

2022

FINANCIAL STATEMENTS RELEASE





7 February 2023 at 8:00 AM

eQ Plc's financial statements release 2022 – eQ's result for the financial period was good

January to December 2022 in brief

- The Group's net revenue during the period was EUR 77.8 million (EUR 78.9 million from 1 Jan. to 31 Dec. 2021).
 - The Group's net fee and commission income was EUR 77.1 million (EUR 71.6 million).
- The Group's operating profit fell by 4 per cent to EUR 45.7 million (EUR 47.7 million).
- The Group's profit was EUR 36.3 million (EUR 38.1 million).
- The consolidated earnings per share were EUR 0.91 (EUR 0.97).
- The net revenue of the Asset Management segment increased by 11 per cent to EUR 71.8 million (EUR 64.9 million) and the operating profit by 14 per cent to EUR 45.9 million (EUR 40.3 million).
- The net revenue of the Corporate Finance segment was EUR 5.4 million (EUR 6.9 million) and the operating profit was EUR 1.7 million (EUR 2.7 million).
- The net revenue of the Investments segment was EUR 0.7 million (EUR 7.1 million) and the effect of the result decrease to the Earnings per share was EUR -0.13.
- The net cash flow from the Group's own private equity and real estate fund investment operations was EUR 2.8 million (EUR 4.1 million).
- Dividend proposal EUR 0.91 (EUR 0.97) and proposal for equity repayment EUR 0.09 (EUR 0.03) per share.

October to December 2022 in brief

- In the last quarter, the Group's net revenue totalled EUR 13.6 million (EUR 21.1 million from 1 Oct. to 31 Dec. 2021).
 - The Group's net fee and commission income was EUR 14.3 million (EUR 19.5 million).
- The Group's operating profit fell by 50 per cent to EUR 6.3 million (EUR 12.7 million).
- In the last quarter, the result of the Asset Management segment was affected by reversal of the accrued performance based fee of the real estate funds, EUR -3.9 million.
- The Group's profit was EUR 4.9 million (EUR 10.1 million).
- The consolidated earnings per share were EUR 0.12 (EUR 0.26).



Key ratios	1-12/22	1-12/21	Change	10-12/22	10-12/21	Change
Net revenue, Group, MEUR	77.8	78.9	-1%	13.6	21.1	-36%
Net revenue, Asset Management, MEUR	71.8	64.9	11%	13.3	16.3	-19%
Net revenue, Corporate Finance, EUR	5.4	6.9	-22%	1.0	3.2	-67%
Net revenue, Investments, MEUR	0.7	7.1	-91%	-0.7	1.6	-145%
Net revenue, Group administration and eliminations, MEUR	-0.1	0.0		0.0	0.0	
Operating profit, Group, MEUR	45.7	47.7	-4%	6.3	12.7	-50%
Operating profit, Asset Management, MEUR	45.9	40.3	14%	7.5	10.1	-26%
Operating profit, Corporate Finance, MEUR	1.7	2.7	-37%	0.2	1.6	-87%
Operating profit, Investments, MEUR	0.7	7.1	-91%	-0.7	1.6	-145%
Operating profit, Group administration, MEUR	-2.6	-2.5		-0.7	-0.7	
Profit for the period, MEUR	36.3	38.1	-5%	4.9	10.1	-51%
Earnings per share, EUR	0.91	0.97	-6%	0.12	0.26	-52%
Proposal for dividend and equity repayment per share, EUR	1.00	1.00	0%			
Equity per share, EUR	2.02	2.02	0%	2.02	2.02	0%
Cost/income ratio, Group, %	41.1	39.5	4%	53.7	40.0	34%
Liquid assets, MEUR	43.8	56.0	-22%	43.8	56.0	-22%
Private equity and real estate fund investments, MEUR	16.8	18.8	-11%	16.8	18.8	-11%
Interest-bearing loans, MEUR	0.0	0.0	0%	0.0	0.0	0%
Assets under management excluding reporting services, EUR billion	9.7	9.2	5%	9.7	9.2	5%
Assets under management, EUR billion	12.6	11.6	8%	12.6	11.6	8%

Mikko Koskimies, CEO

The year 2022 started off with strong economic growth and accelerating inflation. The central banks in the US and the eurozone were increasingly concerned about the pace of inflation and anticipated interest rate increases from the zero level, which has prevailed for a long time. Russia's war against Ukraine, which began in February, created a new supply chock after COVID-19 and increased the prices of above all energy and food. The labour market remained strong in both the US and Europe, and the rise of service prices accelerated as well. The US Consumer Price Index increased by 8.0 per cent in 2022 and the Eurozone Consumer Price Index by 8.4 per cent. In 2022, the Fed raised its key interest rate no less than seven times, from 0.25 to 4.5 per cent, and the European Central Bank four times from 0 to 2.5 per cent.

Gross Domestic Product grew by a little over 3 per cent in the eurozone and by approximately 2 per cent in the US during the year. The growth in Europe was largely driven by the revival of tourism and other service sectors after the pandemic. China kept its strict COVID-19 restrictions in force the whole year, which hampered the country's growth. China's estimated GDP growth in 2022 is about 3 per cent. Unlike in the West, inflation remained moderate, and there was no need to raise interest rates. Towards the end of the year, China decided to start easing COVID-19 restrictions.

The rapid and drastic increase in central bank rates from around zero also lead to a steep rise of long-term interest rates. This meant exceptionally negative returns for those who had invested in fixed income funds. The return of euro government bonds for the entire year was -18.2 per cent, i.e. record weak. The return of the Investment Grade Index was -14.0 per cent and that of the High Yield Index -11.7 per cent.

Like the fixed-income market, the equity market reacted strongly to the war and, above all, the increase in interest rates. Both markets experienced major fluctuations during the year, when fears for inflation, increasing interest rates and slowing economic growth alternately increased and receded. As for the whole year, the US Stock Exchange return in dollars was -18.5 per cent and in euros -13.2 per cent. The dollar



grew stronger during the year but deteriorated clearly in the last quarter of 2022. The return of the MSCI Europe equity index was -9.5 per cent, the return of the Finnish stock exchange was -12.7 per cent and that of the emerging markets equity index -14.9 per cent.

eQ's result for the financial year was good

eQ's result for the financial year was good despite the challenging operating environment. The net revenue of the Group during the period under review was EUR 77.8 million and the operating profit was EUR 45.7 million. The operating profit fell by 4 per cent from the previous year. The growth of eQ Asset Management continued. The result of the Investments segment fell considerably from the exceptionally strong previous year.

eQ Asset Management's growth continued

The result of eQ Asset Management continued to grow despite the weak operating environment. During the period under review, the net revenue of the Asset Management segment increased by 11 per cent to EUR 71.8 million. Operating profit grew by 14 per cent to EUR 45.9 million. The strongest growth was experienced in the management fees of real estate asset management and private equity asset management and the performance fees of private equity asset management. The assets managed by eQ Asset Management grew by 8 per cent to EUR 12.6 billion during the period under review.

As for traditional investments, the returns of client portfolios were negative in 2022 in line with the market. Of the funds that eQ manages itself, 23 per cent surpassed their benchmark indices, and during a three-year period the corresponding figure was 77 per cent. In discretionary asset management portfolios, the returns in 2022 were also negative along with the market. The returns of real estate and private equity operations were, on the other hand, excellent in 2022, supporting very well the overall returns of most of our clients for the year.

As for sales, the year was excellent, above all for real estate and private equity asset management. Net subscriptions in the eQ Community Properties and Commercial Properties funds were EUR 165 million, and the eQ Residential II Fund grew to EUR 53 million. In 2022, assets were raised to the eQ PE XIV North and eQ PE SF IV funds, which make investments in Northern Europe. Their size totalled almost EUR 440 million in the final closings. In addition, the size of the eQ VC Fund, established at the end of October 2021, grew to EUR 77 million in the final closing. The eQ VC Fund invests in the best venture capital funds in the US.

Advium's fee income and profit fell

Advium's net revenue during the period under review was EUR 5.4 million (EUR 6.9 million). The operating profit was EUR 1.7 million (EUR 2.7 million).

In 2022, the value of corporate acquisitions fell world-wide from the record year 2021. Above all the last quarter showed signs of clear slowing-down. The number of corporate acquisitions decreased in Finland as well. There was also a slowdown in the real estate transaction market due to increasing interest rates and uncertain economic growth, for instance.

In 2022, Advium acted as advisor in five M&A transactions: Advisor to a consortium led by Bain in the public cash tender offer for Caverion, the divestment of Bluebird to The North Alliance, the acquisition of Raksystems by Trillimpact, the divestment of Akkurate to Sandvik, and the acquisition of FinnamyI by Chemigaten (Berner). Advium's market position and market share remained good.

Advium's real estate transaction activity increased in 2022. Advium acted as advisor in five published transactions. The most important of them were the establishment of a joint venture for the development of a real estate portfolio by Ilmarinen, YIT and HGR Property Partners, the divestment of Espoo Hospital and the fire station portfolio owned by the city of Espoo, and the divestment of Cromwell European REIT's office property in Helsinki to Julius Tallberg Real Estate Corporation.



The operating profit of Investments fell considerably

The operating profit of the Investments segment was EUR 0.7 million (EUR 7.1 million) and the net cash flow was EUR 2.8 million (EUR 4.1 million). The operating profit fell by 91 per cent from the exceptionally strong comparison period. The balance sheet value of the private equity and real estate fund investments was EUR 16.8 million at the end of the period. eQ Plc made an investment commitment of EUR 1 million to eQ PE XIV North and eQ Residential II funds. The value changes in the Amanda III and Amanda V private equity funds, which invest in Eastern Europe, had a negative impact on the value changes of investments during the period under review due to the war in Ukraine.

Outlook

As for sales, the year 2022 was very good for eQ Asset Management. In January 2023, the eQ PE XV US private equity fund raised a record amount of assets in the first closing of the fund, i.e. almost USD 180 million, which is 35 per cent more than our previous fund investing in the US in its first closing. This strengthens our view that the demand for alternative investment products continues to be strong among investors and the increase in fixed management fees will continue. The returns of real estate funds are linked to the development of the yields and their possible performance fees for 2023 involve uncertainty. 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 to be at the same level as last year or to grow in 2023. In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent on factors that are not dependent on the company. Therefore, their operating profits may vary considerably and are difficult to foresee.

eQ's financial statements release 1 Jan. to 31 Dec. 2022 is enclosed to this release and it is also available on the company website at www.eQ.fi.

eQ Plc

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eQ Group is a group of companies that concentrates on asset management and corporate finance business. eQ Asset Management offers a wide range of asset management services (including private equity funds and real estate asset management) for institutions and private individuals. The assets managed by the Group total approximately EUR 12.6 billion. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets. More information about the Group is available on our website www.eQ.fi.



eQ PLC'S FINANCIAL STATEMENTS RELEASE 1 JAN. TO 31 DEC. 2022

Result of operations and financial position 1 Jan. to 31 Dec. 2022

- The Group's net revenue during the period was EUR 77.8 million (EUR 78.9 million from 1 Jan. to 31 Dec. 2021).
 - The Group's net fee and commission income was EUR 77.1 million (EUR 71.6 million).
- The Group's operating profit fell by 4 per cent to EUR 45.7 million (EUR 47.7 million).
- The Group's profit was EUR 36.3 million (EUR 38.1 million).
- The consolidated earnings per share were EUR 0.91 (EUR 0.97).
- The net revenue of the Asset Management segment increased by 11 per cent to EUR 71.8 million (EUR 64.9 million) and the operating profit by 14 per cent to EUR 45.9 million (EUR 40.3 million).
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- Dividend proposal EUR 0.91 (EUR 0.97) and proposal for equity repayment EUR 0.09 (EUR 0.03) per share.

Result of operations and financial position 1 Oct. to 31 Dec. 2022

- In the last quarter, the Group's net revenue totalled EUR 13.6 million (EUR 21.1 million from 1 Oct. to 31 Dec. 2021).
 - The Group's net fee and commission income was EUR 14.3 million (EUR 19.5 million).
- The Group's operating profit fell by 50 per cent to EUR 6.3 million (EUR 12.7 million).
- In the last quarter, the result of the Asset Management segment was affected by reversal of the accrued performance based fee of the real estate funds, EUR -3.9 million.
- The Group's profit was EUR 4.9 million (EUR 10.1 million).
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Operating environment

The year 2022 started off with strong economic growth and accelerating inflation. The central banks in the US and the eurozone are increasingly concerned about the pace of inflation and anticipated interest rate increases from the zero level, which has prevailed for a long time. Russia's war of aggression against Ukraine, which began in February, created a new supply chock after COVID-19 and increased the prices of above all energy and food. The labour market remained strong in both the US and Europe, and the rise of service prices accelerated as well. The US Consumer Price Index increased by 8.0 per cent in 2022 and the Eurozone Consumer Price Index by 8.4 per cent. In 2022, the Fed raised its key interest rate no less than seven times, from 0.25 to 4.5 per cent, and the European Central Bank four times from 0 to 2.5 per cent.

Gross Domestic Product grew by a little over 3 per cent in the eurozone and by approximately 2 per cent in the US during the year. The growth in Europe was largely driven by the revival of tourism and other service sectors after the pandemic. China kept its strict COVID-19 restrictions in force the whole year, which hampered the country's growth. China's estimated GDP growth in 2022 is about 3 per cent. Unlike in the West, inflation remained moderate, and there was no need to raise interest rates. Towards the end of the year, China decided to start easing COVID-19 restrictions.

The rapid and drastic increase in central bank rates from around zero also lead to a steep rise of long-term interest rates. This meant exceptionally negative returns for those who had invested in fixed income funds. The return of euro government bonds for the entire year was -18.2 per cent, i.e. record weak. The return of



the Investment Grade Index was -14.0 per cent and that of the High Yield Index -11.7 per cent. The fall in emerging market corporate loans as -16.5 per cent as euro hedged.

Like the fixed-income market, the equity market reacted strongly to the war and, above all, the increase in interest rates. Both markets experienced major fluctuations during the year, when fears for inflation, increasing interest rates and slowing economic growth alternately increased and receded. As for the whole year, the US Stock Exchange return in dollars was -18.5 per cent and in euros -13.2 per cent. The dollar grew clearly stronger during the year but deteriorated clearly in the last quarter of 2022. The return of the MSCI Europe equity index was -9.5 per cent, the return of the Finnish stock exchange was -12.7 per cent and that of the emerging markets equity index -14.9 per cent.

Major events during the financial period

On 3 February 2022, eQ Plc's Board decided on a new option scheme to the key personnel of eQ Group. The number of option rights in the 2022 option scheme is 990,000. Based on the option scheme 2022, the Board of Directors of eQ Plc decided to issue 880,000 option rights to key persons employed by the eQ Group nominated by the Board during the period under review and 60,000 option rights after the end of the period. The option scheme 2022 covers more than one fourth of eQ Group's personnel.

eQ Plc's Annual General Meeting was held on 23 March 2022. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra, Janne Larma and Tomas von Rettig were re-elected to the Board. 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 180,000 shares on 17 May 2022 and by 617,500 shares on 16 June 2022. After the changes, the number of eQ shares is 40,429,698.

Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 77.8 million (EUR 78.9 million from 1 Jan. to 31 Dec. 2021). The Group's net fee and commission income was EUR 77.1 million (EUR 71.6 million). The Group's net investment income from own investment operations was EUR 0.7 million (EUR 7.3 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 32.0 million (EUR 31.2 million). Personnel expenses were EUR 26.7 million (EUR 26.7 million), other administrative expenses EUR 2.5 million (EUR 2.1 million) and the other operating expenses were EUR 1.7 million (EUR 1.3 million). Depreciation was EUR 1.2 million (EUR 1.0 million).

The Group's operating profit was EUR 45.7 million (EUR 47.7 million) and the profit for the period was EUR 36.3 million (EUR 38.1 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.



As a result of the increase in interest rates and widening of credit risk margins, the returns of eQ's fixed income funds were negative in 2022. The best returns came from the eQ Short-Term Euro and eQ Euro Floating Rate funds. The best returns as compared with benchmark indices came from the eQ Emerging Markets Corporate Bond and eQ Euro Government Bond funds. The returns of our equity funds were also negative. The best returns came from the eQ Frontier Markets and eQ Europe Dividend funds. As compared with the benchmark index, eQ Frontier Markets gave the best return.

Of the funds managed by eQ, 23 surpassed their benchmark indices during the year, and in the past three years, 77 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 -9.1 and -16.6 per cent during the period, based on the allocation of the investment portfolio. The return of portfolios that are only invest in Finnish shares was -14,4 per cent. eQ Europe Dividend Fund was awarded as the Best Nordic European Dividend Fund by Lipper Fund Awards for the second time in a row. The award is based on the fund's 3 and 5-year risk-adjusted return. In addition, the clients assessed the overall quality of eQ Asset Management as the best in Finland in 2022 in Kantar Prospera's "External Asset Management Finland" study. According to the annual highly esteemed study of SFR, which is conducted among Finnish corporate customers, eQ Asset Management was the second largest institutional asset manager. It was ranked as number one in quality and received the Platinum Award. 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 XIV North private equity fund was held at the end of January 2022 at EUR 196 million. In the final closing of the fund towards the end of 2022, the size of the fund grew to EUR 288 million. The eQ PE XIV North Fund makes investments in private equity funds that invest in unlisted, small and mid-sized growth companies in Northern Europe. eQ also established its fourth secondary market fund eQ PE SF IV, and its first closing was held at EUR 85 million. In the final closing, the size of the fund grew to EUR 151 million. The secondary market investments of the eQ PE XIV North Fund are carried out through the eQ PE SF IV Fund. The investment focus of the eQ PE SF IV Fund is, both geographically and as for the size of companies, the same as that of the eQ PE XIV North Fund. Towards the end of the year, we also held the final closing of the eQ VC Fund, the size of the fund grew to USD 77 million. The eQ VC Fund invests in the best venture capital funds in the US.

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 financial period, the assets in private equity funds managed by eQ totalled EUR 2,726 million (EUR 2,203 million) and the assets managed under private equity asset management programmes were EUR 1,009 million (EUR 1,001 million).

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

Real estate investments

The net subscriptions in the eQ Finnish Commercial Properties Fund were EUR 34 million in 2022. At the end of the period, the size of the fund was EUR 799 million, and its real estate property exceeded EUR 1.3 billion. The return of the fund in 2022 was 7.6 per cent and since establishment 8.4 per cent p.a. The fund has approximately 2,200 unit holders.

In 2022, new net subscriptions for EUR 131 million were made in the eQ Community Properties Fund. At the end of the period under review, the size of the fund was EUR 1,616 million and its real estate property exceeded EUR 2.2 billion. The return of the fund in 2022 was 8.2 per cent and since establishment 8.9 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 investment operations have proceeded excellently, and the fund invests more than



EUR 300 million in residential real estate. eQ Residential makes investments in the Helsinki metropolitan area, Tampere and Turku. The fund targets complete residential buildings and aims to manage approximately 1,500 rental units in total. In practice, the entire investment capacity of the fund was used by the end of 2021, and therefore we decided to establish a new eQ Residential II Fund. The first closing of the new fund was held at EUR 27 million in January, and the size of the fund has grown to EUR 53 million during the year 2022. 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 more than EUR 3.6 billion at the end of the year, 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 have 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 12,564 million at the end of the period. Growth during the period was EUR 980 million (EUR 11,584 million on 31 Dec. 2021). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 4,101 million (EUR 4,264 million), and the assets decreased by EUR 163 million during the period under review. The assets managed by the real estate funds totalled EUR 2,697 million (EUR 2,283 million). The assets managed by the private equity funds and asset management programmes totalled EUR 3,734 million (EUR 3,203 million).

Assets under management, MEUR	12/22	12/21	Change
eQ mutual funds	4,101	4,264	-4%
of which eQ equity, fixed income and balanced funds	1,687	2,082	-19%
of which eQ real estate funds	2,415	2,182	11%
Closed-end real estate funds*	282	100	181%
Funds of partners and other asset management	1,561	1,619	-4%
eQ private equity funds	2,726	2,203	24%
Private equity asset management programmes	1,009	1,001	1%
Total excl. reporting services	9,678	9,187	5%
Private equity reporting services	2,885	2,397	20%
Total	12,564	11,584	8%

*As for eQ Residential funds, which are included in closed-end real estate funds, the total amount of uncalled commitments and gross asset value (GAV) is reported as assets under management from 12/2022.

Result of the Asset Management segment

During the financial period, the net revenue of the Asset Management segment increased by 11 per cent and the operating profit by 14 per cent to EUR 45.9 million (EUR 40.3 million from 1 Jan. to 31 Dec. 2021). Performance fees fell slightly to EUR 10.8 million. Performance fees typically fluctuate strongly per quarter and financial period. Performance fees include EUR 5.8 million of the accrued catch up share of private equity funds' performance fee. In the last quarter, the result of the Asset Management segment was affected by reversal of the accrued performance based fee of the real estate funds, EUR -3.9 million.

The cost/income ratio was 36.0 per cent (37.7 per cent). Calculated as full-time resources, the Asset Management segment had 76 employees at the end of the financial period.

Asset Management	1-12/22	1-12/21	Change	10-12/22	10-12/21	Change
Net revenue, MEUR	71.8	64.9	11%	13.3	16.3	-19%
Operating profit, MEUR	45.9	40.3	14%	7.5	10.1	-26%
Cost/income ratio, %	36.0	37.7	-5%	43.6	38.2	14%
Personnel as full-time resources	76	76	0%	76	76	0%



Fee and commission income, Asset Management, MEUR	1-12/22	1-12/21	Change	10-12/22	10-12/21	Change
Management fees						
Traditional asset management	9.4	10.6	-11%	2.1	2.7	-21%
Real estate asset management	35.1	29.1	21%	9.4	7.8	19%
Private equity asset management	16.9	13.9	22%	4.3	3.6	21%
Management fees, total	61.5	53.6	15%	15.8	14.1	12%
Performance fees, total						
Traditional asset management	0.0	2.9	-100%	0.0	0.0	-60%
Real estate asset management	4.3	5.4	-19%	-3.9	2.1	-290%
Private equity asset management	6.5	3.1	108%	1.5	0.2	600%
Performance fees, total	10.8	11.4	-5%	-2.5	2.3	-208%
Other fee and commission income	0.1	0.5	-68%	0.0	0.1	-44%
Fee and commission income, total	72.4	65.4	11%	13.4	16.5	-19%

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.

In 2022, the value of corporate acquisitions fell world-wide from the record year 2021. Above all the last quarter showed signs of clear slowing-down. Increasing interest rates, structural and high inflation, strong movements by central banks, the long-lasting stock market correction and geopolitical uncertainties all contributed to the fall in the total value of transactions. The volume of corporate acquisitions fell slightly in Finland as well.

In 2022, Advium acted as advisor in five M&A transactions: advisor to a consortium led by Bain in the public cash tender offer for Caverion, the divestment of Bluebird to The North Alliance, the acquisition of Raksystems to Trillimpact, the divestment of Akkurate to Sandvik, and the acquisition of Finnamyli by Chemigaten (Berner). Advium's market position and market share remained strong.

In 2022, the real estate transaction volume of Advium increased on the previous year, even though the Finnish real estate investment market developed negatively on the whole due to increasing interest rates and uncertain economic growth, for instance. In 2022, Advium acted as advisor in five published transactions. The most important of them were the establishment of a joint venture for the development of a real estate portfolio by Ilmarinen, YIT and HGR Property Partners, the divestment of Espoo Hospital and the fire station portfolio owned by the city of Espoo, and the divestment of Cromwell European REIT's office property in Helsinki to Julius Tallberg Real Estate Corporation.

Result of the Corporate Finance segment

During the financial period, Advium's net revenue totalled EUR 5.4 million (EUR 6.9 million from 1 Jan. to 31 Dec. 2021). Operating profit was EUR 1.7 million (EUR 2.7 million). The segment had 13 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	1-12/22	1-12/21	Change	10-12/22	10-12/21	Change
Net revenue, MEUR	5.4	6.9	-22%	1.0	3.2	-67%
Operating profit, MEUR	1.7	2.7	-37%	0.2	1.6	-87%
Cost/income ratio, %	67.7	60.0	13%	79.4	48.9	62%
Personnel as full-time resources	13	15	-13%	13	15	-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 0.7 million (EUR 7.1 million from 1 Jan to 31 Dec. 2021). At the end of the period, the fair value of the investments was EUR 16.8 million (EUR 18.8 million on 31 Dec. 2021) and the amount of the remaining investment commitments was EUR 7.5 million (EUR 7.2 million). During the period under review, eQ Plc made a EUR 1.0 million investment commitment in the eQ PE XIV North private equity fund and a EUR 1.0 million commitment in the eQ Residential II Fund.

During the period, the investment objects returned capital for EUR 2.9 million (EUR 3.5 million from 1 Jan. to 31 Dec. 2021) and distributed a profit of EUR 2.0 million (EUR 3.2 million). Capital calls totalled EUR 2.1 million (EUR 2.6 million). The net cash flow from investments during the period was EUR 2.8 million (EUR 4.1 million). The value changes of investments recognised through profit or loss were EUR -1.2 million during the period (EUR 4.1 million). The write-downs made in the Amanda III and Amanda V private equity funds, which invest in Eastern Europe, had a negative impact on the value changes of investments during the period under review due to the war in Ukraine.

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

Investments	1-12/22	1-12/21	Change	10-12/22	10-12/21	Change
Operating profit, MEUR	0.7	7.1	-91%	-0.7	1.6	-145%
Fair value of investments, MEUR	16.8	18.8	-11%	16.8	18.8	-11%
Investment commitments, MEUR	7.5	7.2	3%	7.5	7.2	3%
Net cash flow of investments, MEUR	2.8	4.1	-32%	0.5	0.4	33%

Balance sheet and capital adequacy

At the end of the period, the consolidated balance sheet total was EUR 110.9 million (EUR 110.8 million on 31 Dec. 2021) and the shareholders' equity was EUR 81.8 million (EUR 80.0 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 36.3 million, the dividend distribution of EUR -38.4 million, the repayment of equity of EUR -1.2 million from the reserve for invested unrestricted equity, the subscription for new shares with option rights of EUR 4,0 million and the accrued expense of EUR 1.1 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 23.7 million (EUR 35.1 million) and liquid investments in mutual funds EUR 20.1 million (EUR 20.9 million).

The lease liability related to premises and entered in the balance sheet was EUR 5.6 million (EUR 1.2 million) at the end of the period, the share of short-term liabilities being EUR 0.8 million (EUR 0.9 million). The amount of lease liabilities increased resulting from a follow-up and expansion agreement on the leased premises.

Short-term interest-free debt was EUR 23.5 million (EUR 29.7 million). The Group had no interest-bearing loans at the end of the period (EUR - million). eQ's equity to assets ratio was 73.8 per cent (72.1 per cent).

The ratio between total capital and the capital requirement according to eQ Group's capital adequacy calculations was 242.3 per cent (229.4 per cent on 31 Dec. 2021). 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 11.9 million (EUR 10.8 million). Detailed information on the Group's capital adequacy can be found in the tables section.



Shares and share capital

At the end of the period on 31 December 2022, the number of eQ Plc's shares was 40,429,698 and the share capital was EUR 11,383,873.00.

During the financial period on 17 May 2022, the number of eQ Plc's shares increased by 180,000 new shares subscribed for with option rights 2018. The subscription price of the new shares totalled EUR 903,600.00. During the financial period on 16 June 2022, the number of eQ Plc's shares increased by 617,500 new shares subscribed for with option rights 2018. The subscription price of the new shares totalled EUR 3,099,850.00. The entire subscriptions were entered in the reserve for invested unrestricted equity.

The closing price of eQ Plc's share on 31 December 2022 was EUR 25.45 (EUR 25.75 on 31 Dec. 2021). The market capitalisation of the company was thus EUR 1,028.9 million (EUR 1,020.5 million) at the end of the period under review. During the period, 1,947,634 shares were traded on Nasdaq Helsinki (2,089,680 shares from 1 Jan. to 31 Dec. 2021). In euros, the turnover was EUR 45.9 million (EUR 48.9 million).

Own shares

On 31 Dec. 2022, eQ Plc held no own shares.

Shareholders

On 6 June 2022, eQ Plc published a flagging announcement in which Fennogens Investments S.A. announced that its holding in the company had fallen below the 20 per cent flagging threshold. The change in holding was due to the increase in the number of eQ Plc's shares.

Ten major shareholders on 31 Dec. 2022

	Shares	Share, %
1 Fennogens Investments S.A.	7,962,605	.19.69
2 Anchor Oy Ab	6,206,706	15.35
3 Chilla Capital S.A.	6,165,904	15.25
4 Teamet Oy	4,225,000	10.45
5 Oy Cevante Ab	1,419,063	3.51
6 Fazer Jan Peter	1,314,185	3.25
7 Procurator-Holding Oy	793,892	1.96
8 Lavventura Oy	700,000	1.73
9 Ilmarinen Mutual Pension Insurance Company	697,500	1.73
10 Linnalex Ab	631,652	1.56
10 major shareholders, total	30,116,507	74.49
Nominee registered	462,391	1.14
Other shares	9,850,800	24.37
Total	40,429,698	100.00

On 31 Dec. 2022, eQ Plc had 8,277 shareholders (7,883 shareholders on 31 Dec. 2021).

Option schemes

At the end of the financial 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 797,500 had been exercised by the end of the period. The number of outstanding options was 977,500 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. The options have been listed on Nasdaq Helsinki.

Option scheme 2022

On 3 February 2022, the Board of Directors of eQ Plc decide on a new option scheme to key personnel of eQ Group based on the authorisation by the Annual General Meeting on 24 March 2021. The option scheme 2022 consists of 990,000 option rights and each option right entitles to the subscription of one new share in eQ Plc.

On 3 February 2022, the Board of Directors of eQ Plc decided to issue 880,000 option rights, based on the option scheme 2022, to key persons employed by eQ Group and nominated by the Board. On 24 October 2022, the Board also decided to issue 60,000 option rights on the basis of the option scheme 2022. The option scheme 2022 covers more than one fourth of eQ Group's personnel.

Due to termination of employment, 30,000 options were returned to eQ Plc during the financial period. The number of outstanding options was 910,000 at the end of the period.

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.

Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Monday 23 March 2022 in Helsinki, decided upon the following. In order to prevent the spread of the COVID-19 pandemic, the Annual General Meeting was held without shareholders' and their proxy representatives' presence at the venue of the meeting. Shareholders of the company and their proxy representatives were able to participate in the meeting and exercise shareholder rights through voting in advance as well as by making counterproposals and presenting questions in advance.

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 2021.

Decision in respect of the result shown on the balance sheet and the distribution of assets from the

The AGM confirmed the proposal by the Board of Directors that a dividend of EUR 0.97 per share and a repayment of equity of EUR 0.03 from the reserve for invested unrestricted equity be paid out. The dividend and equity repayment were paid to shareholders who, on the record date for the dividend payment, i.e. 25 March 2022, were recorded in the shareholder register of eQ Plc held by Euroclear Finland Ltd. The payment date of the dividend and equity repayment was 1 April 2022.



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

According to the decision of the AGM, six members shall be elected to eQ Plc's Board of Directors. Nicholas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra, 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. The AGM decided that the directors would receive remuneration as follows: Chair of the Board will receive EUR 5,000, Deputy Chair EUR 4,000 and the other directors EUR 3,000 per month. The Directors will also be paid EUR 500 for each Board meeting that they attend. Travel and lodging costs will be compensated in accordance with the company's expense policy. At its constituent meeting 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 8.83 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.

Personnel and organisation

The Group had 94 employees at the end of the period (96 employees on 31 Dec. 2021), calculated as full-time resources. Calculated as full-time resources, the Asset Management segment had 76 (76) employees and the Corporate Finance segment 13 (15) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 26.7 million (EUR 26.7 million from 1 Jan. to 31 Dec. 2021).



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, which 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.

Proposal for the distribution of profit

The distributable means of the parent company on 31 December 2022 totalled EUR 65,947,885.52. The sum consisted of retained earnings of EUR 40,741,192.96 and distributable means in the reserve of invested unrestricted equity of EUR 25,206,692.56.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.91 per share be paid out. The proposal corresponds to a dividend totalling EUR 36,791,025.18 calculated with the number of shares at the close of the financial year. Additionally, the Board proposes to the AGM that an equity repayment of EUR 0.09 per share be paid out from the reserve of invested unrestricted equity. The proposal corresponds to an equity repayment of EUR 3,638,672,82 calculated with the number of shares at the close of the financial year. The dividend and equity repayment shall be paid to those who are registered as shareholders in eQ Plc's shareholder register maintained by Euroclear Finland Ltd on the record date 29 March 2023. The Board proposes 5 April 2023 as the payment date of the dividend and equity repayment.

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

Events after the financial period

eQ Plc's shareholders with more than 60 per cent of the company shares and votes have made a proposal to the Annual General Meeting to be held on 27 March 2023 regarding the number of directors, their remuneration and the principles for compensating expenses as well as the election of the directors. The shareholders propose that no changes will be made in the Board composition and, consequently, Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra, Janne Larma, and Tomas von Rettig are re-elected to the Board.

The first closing of the eQ PE XV US private equity fund was held towards the end of January 2023 at USD 177 million. eQ Plc made an investment commitment of EUR 1.0 million in the fund.



Outlook

As for sales, the year 2022 was very good for eQ Asset Management. In January 2023, the eQ PE XV US private equity fund raised a record amount of assets in the first closing of the fund, i.e. almost USD 180 million, which is 35 per cent more than our previous fund investing in the US in its first closing. This strengthens our view that the demand for alternative investment products continues to be strong among investors and the increase in fixed management fees will continue. The returns of real estate funds are linked to the development of the yields and their possible performance fees for 2023 involve uncertainty. 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 to be at the same level as last year or to grow in 2023. In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent on factors that are not dependent on the company. Therefore, their operating profits may vary considerably and are difficult to foresee.

eQ Plc
Board of Directors



TABLES

Principles for drawing up the report

The financial statements release has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU. At the beginning of the financial period, the company has adopted certain new or amended IFRS standards and IFRIC interpretations. However, the introduction of these new and amended standards has not had any essential impact on the reported figures. For other parts, the Group has applied the same accounting principles as in the financial statements 2021. The calculation principles and formulas of the key ratios remain unaltered, and they have been presented in the Annual Report 2021.

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

The financial statement figures presented in this release are based on the company's audited financial statements. The Auditors' Report has been issued on 6 February 2023.



CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-12/22	1-12/21	10-12/22	10-12/21
Fee and commission income	77 665	72 152	14 419	19 635
Interest income	8	7	8	0
Net income from financial assets	709	7 314	-668	1 635
Operating income, total	78 383	79 473	13 759	21 270
Fee and commission expenses	-536	-574	-123	-150
Interest expenses	-65	-19	-26	-5
NET REVENUE	77 781	78 880	13 610	21 115
Administrative expenses				
Personnel expenses	-26 724	-26 683	-5 830	-7 147
Other administrative expenses	-2 490	-2 141	-721	-693
Depreciation on tangible and intangible assets	-1 178	-1 050	-348	-253
Other operating expenses	-1 655	-1 346	-432	-361
OPERATING PROFIT (LOSS)	45 735	47 660	6 278	12 661
PROFIT BEFORE TAXES	45 735	47 660	6 278	12 661
Income tax	-9 412	-9 582	-1 330	-2 540
PROFIT (LOSS) FOR THE PERIOD	36 322	38 078	4 948	10 121

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-12/22	1-12/21	10-12/22	10-12/21
Other comprehensive income:	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	36 322	38 078	4 948	10 121
Profit for the period attributable to:				
Equity holders of the parent company	36 322	38 078	4 948	10 121
Non-controlling interests	-	-	-	-
Comprehensive income for the period attributable to:				
Equity holders of the parent company	36 322	38 078	4 948	10 121
Non-controlling interests	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:				
Earnings per average share, EUR	0.91	0.97	0.12	0.26
Diluted earnings per average share, EUR	0.87	0.93	0.12	0.25



CONSOLIDATED BALANCE SHEET, EUR 1 000

	31 Dec. 2022	31 Dec. 2021
ASSETS		
Liquid assets	21	71
Claims on credit institutions	23 667	35 069
Financial assets		
Financial securities	20 119	20 943
Private equity and real estate fund investments	16 837	18 817
Intangible assets		
Fair value and brands	29 212	29 212
Client agreements	108	208
Other intangible assets	79	131
Tangible assets		
Right-of-use assets	5 273	965
Tangible assets	514	301
Other assets	14 393	4 525
Accruals and prepaid expenditure	426	502
Income tax receivables	138	52
Deferred tax assets	70	44
TOTAL ASSETS	110 858	110 842
LIABILITIES AND EQUITY		
LIABILITIES		
Other liabilities	6 829	6 348
Accruals and deferred income	16 607	19 103
Lease liabilities	5 621	1 187
Income tax liabilities	22	4 249
TOTAL LIABILITIES	29 079	30 887
EQUITY		
Attributable to equity holders of the parent company:		
Share capital	11 384	11 384
Reserve for invested unrestricted equity	27 061	24 247
Retained earnings	7 011	6 247
Profit (loss) for the period	36 322	38 078
TOTAL EQUITY	81 779	79 955
TOTAL LIABILITIES AND EQUITY	110 858	110 842



CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-12/2022	1-12/2021
CASH FLOW FROM OPERATIONS		
Operating profit	45 735	47 660
Depreciation and write-downs	1 178	1 050
Interest income and expenses	57	13
Transactions with no related payment transactions	2 451	-3 894
Financial assets' cash flow – private equity and real estate fund investments	755	910
Change in working capital		
Business receivables, increase (-) / decrease (+)	-9 741	2 500
Interest-free debt, increase (+) / decrease (-)	-6 264	3 555
Total change in working capital	-16 005	6 055
Cash flow from operations before financial items and taxes	34 172	51 794
Interests received	8	7
Interests paid	-65	-19
Taxes	-9 553	-5 321
CASH FLOW FROM OPERATIONS	24 561	46 460
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-369	-70
Investments/redemptions in other investments – liquid mutual funds	727	-6 018
CASH FLOW FROM INVESTMENTS	359	-6 088
CASH FLOW FROM FINANCING		
Dividends paid/equity repayments	-39 632	-27 242
Subscription of new shares	4 003	1 392
Decrease in the lease liability capital	-744	-834
CASH FLOW FROM FINANCING	-36 372	-26 685
INCREASE/DECREASE IN LIQUID ASSETS	-11 452	13 688
Liquid assets on 1 Jan.	35 141	21 453
Liquid assets on 31 Dec.	23 688	35 141



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. 2021	11 384	25 190	30 972	67 545	67 545
Profit (loss) for the period			38 078	38 078	38 078
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			38 078	38 078	38 078
Dividend/equity repayment		-2 335	-24 907	-27 242	-27 242
Subscription of shares		1 392		1 392	1 392
Options granted, cost accrual			182	182	182
Shareholders' equity on 31 Dec. 2021	11 384	24 247	44 325	79 955	79 955
Shareholders' equity on 1 Jan. 2022	11 384	24 247	44 325	79 955	79 955
Profit (loss) for the period			36 322	36 322	36 322
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			36 322	36 322	36 322
Dividend/equity repayment		-1 189	-38 443	-39 632	-39 632
Subscription of shares		4 003		4 003	4 003
Options granted, cost accrual			1 130	1 130	1 130
Shareholders' equity on 31 Dec. 2022	11 384	27 061	43 334	81 779	81 779



FEE AND COMMISSION INCOME, GROUP, EUR 1 000

	1-12/22	1-12/21	10-12/22	10-12/21
Asset management fees				
Management fees				
Traditional asset management	9 401	10 591	2 126	2 706
Real estate asset management	35 147	29 112	9 366	7 849
Private equity asset management	16 782	13 722	4 309	3 553
Management fees, total	61 330	53 425	15 802	14 108
Performance fees				
Traditional asset management	3	2 922	3	8
Real estate asset management	4 344	5 385	-3 916	2 066
Private equity asset management	6 456	3 104	1 456	208
Performance fees, total	10 804	11 410	-2 457	2 281
Other fee and commission income	146	458	36	64
Asset management fees, total	72 280	65 293	13 381	16 453
Corporate finance fees	5 385	6 859	1 038	3 182
Fee and commission income, total	77 665	72 152	14 419	19 635

	1-12/22	1-12/21	10-12/22	10-12/21
Private equity asset management performance fees - specification				
Paid non-accrued fees	613	3 104	-5	208
Catch up share accrual	5 843	-	1 461	-
Total	6 456	3 104	1 456	208

NET INCOME FROM FINANCIAL ASSETS, GROUP, EUR 1 000

	1-12/22	1-12/21	10-12/22	10-12/21
Private equity and real estate fund investment operations				
Profit distribution of funds	2 040	3 220	758	1 029
Changes in fair value and losses	-1 224	4 068	-1 446	625
Total	816	7 288	-688	1 654
Other investment operations				
Changes in fair value	-97	8	20	-19
Sales profit/loss	-9	18	-	-
Total	-106	26	20	-19
Net income from financial assets, total	709	7 314	-668	1 635



FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1 000

	31 Dec. 2022		31 Dec. 2021	
	Fair value	Book value	Fair value	Book value
Financial assets				
Investments				
Private equity and real estate fund investments	16 837	16 837	18 817	18 817
Financial securities	20 119	20 119	20 943	20 943
Accounts receivable and other receivables	1 005	1 005	1 023	1 023
Liquid assets	23 688	23 688	35 141	35 141
Total	61 650	61 650	75 923	75 923
Financial liabilities				
Accounts payable and other liabilities	287	287	214	214
Lease liabilities	5 621	5 621	1 187	1 187
Total	5 908	5 908	1 401	1 401

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

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

	31 Dec. 2022		31 Dec. 2021	
	Level 1	Level 3	Level 1	Level 3
Financial assets				
Private equity and real estate fund investments	-	16 837	-	18 817
Financial securities	20 119	-	20 943	-
Total	20 119	16 837	20 943	18 817

Level 3 reconciliation: Private equity and real estate fund investments

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

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

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	31 Dec. 2022	31 Dec. 2021
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XIV North	145	0
eQ VC	76	0
eQ PE XIII US	215	38
eQ PE XII North	520	336
eQ PE XI US	638	349
eQ PE X North	613	521
eQ PE IX US	1 091	986
eQ PE VIII North	1 956	2 430
eQ PE VII US	3 022	2 517
eQ PE VI North	1 693	1 946
Amanda V East	2 209	3 639
Amanda IV West	153	599
Amanda III Eastern PE	378	1 321
Total	12 710	14 683
Real estate funds:		
eQ Residential II	181	0
eQ Residential	527	383
Funds managed by others:		
Large buyout funds	1 302	1 848
Midmarket funds	261	808
Venture funds	1 857	1 094
Total	16 837	18 817



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

Investment commitment	31 Dec. 2022	31 Dec. 2021
Funds managed by eQ:		
Private equity funds of funds:		
eQ XIV North	850	0
eQ VC	844	883
eQ PE XIII US	703	835
eQ PE XII North	485	635
eQ PE XI US	298	573
eQ PE X North	259	427
eQ PE IX US	111	228
eQ PE VIII North	301	501
eQ PE VII US	109	263
eQ PE VI North	369	534
Amanda V East	663	663
Amanda IV West	427	427
Amanda III Eastern PE	273	273
Total	5 692	6 243
Real estate funds:		
eQ Residential II	800	0
eQ Residential	550	650
Funds managed by others:		
Large buyout funds	133	132
Midmarket funds	302	211
Venture funds	0	0
Total	7 477	7 235



SEGMENT INFORMATION, EUR 1 000

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

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



10-12/2022	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	13 381	1 038	-	-		14 419
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	8		8
Net income from financial assets	-	-	-688	20		-668
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	13 418	1 038	-688	48	-57	13 759
Fee and commission expenses	-123	-	-			-123
To other segments	-	-	-38	-	38	-
Interest expenses	-20	-4	-	-2		-26
NET REVENUE	13 275	1 034	-725	46	-19	13 610
Administrative expenses						
Personnel expenses	-4 687	-649	-	-495		-5 830
Other administrative expenses	-538	-88	-	-114	19	-721
Depreciation on material and immaterial assets	-285	-44	-	-19		-348
Other operating expenses	-300	-41	-	-92		-432
OPERATING PROFIT (LOSS)	7 464	213	-725	-674	0	6 278
Income tax				-1 330		-1 330
PROFIT (LOSS) FOR THE PERIOD				-2 004		4 948

10-12/2021	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	16 453	3 182	-	-		19 635
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	-		0
Net income from financial assets	-	-	1 654	-19		1 635
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	16 491	3 182	1 654	0	-57	21 270
Fee and commission expenses	-150	-	-			-150
To other segments	-	-	-38	-	38	-
Interest expenses	-3	-1	-	-1		-5
NET REVENUE	16 338	3 181	1 616	-1	-19	21 115
Administrative expenses						
Personnel expenses	-5 291	-1 399	-	-457		-7 147
Other administrative expenses	-524	-86	-	-102	19	-693
Depreciation on material and immaterial assets	-187	-42	-	-24		-253
Other operating expenses	-258	-30	-	-73		-361
OPERATING PROFIT (LOSS)	10 078	1 624	1 616	-657	0	12 661
Income tax				-2 540		-2 540
PROFIT (LOSS) FOR THE PERIOD				-3 197		10 121



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

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

PROFIT DEVELOPMENT OF SEGMENTS PER QUARTER, EUR 1 000

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21
Asset Management					
Net revenue	13 275	18 462	20 518	19 596	16 338
Operating profit	7 464	12 132	13 661	12 634	10 078
Corporate Finance					
Net revenue	1 034	1 433	1 121	1 787	3 181
Operating profit	213	533	282	706	1 624
Investments					
Net revenue	-725	240	778	374	1 616
Operating profit	-725	240	778	374	1 616
Other segments and eliminations					
Net revenue	27	-3	-28	-105	-20
Operating profit	-674	-515	-628	-739	-657
Group total					
Net revenue	13 610	20 131	22 389	21 651	21 115
Operating profit	6 278	12 389	14 093	12 975	12 661
Profit for the period	4 948	9 842	11 206	10 327	10 121



CAPITAL ADEQUACY, EUR 1 000

	IFR 31 Dec. 2022 eQ Group	IFR 31 Dec. 2021 eQ Group
Equity	81 779	79 955
Common equity tier 1 (CET 1) before deductions	81 779	79 955
Deductions from CET 1		
Intangible assets	-29 400	-29 552
Unconfirmed profit for the period	-36 322	-38 078
Dividend proposal by the Board*	-4 107	-1 554
Common equity tier 1 (CET1)	11 949	10 771
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	11 949	10 771
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	11 949	10 771
Own funds requirement according to the most restrictive requirement (IFR)	4 932	4 696
Fixed overhead requirement	4 932	4 696
K-factor requirement	393	331
Absolute minimum requirement	150	150
Risk-weighted items total – Total risk exposure	61 651	58 697
Common equity tier (CET1) / own funds requirement, %	242.3%	229.4%
Tier 1 (T1) / own funds requirement, %	242.3%	229.4%
Total capital (TC) / own funds requirement, %	242.3%	229.4%
Common equity tier 1 (CET1) / risk weights, %	19.4%	18.3%
Tier 1 (T1) / risk weights, %	19.4%	18.3%
Total capital (TC) / risk weights, %	19.4%	18.3%
Excess of total capital compared with the minimum level	7 017	6 075
Total capital compared with the target level (incl. a 25% risk buffer for the requirement)	5 784	4 901

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



GROUP KEY RATIOS

31 Dec. 2022 31 Dec. 2021

Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	36,322	38,078
Earnings per average share, EUR	0.91	0.97
Diluted earnings per average share, EUR	0.87	0.93
Equity per share, EUR	2.02	2.02
Equity per average share, EUR *)	2.04	2.03
Return on investment, ROI % p.a.	43.2	50.6
Return on equity, ROE % p.a.	44.9	51.6
Equity to assets ratio, %	73.8	72.1
Cost/income ratio, Group, %	41.1	39.5
Share price at the end of the period, EUR	25.45	25.75
Market value, EUR million	1,028.9	1,020.5
Personnel calculated as full-time resources at the end of the period	94	96

*) 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 2021 financial statements, which are available on the company website at www.eQ.fi. The key ratios presented by eQ can be directly calculated with the calculation formulae based on the information in the income statement, balance sheet and notes thereto.

REMAINING COMMITMENTS

On 31 December 2022, eQ's remaining investment commitments in private equity funds totalled EUR 7.5 million (EUR 7.2 million on 31 Dec. 2021). Other commitments at the end of the period totalled EUR 0.0 million (EUR 0.0 million on 31 Dec. 2021).



PERFORMANCE BASED FEES OF PRIVATE EQUITY FUNDS MANAGED BY eQ

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

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

The estimated returns and performance fees for each separate fund have been presented on the following page. The catch up share to be recognised in the 2023 income statement is estimated to be round EUR 6.0 million.



Funds – 31 December 2022

Fund	Fund size	Vintage year	Hurdle rate	Performance fee	eQ's share of the performance fee	Present TVPI	Estimated TVPI	Estimate on reaching the hurdle rate (cash flow)	Estimated catch up share, total MEUR	Estimated future performance fees, total MEUR	Performance fees accrued presently in the fund's value, MEUR ¹⁾
Amanda III	MEUR 110	2006	6.0%	10.0%	100%	1.1x	1.1x	Will not reach	n/a	n/a	n/a
Amanda IV	MEUR 90	2007	8.0%	7.5%	100%	1.5x	1.5x	Has reached	n/a	0.2	0.2
Amanda V	MEUR 50	2011	6.0%	10.0%	100%	1.3x	1.4x	Will not reach	n/a	n/a	n/a
eQ PE VI	MEUR 100	2013	7.0%	7.5%	100%	1.5x	1.8x	2024	2.2	6.9	3.7
eQ PE VII	MUSD 80	2015	7.0%	7.5%	45%	1.6x	2.1x	2025	0.9	3.2	1.8
eQ PE VIII	MEUR 160	2016	7.0%	7.5%	100%	1.5x	1.9x	2024	2.9	13.4	6.0
eQ PE IX	MUSD 105	2017	7.0%	7.5%	45%	1.4x	2.2x	2025	0.8	4.7	1.6
eQ PE X	MEUR 175	2018	7.0%	7.5%	100%	1.1x	1.7x	After 2027	n/a	11.4	1.5
eQ PE XI	MUSD 217	2019	7.0%	7.5%	45%	1.2x	1.8x	After 2027	n/a	6.3	1.0
eQ PE XII	MEUR 205	2020	7.0%	7.5%	100%	1.1x	1.8x	After 2027	n/a	13.4	0.9
eQ PE XIII	MUSD 318	2021	7.0%	7.5%	45%	n/a	1.8x	After 2027	n/a	9.5	n/a
eQ PE XIV	MEUR 288	2022	7.0%	7.5%	100%	n/a	1.8x	After 2027	n/a	18.7	n/a
eQ PE SF II	MEUR 135 ²⁾	2018	10.0%	10.0%	100%	1.2x	1.4x	2025	2.8	3.4	n/a
eQ PE SF III	MEUR 170 ³⁾	2020	10.0%	10.0%	100%	1.3x	1.7x	2025	1.8	7.8	2.1
eQ PE SF IV	MEUR 151 ⁴⁾	2022	10.0%	10.0%	100%	n/a	1.4x	After 2027	n/a	3.2	n/a
PE programmes	MEUR 198	2013-16	8%/12%	7,5%/12%	100%	n/a	n/a	2024-2027	7.6	24.3	10.0
eQ VC	MUSD 77	2021	7.0%	7.5%	45%	n/a	2.3x	After 2027	n/a	3.6	n/a
Total									18.9	130.1	28.8
of which covered by the catch up accrual									18.9	63.7	25.2
catch up share accrued cumulatively by 31 December 2022									5.8		
estimated accrual for 2023									6.0		

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

- 1) The amount of the performance fee that eQ would receive, if the investments of the funds were sold at present market value.
- 2) Capital covered by the performance fee MEUR 75.
- 3) Capital covered by the performance fee MEUR 104.
- 4) Capital covered by the performance fee MEUR 71.