	850
eQ VC	733	844
eQ PE XIII US	550	703
eQ PE XII North	335	485
eQ PE XI US	155	298
eQ PE X North	209	259
eQ PE IX US	127	111
eQ PE VIII North	301	301
eQ PE VII US	162	109
eQ PE VI North	219	369
Amanda V East	663	663
Amanda IV West	427	427
Amanda III Eastern PE	273	273
Total	5 820	5 692
Real estate funds:		
eQ Residential II	600	800
eQ Residential	400	550
Funds managed by others:		
Large buyout funds	133	133
Midmarket funds	302	302
Venture funds	0	0
<b>Total</b>	<b>7 254</b>	<b>7 477</b>



## SEGMENT INFORMATION, 1 000 EUR

1-6/2023	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	34 623	893	-	-		35 516
From other segments	75	-	-	-	-75	-
Interest income	-	-	-	125		125
Net income from financial assets	-	-	217	219		436
Other operating income	-	-	-	-		-
From other segments	-	-	-	38	-38	-
Operating income, total	34 698	893	217	383	-113	36 078
Fee and commission expenses	-268	-	-	-		-268
To other segments	-	-	-75	-	75	-
Interest expenses	-59	-11	-	-7		-77
NET REVENUE	34 371	882	142	375	-38	35 732
Administrative expenses						
Personnel expenses	-11 006	-1 205	-	-886		-13 097
Other administrative expenses	-917	-195	-	-187	38	-1 261
Depreciation on material and immaterial assets	-518	-87	-	-32		-637
Other operating expenses	-706	-70	-	-162		-938
OPERATING PROFIT (LOSS)	21 224	-675	142	-892	0	19 800
Income tax				-4 104		-4 104
PROFIT (LOSS) FOR THE PERIOD				-4 996		15 696

1-6/2022	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	40 334	2 912	-	-		43 246
From other segments	75	-	-	-	-75	-
Interest income	-	-	-	0		0
Net income from financial assets	-	-	1 227	-125		1 102
Other operating income	-	-	-	-		-
From other segments	-	-	-	38	-38	-
Operating income, total	40 409	2 912	1 227	-87	-113	44 348
Fee and commission expenses	-281	-	-	-		-281
To other segments	-	-	-75	-	75	-
Interest expenses	-14	-4	-	-8		-26
NET REVENUE	40 114	2 908	1 152	-94	-38	44 041
Administrative expenses						
Personnel expenses	-11 990	-1 599	-	-896		-14 484
Other administrative expenses	-840	-161	-	-169	38	-1 132
Depreciation on material and immaterial assets	-386	-89	-	-46		-521
Other operating expenses	-604	-70	-	-161		-836
OPERATING PROFIT (LOSS)	26 294	989	1 152	-1 367	0	27 068
Income tax				-5 535		-5 535
PROFIT (LOSS) FOR THE PERIOD				-6 902		21 533



4-6/2023	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	17 449	436	-	-		17 885
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	20		20
Net income from financial assets	-	-	266	23		289
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	17 486	436	266	62	-57	18 194
Fee and commission expenses	-134	-	-	-		-134
To other segments	-	-	-38	-	38	-
Interest expenses	-35	-7		-3		-44
NET REVENUE	17 317	430	229	59	-19	18 016
Administrative expenses						
Personnel expenses	-5 778	-567	-	-438		-6 784
Other administrative expenses	-444	-80	-	-99	19	-604
Depreciation on material and immaterial assets	-258	-44	-	-16		-318
Other operating expenses	-359	-35	-	-80		-474
OPERATING PROFIT (LOSS)	10 478	-296	229	-574	0	9 837
Income tax				-2 038		-2 038
PROFIT (LOSS) FOR THE PERIOD				-2 613		7 798

4-6/2022	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	20 621	1 124	-	-		21 745
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	0		0
Net income from financial assets	-	-	815	-25		791
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	20 659	1 124	815	-5	-57	22 535
Fee and commission expenses	-134	-	-	-		-134
To other segments	-	-	-38	-	38	-
Interest expenses	-7	-2		-3		-12
NET REVENUE	20 518	1 121	778	-8	-19	22 389
Administrative expenses						
Personnel expenses	-5 995	-683	-	-436		-7 114
Other administrative expenses	-407	-80	-	-92	19	-561
Depreciation on material and immaterial assets	-193	-45	-	-23		-260
Other operating expenses	-262	-31	-	-68		-361
OPERATING PROFIT (LOSS)	13 661	282	778	-628	0	14 093
Income tax				-2 887		-2 887
PROFIT (LOSS) FOR THE PERIOD				-3 515		11 206



1-12/2022	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	72 280	5 385	-	-		77 665
From other segments	150	-	-	-	-150	-
Interest income	-	-	-	8		8
Net income from financial assets	-	-	816	-106		709
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
Operating income, total	72 430	5 385	816	-21	-227	78 383
Fee and commission expenses	-536	-	-			-536
To other segments	-	-	-150	-	150	-
Interest expenses	-44	-10	-	-12		-65
NET REVENUE	71 850	5 375	666	-33	-77	77 781
Administrative expenses						
Personnel expenses	-22 041	-2 931	-	-1 752		-26 724
Other administrative expenses	-1 819	-387	-	-360	77	-2 490
Depreciation on material and immaterial assets	-918	-176	-	-84		-1 178
Other operating expenses	-1 181	-146	-	-327		-1 655
OPERATING PROFIT (LOSS)	45 890	1 735	666	-2 556	0	45 735
Income tax				-9 412		-9 412
PROFIT (LOSS) FOR THE PERIOD				-11 969		36 322

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

	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22
<b>Asset Management</b>					
Net revenue	17 317	17 054	13 275	18 462	20 518
Operating profit	10 478	10 746	7 464	12 132	13 661
<b>Corporate Finance</b>					
Net revenue	430	452	1 034	1 433	1 121
Operating profit	-296	-379	213	533	282
<b>Investments</b>					
Net revenue	229	-87	-725	240	778
Operating profit	229	-87	-725	240	778
<b>Other segments and eliminations</b>					
Net revenue	40	297	27	-3	-28
Operating profit	-574	-317	-674	-515	-628
<b>Group total</b>					
Net revenue	18 016	17 716	13 610	20 131	22 389
Operating profit	9 837	9 963	6 278	12 389	14 093
Profit for the period	7 798	7 897	4 948	9 842	11 206



## CAPITAL ADEQUACY, EUR 1 000

	IFR 30 June 2023 eQ Group	IFR 31 Dec. 2022 eQ Group
Equity	58 475	81 779
Common equity tier 1 (CET 1) before deductions	58 475	81 779
Deductions from CET 1		
Intangible assets	-29 324	-29 400
Unconfirmed profit for the period	-15 696	-36 322
Dividend proposal by the Board*	0	-4 107
Common equity tier 1 (CET1)	13 456	11 949
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	13 456	11 949
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	13 456	11 949
Own funds requirement according to the most restrictive requirement (IFR)	4 932	4 932
Fixed overhead requirement	4 932	4 932
K-factor requirement	386	393
Absolute minimum requirement	150	150
Risk-weighted items total – Total risk exposure	61 651	61 651
Common equity tier (CET1) / own funds requirement, %	272.8%	242.3%
Tier 1 (T1) / own funds requirement, %	272.8%	242.3%
Total capital (TC) / own funds requirement, %	272.8%	242.3%
Common equity tier 1 (CET1) / risk weights, %	21.8%	19.4%
Tier 1 (T1) / risk weights, %	21.8%	19.4%
Total capital (TC) / risk weights, %	21.8%	19.4%
Excess of total capital compared with the minimum level	8 523	7 017
Total capital compared with the target level (incl. a 25% risk buffer for the requirement)	7 290	5 784

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



## GROUP KEY RATIOS

	30 June 2023	30 June 2022	31 Dec. 2022
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	15 696	21 533	36 322
Earnings per average share, EUR	0.39	0.54	0.91
Diluted earnings per average share, EUR	0.37	0.52	0.87
Equity per share, EUR	1.44	1.64	2.02
Equity per average share, EUR *)	1.44	1.67	2.04
Return on investment, ROI % p.a.	41.8	56.7	43.2
Return on equity, ROE % p.a.	44.8	58.9	44.9
Equity to assets ratio, %	73.2	72.9	73.8
Cost/income ratio, Group, %	44.4	38.4	41.1
Share price at the end of the period, EUR	17.10	20.10	25.45
Market value, EUR million	694.7	812.6	1 028.9
Personnel calculated as full-time resources at the end of the period	101	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 2022 financial statements, which are available on the company website at [www.eQ.fi](http://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 30 June 2023, eQ's remaining investment commitments in private equity funds totalled EUR 7.3 million (EUR 7.5 million on 31 Dec. 2022). Other commitments at the end of the period totalled EUR 0.0 million (EUR 0.0 million on 31 Dec. 2022).