

Q3 2023

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# INTERIM REPORT





24 October 2023, at 8:00 AM

## eQ Plc's interim report Q3 2023 – eQ's profit in the review period fell

### January to September 2023 in brief

- The Group's net revenue during the period was EUR 52.3 million (EUR 64.2 million from 1 Jan. to 30 September 2022). The Group's net fee and commission income was EUR 51.5 million (EUR 62.8 million).
- The Group's operating profit fell by 24% to EUR 30.0 million (EUR 39.5 million).
- The Group's profit was EUR 23.8 million (EUR 31.4 million).
- The consolidated earnings per share were EUR 0.59 (EUR 0.79).
- The net revenue of the Asset Management segment decreased by 14% to EUR 50.3 million (EUR 58.6 million) and the operating profit by 17% to EUR 31.7 million (EUR 38.4 million). The management fees of the Asset Management segment grew by 2 per cent to EUR 46.8 million (EUR 45.6 million) and the performance fees fell by 71 per cent to EUR 3.9 million (EUR 13.3 million).
- The net revenue of the Corporate Finance segment was EUR 1.2 million (EUR 4.3 million) and the operating profit was EUR -0.9 million (EUR 1.5 million).
- The operating profit of the Investments segment was EUR 0.4 million (EUR 1.4 million).
- The net cash flow from the Group's own private equity and real estate fund investment operations was EUR 0.2 million (EUR 2.3 million).

### July to September 2023 in brief

- In the third quarter, the Group's net revenue totalled EUR 16.6 million (EUR 20.1 million from 1 July to 30 September 2022). The Group's net fee and commission income was EUR 16.2 million (EUR 19.9 million).
- The Group's operating profit fell by 18% to EUR 10.2 million (EUR 12.4 million).
- The Group's profit was EUR 8.1 million (EUR 9.8 million).
- The consolidated earnings per share were EUR 0.20 (EUR 0.24).

Key ratios	1-9/23	1-9/22	Change	7-9/23	7-9/22	Change	1-12/22
Net revenue, Group, MEUR	52.3	64.2	-18%	16.6	20.1	-18%	77.8
Net revenue, Asset Management, MEUR	50.3	58.6	-14%	15.9	18.5	-14%	71.8
Net revenue, Corporate Finance, MEUR	1.2	4.3	-72%	0.3	1.4	-77%	5.4
Net revenue, Investments, MEUR	0.4	1.4	-71%	0.3	0.2	8%	0.7
Net revenue, Group administration and eliminations, MEUR	0.4	-0.1		0.1	0.0		-0.1
Operating profit, Group, MEUR	30.0	39.5	-24%	10.2	12.4	-18%	45.7
Operating profit, Asset Management, MEUR	31.7	38.4	-17%	10.5	12.1	-14%	45.9
Operating profit, Corporate Finance, MEUR	-0.9	1.5	-158%	-0.2	0.5	-140%	1.7
Operating profit, Investments, MEUR	0.4	1.4	-71%	0.3	0.2	8%	0.7
Operating profit, Group administration, MEUR	-1.3	-1.9		-0.4	-0.5		-2.6
Profit for the period, MEUR	23.8	31.4	-24%	8.1	9.8	-18%	36.3



Key ratios	1-9/23	1-9/22	Change	7-9/23	7-9/22	Change	1-12/22
Earnings per share, EUR	0.59	0.79	-25%	0.20	0.24	-19%	0.91
Equity per share, EUR	1.65	1.89	-13%	1.65	1.89	-13%	2.02
Cost/income ratio, Group, %	42.6	38.4	11%	38.5	38.3	1%	41.1
Liquid assets, MEUR	22.4	31.6	-29%	22.4	31.6	-29%	43.8
Private equity and real estate fund investments, MEUR	17.1	18.0	-5%	17.1	18.0	-5%	16.8
Interest-bearing loans, MEUR	0.0	0.0	0%	0.0	0.0	0%	0.0
Assets under management excluding reporting services, EUR billion	9.9	9.4	5%	9.9	9.4	5%	9.7
Assets under management, EUR billion	12.8	12.3	4%	12.8	12.3	4%	12.6

## Mikko Koskimies, CEO

The central themes of the third quarter of 2023 continued to be inflation, economic growth and the interest policies of central banks. Economic growth in the US remained surprisingly strong, led especially by the service sector, despite rising interest rates. However, Europe got more data that interest rate rises would begin to clearly slow down economic growth. The outlook for economic growth in China deteriorated and concerns regarding the real estate sector, in particular, grew. China has not suffered from similar inflation pressures as Western countries.

The Federal Reserve in the US kept interest rates unchanged in the third quarter of the year. The European Central Bank (ECB), on the other hand, kept raising interest rates and the deposit rate rose by 0.25 per cent to 4.0 per cent. In their comments, both central banks emphasised that future attention would be on economic data which determines whether further interest rate hikes are required.

The atmosphere in stock exchanges varied according to economic data and ensuing expectations of interest rate increases. For the return of the equities market as a whole, the third quarter of the year was slightly negative with the exception of Japan. Since the beginning of 2023 the best returns have come from the US, where the euro-denominated return of the S&P 500 Index was 13.6 per cent. European shares returned 8.8 per cent since the start of the year, whereas the return in emerging markets remained sluggish due to problems in China, for instance, with a return of 2.6 per cent. The return of the Finnish market was as much as -6.6 per cent in the negative, on the other hand.

Long interest rates began to climb when the ECB further raised its rates the third quarter of the year, and both central banks communicated that interest rates could stay high for a fairly long time. As a result, the yield of the Euro Government Bond Index remained 0.4 per cent in the negative, measured from the beginning of 2023. From the start of the year, Investment Grade corporate loans gave an index return of 2.3 per cent, High Yield loans gave a 6.2 per cent return and emerging market euro-hedged corporate loans a +0.0 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 52.3 million and the operating profit was EUR 30.0 million. Operating profit fell by 24 per cent from the previous year.

### eQ Asset Management's performance fees declined

The management fees of eQ Asset Management grew by 2 per cent despite the weak operating environment. Performance fees, on the other hand, fell by 71 per cent to EUR 3.9 million from last year's EUR 13.3 million. During the period under review, the net revenue of the Asset Management segment fell by



14 per cent to EUR 50.3 million. The operating profit of the period fell by 17 per cent to EUR 31.7 million. The assets managed by eQ Asset Management grew by 2 per cent to EUR 12.8 billion during the period under review.

As for traditional investments, the returns of client portfolios were positive in the review period in line with the market. Of the funds that eQ manages itself, as much as 85 per cent surpassed their benchmark indices, and during a three-year period the corresponding figure was also 85 per cent. The returns of the discretionary asset management portfolios were also positive in the first nine months in line with the market. The returns of private equity funds were slightly positive as well. 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 year 2023 has been 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 fourth closing, which took place in September, its size already grew to USD 277 million.

### **Advium had a quiet operating environment**

Advium's net revenue during the period under review was EUR 1.2 million (EUR 4.3 million) and the operating profit EUR -0.9 million (EUR 1.5 million).

During the year, the value of corporate acquisitions fell clearly from the year before globally. The value of real estate transactions in Finland was EUR 2.1 billion, which is about 70 per cent less than the year before. However, activity in the real estate market has increased somewhat in spite of uncertainties relating to valuation levels.

During the period under review, Advium acted as advisor in two assignments: Advium acted as advisor in Otava's mandatory public offer for shares in Alma Media Corporation. In addition, Advium represented the global fund manager Schroders which sold an office building in central Turku to the Niamin Core Plus II fund.

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

The operating profit of the Investments segment was EUR 0.4 million (EUR 1.4 million) and the net cash flow was EUR 0.2 million (EUR 2.3 million). The balance sheet value of the private equity and real estate fund investments was EUR 17.1 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 2023 has been good in private equity asset management. In September 2023, the eQ PE XV US private equity fund grew to USD 277 million in its fourth closing. This strengthens our view that demand will continue to be strong among investors, 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 specify our outlook and estimate the net revenue of the Asset Management segment in 2023 to be approximately EUR 67 million and the operating profit around EUR 41–42 million. 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 September 2023 is enclosed to this release and it is also available on the company website at [www.eQ.fi](http://www.eQ.fi).



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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 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 INTERIM REPORT 1 JAN. TO 30 SEPTEMBER 2023

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

- The Group's net revenue during the period was EUR 52.3 million (EUR 64.2 million from 1 Jan. to 30 September 2022). The Group's net fee and commission income was EUR 51.5 million (EUR 62.8 million).
- The Group's operating profit fell by 24% to EUR 30.0 million (EUR 39.5 million).
- The Group's profit was EUR 23.8 million (EUR 31.4 million).
- The consolidated earnings per share were EUR 0.59 (EUR 0.79).
- The net revenue of the Asset Management segment decreased by 14% to EUR 50.3 million (EUR 58.6 million) and the operating profit by 17% to EUR 31.7 million (EUR 38.4 million). The management fees of the Asset Management segment grew by 2 per cent to EUR 46.8 million (EUR 45.6 million) and the performance fees fell by 71 per cent to EUR 3.9 million (EUR 13.3 million).
- The net revenue of the Corporate Finance segment was EUR 1.2 million (EUR 4.3 million) and the operating profit was EUR -0.9 million (EUR 1.5 million).
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## Result of operations and financial position 1 July to 30 September 2023

- In the third quarter, the Group's net revenue totalled EUR 16.6 million (EUR 20.1 million from 1 July to 30 September 2022). The Group's net fee and commission income was EUR 16.2 million (EUR 19.9 million).
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- The Group's profit was EUR 8.1 million (EUR 9.8 million).
- The consolidated earnings per share were EUR 0.20 (EUR 0.24).

## Operating environment

The central themes of the third quarter of 2023 continued to be inflation, economic growth and the interest policies of central banks. Economic growth in the US remained surprisingly strong, led especially by the service sector, despite rising interest rates. However, Europe got more data that interest rate rises would begin to clearly slow down economic growth. The outlook for economic growth in China deteriorated and concerns regarding the real estate sector, in particular, grew. China has begun to respond to problems with stimulation measures such as lowering of interest rates and easing of regulation and taxation. China has not suffered from similar inflation pressures as Western countries.

The Federal Reserve in the US kept interest rates unchanged in the third quarter of the year, so the federal funds rate stayed at 5.5 per cent. The European Central Bank (ECB), on the other hand, kept raising interest rates and the deposit rate rose by 0.25 per cent to 4.0 per cent. In their comments, both central banks emphasised that future attention would be on economic data which determines whether further interest rate hikes are required.

The atmosphere in stock exchanges varied according to economic data and ensuing expectations of interest rate increases. For the return of the equities market as a whole, the third quarter of the year was slightly negative with the exception of Japan. Measured since the beginning of 2023, the best returns have come from the US where the euro-denominated return of the S&P 500 Index was 13.6 per cent. The dollar continued to strengthen, and the return in dollars was 12.7 per cent. European shares returned 8.8 per cent measured from the start of the year. The return in emerging markets from 1 January remained sluggish due to problems in China, for instance, with a return of 2.6 per cent. The return of the Finnish market, on the other hand, was as much as -6.6 per cent in the negative from the beginning of the year.



As late as the summer of 2023, fixed income markets predicted that central banks would begin to lower their interest rates fairly soon. When the ECB further raised its rates the third quarter of the year and both central banks communicated that interest rates could stay high for a fairly long time, long interest rates began to climb. As a result, the yield of the Euro Government Bond Index remained 0.4 per cent in the negative, measured from the beginning of 2023. The return in the third quarter was clearly negative at -2.5 per cent. From the start of the year, Investment Grade corporate loans gave an index return of 2.3 percent, High Yield loans gave a 6.2 per cent return and emerging market euro-hedged corporate loans a +0.0 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 and by 111,000 shares on 29 August 2023. After the changes, the number of eQ Plc shares was 40,735,698.

## Group net revenue and result development

During the period under review, the Group's net revenue totalled EUR 52.3 million (EUR 64.2 million from 1 Jan. to 30 September 2022). The Group's net fee and commission income was EUR 51.5 million (EUR 62.8 million). The Group's net investment income from own investment operations was EUR 0.8 million (EUR 1.4 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 22.3 million (EUR 24.7 million). Personnel expenses were EUR 18.3 million (EUR 20.9 million), other administrative expenses EUR 1.8 million (EUR 1.8 million) and the other operating expenses were EUR 1.3 million (EUR 1.2 million). Depreciation was EUR 1.0 million (EUR 0.8 million). The salary expenses fell from the year before due to result-related remuneration.

The Group's operating profit was EUR 30.0 million (EUR 39.5 million) and the profit for the period was EUR 23.8 million (EUR 31.4 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.

Almost all the returns of eQ's fixed income funds were positive in the first nine months of the year. Credit risk margins contracted during the period under review, especially after the intensive rise in interest rate levels last year. The best returns came from the eQ High Yield and 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, with the exception of the Finland equity fund. The best returns came from the eQ Emerging Market Small Caps and eQ Frontier Markets funds. The best returns as compared with benchmark indices came from the eQ Emerging Dividend and eQ Nordic Small Cap funds.



Of the funds managed by eQ, 85 per cent surpassed their benchmark indices in the review period, and in the past three years, 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 +4.7 and +8.3 per cent during the period, based on the allocation of the investment portfolio. The return of portfolios that only invest in Finnish shares was -5.0 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. The fourth closing of the fund was made in September at USD 277 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 2,992 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 4.5 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 Commercial Properties Fund were EUR -8 million during the period under review. At the end of the period, the size of the fund was EUR 703 million, and its real estate property around EUR 1.3 billion. The return of the fund during the nine-month period was -6.1 per cent and since establishment 6.9 per cent p.a. The fund has approximately 2,150 unit holders.

During the period under review, new net subscriptions for EUR 14 million were made in the eQ Community Properties Fund. At the end of the period, the size of the fund was EUR 1,462 million and its real estate property was approximately EUR 2.1 billion. The return of the fund during the nine-month period was -5.5 per cent and since establishment 7.7 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 properties. 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 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 2023, eQ's real estate funds participated in the GRESB sustainability assessment already for the fifth time. The results improved further in 2023 and 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 12,805 million at the end of the period. Growth during the period was EUR 242 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 3,924 million (EUR 4,101 million), and the assets decreased by EUR 178 million during the period under review. The assets managed by the real estate funds totalled EUR 2,538 million (EUR 2,697 million). The assets managed by the private equity funds and asset management programmes totalled EUR 4,001 million (EUR 3,734 million).

Assets under management, EUR million	9/23	9/22	Change	12/22	Change
eQ mutual funds	3 924	4 025	-3%	4 101	-4%
of which eQ equity, fixed income and balanced funds	1 759	1 618	9%	1 687	4%
of which eQ real estate funds	2 165	2 407	-10%	2 415	-10%
Closed-end real estate funds	373	146	155%	282	32%
Funds of partners and other asset management	1 617	1 461	11%	1 561	4%
eQ private equity funds	2 992	2 760	8%	2 726	10%
Private equity asset management programmes	1 009	1 009	0%	1 009	0%
Total excl. reporting services	9 915	9 401	5%	9 678	2%
Private equity reporting services	2 891	2 899	0%	2 885	0%
<b>Total</b>	<b>12 805</b>	<b>12 300</b>	<b>4%</b>	<b>12 564</b>	<b>2%</b>

## 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 17 per cent to EUR 31.7 million (EUR 38.4 million from 1 Jan. to 30 Sep. 2022). Performance fees fell by 71 per cent to EUR 3.9 million from last year's EUR 13.3 million. Performance fees typically fluctuate strongly per quarter and financial period. Performance fees include EUR 4.5 million of the accrued catch up share of private equity funds' performance fee. For the review period, performance fees in real estate asset management include an adjustment of EUR -0.9 million from a net asset value calculation error, relating to the real estate fund's 2022 performance fee.

The cost/income ratio was 36.8 per cent (34.3 per cent). Calculated as full-time resources, the Asset Management segment had 80 employees at the end of the period under review.

Asset Management	1-9/23	1-9/22	Change	7-9/23	7-9/22	Change	1-12/22
Net revenue, MEUR	50.3	58.6	-14%	15.9	18.5	-14%	71.8
Operating profit, MEUR	31.7	38.4	-17%	10.5	12.1	-14%	45.9
Cost/income ratio, %	36.8	34.3	7%	33.8	34.2	-1%	36.0
Personnel as full-time resources	80	76	5%	80	76	5%	76

Fee and commission income, Asset Management, MEUR	1-9/23	1-9/22	Change	7-9/23	7-9/22	Change	1-12/22
<b>Management fees</b>							
Traditional asset management	6.6	7.3	-9%	2.2	2.3	-3%	9.4
Real estate asset management	27.0	25.8	5%	8.7	9.0	-3%	35.1
Private equity asset management	13.1	12.6	4%	4.4	4.4	1%	16.9
Management fees, total	46.8	45.6	2%	15.4	15.8	-2%	61.5
<b>Performance fees</b>							
Traditional asset management	0.0	-	n/a	0.0	-	n/a	0.0
Real estate asset management	-0.7	8.3	-109%	-0.9	1.0	-192%	4.3
Private equity asset management	4.6	5.0	-7%	1.5	1.9	-20%	6.5
Performance fees, total	3.9	13.3	-71%	0.6	2.8	-78%	10.8
Other fee and commission income	0.1	0.1	-22%	0.0	0.0	12%	0.1
<b>Fee and commission income, total</b>	<b>50.8</b>	<b>59.0</b>	<b>-14%</b>	<b>16.1</b>	<b>18.6</b>	<b>-14%</b>	<b>72.4</b>



## 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 year, the value of corporate acquisitions fell clearly from the year before globally. The uncertain economic 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. The value of real estate transactions in Finland by the end of the review period was EUR 2.1 billion, which is about 70 per cent less than the year before. However, activity in the real estate market has increased somewhat in spite of uncertainties relating to valuation levels.

During the period under review, Advium acted as advisor in two assignments: Advium acted as advisor in Otava's mandatory public offer for shares in Alma Media Corporation. In addition, Advium represented the global fund manager Schroders which sold an office building in central Turku to the Niamin Core Plus II fund.

### Result of the Corporate Finance segment

Advium's net revenue during the period under review was EUR 1.2 million (EUR 4.3 million from 1 Jan. to 30 September 2022). The operating profit was EUR -0.9 million (EUR 1.5 million). The segment had 16 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	1-9/23	1-9/22	Change	7-9/23	7-9/22	Change	1-12/22
Net revenue, MEUR	1.2	4.3	-72%	0.3	1.4	-77%	5.4
Operating profit, MEUR	-0.9	1.5	-158%	-0.2	0.5	-140%	1.7
Cost/income ratio, %	172.9	64.9	166%	163.4	62.8	160%	67.7
Personnel as full-time resources	16	17	-6%	16	17	-6%	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 0.4 million (EUR 1.4 million from 1 Jan. to 30 September 2022). At the end of the period, the fair value of the investments was EUR 17.1 million (EUR 16.8 million on 31 Dec. 2022) and the amount of the remaining investment commitments was EUR 7.1 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 1.2 million (EUR 2.7 million from 1 Jan. to 30 September 2022) and distributed a profit of EUR 0.6 million (EUR 1.3 million). Capital calls totalled EUR 1.5 million (EUR 1.7 million). The net cash flow from investments during the period was EUR 0.2 million (EUR 2.3 million). The value changes of investments recognised through profit or loss were EUR -0.1 million during the period (EUR 0.2 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	1-9/23	1-9/22	Change	7-9/23	7-9/22	Change	1-12/22
Operating profit, MEUR	0.4	1.4	-71%	0.3	0.2	8%	0.7
Fair value of investments, MEUR	17.1	18.0	-5%	17.1	18.0	-5%	16.8
Investment commitments, MEUR	7.1	8.1	-12%	7.1	8.1	-12%	7.5
Net cash flow of investments, MEUR	0.2	2.3	-89%	0.5	1.3	-61%	2.8



## Balance sheet and capital adequacy

At the end of the period, the consolidated balance sheet total was EUR 90.4 million (EUR 110.9 million on 31 Dec. 2022) and the shareholders' equity was EUR 67.3 million (EUR 81.8 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 23.8 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 1.2 million and the accrued expense of EUR 1.0 million related to an option scheme and entered 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 18.0 (EUR 23.7 million) and liquid investments in mutual funds EUR 4.4 million (EUR 20.1 million).

The lease liability related to premises and 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 1.2 million (EUR 0.8 million).

Short-term interest-free debt was EUR 17.9 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 74.5 % (73.8 %).

The ratio between total capital and the capital requirement according to eQ Group's capital adequacy calculations was 289.2 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 totalled EUR 14.3 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 September 2023, the number of eQ Plc's shares was 40,735,698 and the share capital was EUR 11,383,873.00.

During the period under review, the number of eQ Plc's shares increased by new shares subscribed for with option rights 2018. The number of shares increased by 195,000 shares on 16 May 2023 and by 111,000 shares on 29 August 2023. The subscription price of the new shares totalled EUR 1,230,120.00. The entire subscription was entered in the reserve for invested unrestricted equity.

The closing price of eQ Plc's share on 30 September 2023 was EUR 17.50 (EUR 25.45 on 31 Dec. 2022). The market capitalisation of the company was thus EUR 712.9 million (EUR 1,028.9 million) at the end of the period. During the period, 813,761 shares were traded on Nasdaq Helsinki (1,638,918 shares from 1 Jan. to 30 September 2022). In euros, the turnover was EUR 16.6 million (EUR 38.9 million).

## Own shares

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



## Shareholders

### Ten major shareholders on 30/09/2023

	Shares	Share, %
1. Fennogens Investments S.A.	7 962 605	19.55
2 Rettig Group Oy Ab	6 206 706	15.24
3 Chilla Capital S.A.	6 165 904	15.14
4 Teamet Oy	4 250 000	10.43
5 Oy Cevante Ab	1 419 063	3.48
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	1.71
10 Linnalex Ab	631 652	1.55
10 major shareholders, total	30 141 507	73.99
Nominee registered	378 857	0.93
Other shares	10 215 334	25.08
Total	40 735 698	100.00

On 30 September 2023, eQ Plc had 8,448 shareholders (8,277 shareholders on 31 Dec. 2022).

## Option schemes

At the end of the period, eQ Plc had two valid 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 these options, altogether 1,103,500 had been exercised by the end of the period. The number of outstanding options was 671,500 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 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 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 80 (76) employees and the Corporate Finance segment 16 (13) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 18.3 million (EUR 20.9 million from 1 Jan. to 30 September 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 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. 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

After the end of the period under review, on 18 October 2023, eQ VC II held its final close on USD 20 million. eQ Plc made a USD 1.0 million investment commitment in the fund.

## Outlook

As for sales, the year 2023 has been good in private equity asset management. In September 2023, the eQ PE XV US private equity fund grew to USD 277 million in its fourth closing. This strengthens our view that demand will continue to be strong among investors, 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 specify our outlook and estimate the net revenue of the Asset Management segment in 2023 to be approximately EUR 67 million and the operating profit around EUR 41–42 million. 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

	1-9/23	1-9/22	7-9/23	7-9/22	1-12/22
Fee and commission income	51 890	63 246	16 374	20 000	77 665
Interest income	183	0	58	0	8
Net income from financial assets	770	1 377	334	276	709
Operating income, total	52 844	64 624	16 766	20 276	78 383
Fee and commission expenses	-409	-413	-141	-132	-536
Interest expenses	-128	-39	-51	-13	-65
NET REVENUE	52 307	64 171	16 574	20 131	77 781
Administrative expenses					
Personnel expenses	-18 281	-20 893	-5 184	-6 409	-26 724
Other administrative expenses	-1 782	-1 768	-522	-637	-2 490
Depreciation on tangible and intangible assets	-955	-830	-318	-310	-1 178
Other operating expenses	-1 327	-1 223	-389	-387	-1 655
OPERATING PROFIT (LOSS)	29 961	39 457	10 161	12 389	45 735
PROFIT BEFORE TAXES	29 961	39 457	10 161	12 389	45 735
Income tax	-6 206	-8 082	-2 101	-2 547	-9 412
PROFIT (LOSS) FOR THE PERIOD	23 756	31 375	8 060	9 842	36 322

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-9/23	1-9/22	7-9/23	7-9/22	1-12/22
Other comprehensive income:	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	23 756	31 375	8 060	9 842	36 322
Profit for the period attributable to:					
Equity holders of the parent company	23 756	31 375	8 060	9 842	36 322
Non-controlling interests	-	-	-	-	-
Comprehensive income for the period attributable to:					
Equity holders of the parent company	23 756	31 375	8 060	9 842	36 322
Non-controlling interests	-	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:					
Earnings per average share, EUR	0.59	0.79	0.20	0.24	0.91
Diluted earnings per average share, EUR	0.56	0.75	0.19	0.23	0.87



## CONSOLIDATED BALANCE SHEET, EUR 1 000

	30 Sep. 2023	30 Sep. 2022	31 Dec. 2022
<b>ASSETS</b>			
Liquid assets	28	28	21
Claims on credit institutions	17 998	20 023	23 667
Financial assets			
Financial securities	4 433	11 598	20 119
Private equity and real estate fund investments	17 105	18 046	16 837
Intangible assets			
Fair value and brands	29 212	29 212	29 212
Client agreements	33	133	108
Other intangible assets	41	98	79
Tangible assets			
Right-of-use assets	4 497	5 705	5 273
Tangible assets	456	456	514
Other assets	14 663	19 034	14 393
Accruals and prepaid expenditure	559	481	426
Income tax receivables	1 079	1	138
Deferred tax assets	285	56	70
<b>TOTAL ASSETS</b>	<b>90 392</b>	<b>104 872</b>	<b>110 858</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Other liabilities	7 801	6 531	6 829
Accruals and deferred income	9 908	14 292	16 607
Lease liabilities	5 183	5 987	5 621
Income tax liabilities	195	1 519	22
<b>TOTAL LIABILITIES</b>	<b>23 087</b>	<b>28 329</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	24 653	27 061	27 061
Retained earnings	7 512	6 723	7 011
Profit (loss) for the period	23 756	31 375	36 322
<b>TOTAL EQUITY</b>	<b>67 305</b>	<b>76 543</b>	<b>81 779</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>90 392</b>	<b>104 872</b>	<b>110 858</b>



## CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-9/2023	1-9/2022	1-12/2022
<b>CASH FLOW FROM OPERATIONS</b>			
Operating profit	29 961	39 457	45 735
Depreciation and write-downs	955	830	1 178
Interest income and expenses	-55	39	57
Transactions with no related payment transactions	954	737	2 451
Financial assets' cash flow – private equity and real estate fund investments	-333	992	755
Change in working capital			
Business receivables, increase (-) / decrease (+)	-403	-14 437	-9 741
Interest-free debt, increase (+) / decrease (-)	-5 749	-8 877	-6 264
Total change in working capital	-6 152	-23 314	-16 005
Cash flow from operations before financial items and taxes	25 330	18 742	34 172
Interests received	183	0	8
Interests paid	-128	-39	-65
Taxes	-7 167	-6 575	-9 553
<b>CASH FLOW FROM OPERATIONS</b>	<b>18 217</b>	<b>12 128</b>	<b>24 561</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in tangible and intangible assets	-46	-256	-369
Investments/redemptions in other investments – liquid mutual funds	15 766	9 227	727
<b>CASH FLOW FROM INVESTMENTS</b>	<b>15 720</b>	<b>8 971</b>	<b>359</b>
<b>CASH FLOW FROM FINANCING</b>			
Dividends paid/equity repayments	-40 430	-39 632	-39 632
Subscription of new shares	1 230	4 003	4 003
Decrease in lease liability capital	-399	-560	-744
<b>CASH FLOW FROM FINANCING</b>	<b>-39 599</b>	<b>-36 189</b>	<b>-36 372</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-5 662</b>	<b>-15 090</b>	<b>-11 452</b>
Liquid assets on 1 Jan.	23 688	35 141	35 141
Liquid assets on 30 Sep./31 Dec.	18 027	20 051	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			31 375	31 375	31 375
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			31 375	31 375	31 375
Dividend/equity repayment		-1 189	-38 443	-39 632	-39 632
Subscription of shares		4 003		4 003	4 003
Options granted, cost accrual			842	842	842
Shareholders' equity on 30 Sep. 2022	11 384	27 061	38 098	76 543	76 543
Shareholders' equity on 1 Jan. 2023	11 384	27 061	43 334	81 779	81 779
Profit (loss) for the period			23 756	23 756	23 756
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			23 756	23 756	23 756
Dividend/equity repayment		-3 639	-36 791	-40 430	-40 430
Subscription of shares		1 230		1 230	1 230
Options granted, cost accrual			970	970	970
Shareholders' equity on 30 Sep. 2023	11 384	24 653	31 268	67 305	67 305



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

	1-9/23	1-9/22	7-9/23	7-9/22	1-12/22
Asset management fees					
Management fees					
Traditional asset management	6 591	7 275	2 248	2 317	9 401
Real estate asset management	27 041	25 781	8 734	9 023	35 147
Private equity asset management	13 025	12 472	4 408	4 376	16 782
Management fees, total	46 657	45 529	15 390	15 717	61 330
Performance fees					
Traditional asset management	5	0	0	0	3
Real estate asset management	-722	8 260	-887	959	4 344
Private equity asset management	4 628	5 000	1 499	1 863	6 456
Performance fees, total	3 912	13 260	613	2 822	10 804
Other fee and commission income	86	110	29	26	146
Asset management fees, total	50 655	58 899	16 031	18 565	72 280
Corporate finance fees	1 235	4 347	342	1 435	5 385
Fee and commission income, total	51 890	63 246	16 374	20 000	77 665

	1-9/23	1-9/22	7-9/23	7-9/22	1-12/22
Private equity asset management performance fees - specification					
Paid non-accrued fees	130	618	0	402	613
Catch up share accrual	4 498	4 382	1 499	1 461	5 843
Total	4 628	5 000	1 499	1 863	6 456

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

	1-9/23	1-9/22	7-9/23	7-9/22	1-12/22
Private equity and real estate fund investment operations					
Profit distribution of funds	577	1 282	238	797	2 040
Changes in fair value and losses	-65	222	57	-520	-1 224
Total	512	1 504	295	277	816
Other investment operations					
Changes in fair value	80	-118	39	-2	-97
Sales profit/loss	178	-9	-	-	-9
Total	258	-127	39	-2	-106
Net income from financial assets, total	770	1 377	334	276	709



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

	30 Sep. 2023		30 Sep. 2022		31 Dec. 2022	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
<b>Financial assets</b>						
Investments						
Private equity and real estate fund investments	17 105	17 105	18 046	18 046	16 837	16 837
Financial securities	4 433	4 433	11 598	11 598	20 119	20 119
Accounts receivable and other receivables	235	235	1 059	1 059	1 005	1 005
Liquid assets	18 027	18 027	20 051	20 051	23 688	23 688
<b>Total</b>	<b>39 801</b>	<b>39 801</b>	<b>50 754</b>	<b>50 754</b>	<b>61 650</b>	<b>61 650</b>
<b>Financial liabilities</b>						
Accounts payable and other liabilities	720	720	495	495	287	287
Lease liabilities	5 183	5 183	5 987	5 987	5 621	5 621
<b>Total</b>	<b>5 903</b>	<b>5 903</b>	<b>6 482</b>	<b>6 482</b>	<b>5 908</b>	<b>5 908</b>

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 Sep. 2023		30 Sep. 2022		31 Dec. 2022	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
<b>Financial assets</b>						
Private equity and real estate fund investments	-	17 105	-	18 046	-	16 837
Financial securities	4 433	-	11 598	-	20 119	-
<b>Total</b>	<b>4 433</b>	<b>17 105</b>	<b>11 598</b>	<b>18 046</b>	<b>20 119</b>	<b>16 837</b>

Level 3 reconciliation: Private equity and real estate fund investments

1-9/2023	
Opening balance on 1 Jan. 2023	16 837
Calls	1 522
Returns	-1 188
Value change and loss through profit or loss	-65
<b>Closing balance on 30 Sep. 2023</b>	<b>17 105</b>

1-9/2022	
Opening balance on 1 Jan. 2022	18 817
Calls	1 680
Returns	-2 673
Value change and loss through profit or loss	222
<b>Closing balance on 30 Sep. 2022</b>	<b>18 046</b>



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 Sep. 2023	31 Dec. 2022
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XIV North	308	145
eQ VC	149	76
eQ PE XIII US	373	215
eQ PE XII North	663	520
eQ PE XI US	837	638
eQ PE X North	786	613
eQ PE IX US	1 231	1 091
eQ PE VIII North	1 702	1 956
eQ PE VII US	2 947	3 022
eQ PE VI North	1 409	1 693
Amanda V East	2 047	2 209
Amanda IV West	31	153
Amanda III Eastern PE	245	378
Total	12 727	12 710
Real estate funds:		
eQ Residential II	419	181
eQ Residential	803	527
Funds managed by others:		
Large buyout funds	1 162	1 302
Midmarket funds	98	261
Venture funds	1 896	1 857
<b>Total</b>	<b>17 105</b>	<b>16 837</b>



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

Investment commitment	30 Sep. 2023	31 Dec. 2022
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XV US	945	-
eQ PE XIV North	700	850
eQ VC	756	844
eQ PE XIII US	567	703
eQ PE XII North	335	485
eQ PE XI US	160	298
eQ PE X North	209	259
eQ PE IX US	131	111
eQ PE VIII North	301	301
eQ PE VII US	167	109
eQ PE VI North	371	369
Amanda V East	663	663
Amanda IV West	427	427
Amanda III Eastern PE	273	273
Total	6 004	5 692
Real estate funds:		
eQ Residential II	450	800
eQ Residential	250	550
Funds managed by others:		
Large buyout funds	133	133
Midmarket funds	302	302
Venture funds	0	0
<b>Total</b>	<b>7 138</b>	<b>7 477</b>



## SEGMENT INFORMATION, EUR 1 000

1-9/2023	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	50 655	1 236	-	-		51 890
From other segments	113	-	-	-	-113	-
Interest income	-	-	-	183		183
Net income from financial assets	-	-	512	258		770
Other operating income	-	-	-	-		-
From other segments	-	-	-	58	-58	-
Operating income, total	50 767	1 236	512	499	-170	52 844
Fee and commission expenses	-409	-	-	-		-409
To other segments	-	-	-113	-	113	-
Interest expenses	-99	-19	-	-11		-128
NET REVENUE	50 260	1 217	400	488	-58	52 307
Administrative expenses						
Personnel expenses	-15 429	-1 617	-	-1 235		-18 281
Other administrative expenses	-1 347	-253	-	-240	58	-1 782
Depreciation on material and immaterial assets	-776	-131	-	-48		-955
Other operating expenses	-996	-102	-	-228		-1 327
OPERATING PROFIT (LOSS)	31 711	-887	400	-1 262	0	29 961
Income tax				-6 206		-6 206
PROFIT (LOSS) FOR THE PERIOD				-7 468		23 756

1-9/2022	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	58 899	4 347	-	-		63 246
From other segments	113	-	-	-	-113	-
Interest income	-	-	-	0		0
Net income from financial assets	-	-	1 504	-127		1 377
Other operating income	-	-	-	-		-
From other segments	-	-	-	58	-58	-
Operating income, total	59 011	4 347	1 504	-69	-170	64 624
Fee and commission expenses	-413	-	-	-		-413
To other segments	-	-	-113	-	113	-
Interest expenses	-23	-6	-	-10		-39
NET REVENUE	58 575	4 341	1 391	-79	-58	64 171
Administrative expenses						
Personnel expenses	-17 354	-2 282	-	-1 257		-20 893
Other administrative expenses	-1 282	-299	-	-245	58	-1 768
Depreciation on material and immaterial assets	-633	-132	-	-65		-830
Other operating expenses	-881	-106	-	-236		-1 223
OPERATING PROFIT (LOSS)	38 425	1 522	1 391	-1 882	0	39 457
Income tax				-8 082		-8 082
PROFIT (LOSS) FOR THE PERIOD				-9 964		31 375



7-9/23	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	16 031	342	-	-		16 374
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	58		58
Net income from financial assets	-	-	295	39		334
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	16 069	342	295	116	-57	16 766
Fee and commission expenses	-141	-	-	-		-141
To other segments	-	-	-38	-	38	-
Interest expenses	-40	-8		-4		-51
NET REVENUE	15 888	335	258	112	-19	16 574
Administrative expenses						
Personnel expenses	-4 423	-413	-	-348		-5 184
Other administrative expenses	-430	-59	-	-53	19	-522
Depreciation on material and immaterial assets	-258	-44	-	-16		-318
Other operating expenses	-290	-32	-	-66		-389
OPERATING PROFIT (LOSS)	10 487	-212	258	-371	0	10 161
Income tax				-2 101		-2 101
PROFIT (LOSS) FOR THE PERIOD				-2 472		8 060
7-9/22	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	18 565	1 435	-	-		20 000
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-			0
Net income from financial assets	-	-	277	-2		276
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	18 603	1 435	277	18	-57	20 276
Fee and commission expenses	-132	-	-	-		-132
To other segments	-	-	-38	-	38	-
Interest expenses	-9	-2		-2		-13
NET REVENUE	18 462	1 433	240	16	-19	20 131
Administrative expenses						
Personnel expenses	-5 364	-683	-	-362		-6 409
Other administrative expenses	-442	-138	-	-76	19	-637
Depreciation on material and immaterial assets	-247	-43	-	-19		-309
Other operating expenses	-277	-36	-	-74		-387
OPERATING PROFIT (LOSS)	12 132	533	240	-515	0	12 389
Income tax				-2 547		-2 547
PROFIT (LOSS) FOR THE PERIOD				-3 062		9 842



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

	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22
<b>Asset Management</b>					
Net revenue	15 888	17 317	17 054	13 275	18 462
Operating profit	10 487	10 478	10 746	7 464	12 132
<b>Corporate Finance</b>					
Net revenue	335	430	452	1 034	1 433
Operating profit	-212	-296	-379	213	533
<b>Investments</b>					
Net revenue	258	229	-87	-725	240
Operating profit	258	229	-87	-725	240
<b>Other segments and eliminations</b>					
Net revenue	93	40	297	27	-3
Operating profit	-371	-574	-317	-674	-515
<b>Group total</b>					
Net revenue	16 574	18 016	17 716	13 610	20 131
Operating profit	10 161	9 837	9 963	6 278	12 389
Profit for the period	8 060	7 798	7 897	4 948	9 842



## CAPITAL ADEQUACY, EUR 1 000

	IFR 30 Sep. 2023 eQ Group	IFR 31 Dec. 2022 eQ Group
Equity	67 305	81 779
Common equity tier 1 (CET 1) before deductions	67 305	81 779
Deductions from CET 1		
Intangible assets	-29 287	-29 400
Unconfirmed profit for the period	-23 756	-36 322
Dividend proposal by the Board*	0	-4 107
Common equity tier 1 (CET 1)	14 262	11 949
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	14 262	11 949
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	14 262	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	376	393
Absolute minimum requirement	150	150
Risk-weighted items total – Total risk exposure	61 651	61 651
Common equity tier (CET1) / own funds requirement, %	289.2%	242.3%
Tier 1 (T1) / own funds requirement, %	289.2%	242.3%
Total capital (TC) / own funds requirement, %	289.2%	242.3%
Common equity tier 1 (CET1) / risk weights, %	23.1%	19.4%
Tier 1 (T1) / risk weights, %	23.1%	19.4%
Total capital (TC) / risk weights, %	23.1%	19.4%
Excess of total capital compared with the minimum level	9 330	7 017
Total capital compared with the target level (incl. a 25% risk buffer for the requirement)	8 097	5 784

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



## GROUP KEY RATIOS

	30 Sep. 2023	30 Sep. 2022	31 Dec. 2022
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	23 756	31 375	36 322
Earnings per average share, EUR	0.59	0.79	0.91
Diluted earnings per average share, EUR	0.56	0.75	0.87
Equity per share, EUR	1.65	1.89	2.02
Equity per average share, EUR *)	1.66	1.91	2.04
Return on investment, ROI % p.a.	39.8	51.2	43.2
Return on equity, ROE % p.a.	42.5	53.5	44.9
Equity to assets ratio, %	74.5	73.0	73.8
Cost/income ratio, Group, %	42.6	38.4	41.1
Share price at the end of the period, EUR	17.50	23.00	25.45
Market value, EUR million	712.9	929.9	1 028.9
Personnel calculated as full-time resources at the end of the period	101	98	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 September 2023, eQ's remaining investment commitments in private equity funds totalled EUR 7.1 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).