ANNUAL REPORT 2020

Contents

eQ in 2020

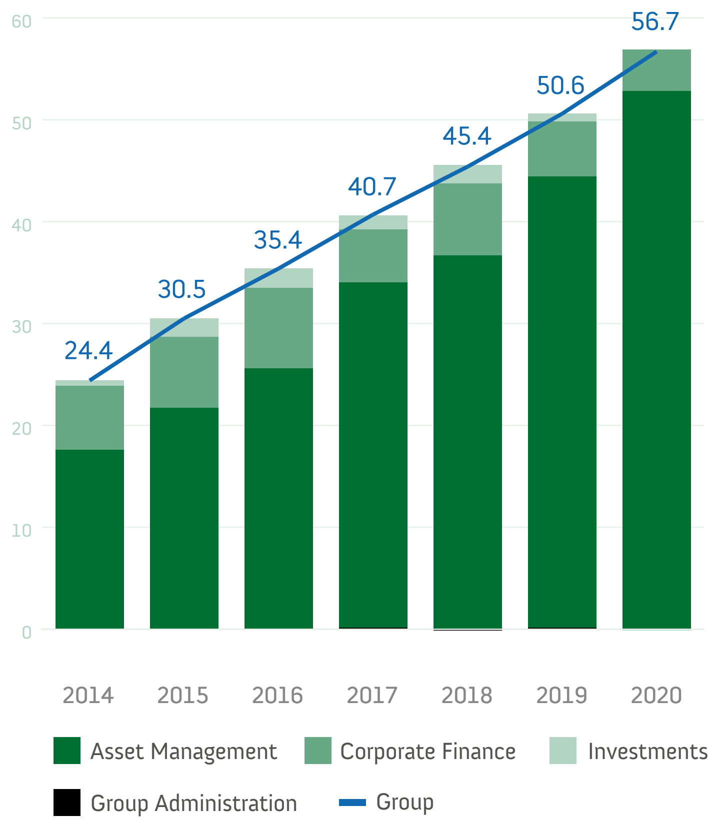
Key Figures

NET REVENUE	OPERATING PROFIT	EARNINGS PER SHARE	COST/INCOME RATIO	ASSETS UNDER MANAGEMENT WITHOUT REPORTING SERVICES
EUR 56.7 MILLION (2019: 50.6 M€)	EUR 30.8 MILLION (26.3 M€)	EUR 0.64 (0.55 €)	45.6% (48.1%)	EUR 7.5 BILLION (6.8 BN €)
DIVIDEND AND REPAYMENT OF EQUITY PER SHARE	**MARKET CAP**	**NUMBER OF SHAREHOLDERS**	**NUMBER OF PERSONNEL**	**AND IN TOTAL**
EUR 0.70 (0.62 €)	651.1 MILLION (476.9 M€)	7,261 (5,945)	94 (89)	9.0 BILLION (11.7 BN €)

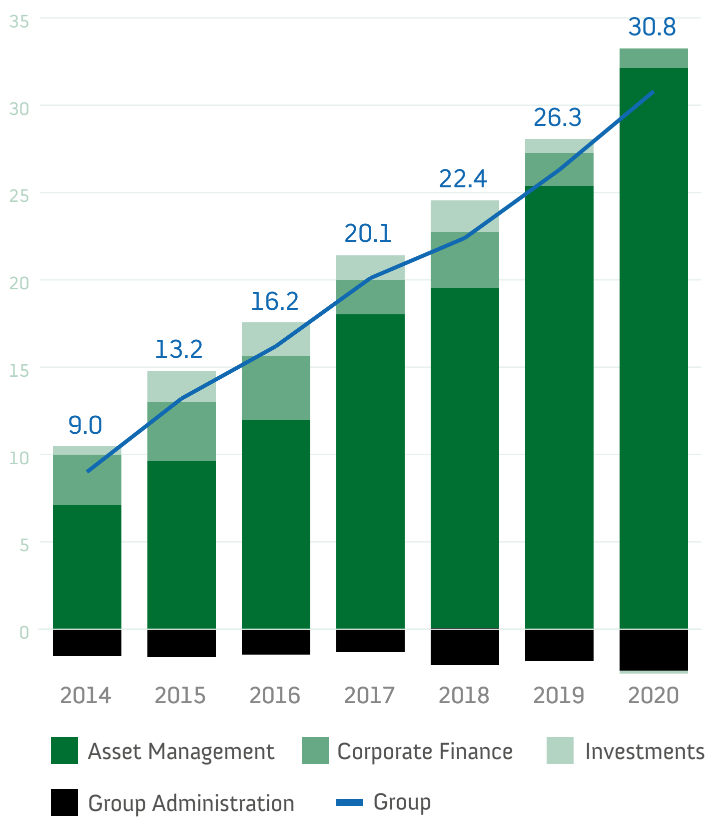
eQ in Brief

eQ Group is a Finnish group of companies that concentrates on asset management and corporate finance operations. The share of the parent company eQ Plc is listed on Nasdaq Helsinki. The Group offers its clients services related to mutual-, real estate- and private equity funds, discretionary asset management, investment insurance policies, and a large range of mutual funds offered by international partners. The asset management clients are institutional investors and private individuals. In addition, Advium Corporate Finance Ltd, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

NET REVENUE DEVELOPMENT
M€



OPERATING PROFIT DEVELOPMENT
M€



CEO'S REVIEW

eQ Group's result was excellent in 2020

The strong growth of our business operations continued last year, and we have managed to increase our profit for 27 consecutive quarters. In 2019, the Group's net revenue was EUR 56.7 million and operating profit EUR 30.8 million. The net revenue grew by 12% and the operating profit by 17% from the year before. The profit for the period was EUR 24.6 million and the earnings per share were 64 cents. We have reached excellent cost efficiency, and the Group's cost/income ratio continued to fall last year, reaching 45.6%.

The Group's growth was driven by the asset management business, the operations and profit of which grew once more exceptionally well. The net revenue of eQ Asset Management grew by 19% and operating profit by 26% last year. The cost/income ratio of the Asset Management segment was at an excellent level of 39.0%.

The market position of Advium Corporate Finance continues to be excellent. The M&A and above all real estate transaction market was challenging last year. Consequently, Advium's net revenue fell from the year before to EUR 4.1 million. The operating profit was EUR 1.1 million, compared with previous year's EUR 1.9 million.

eQ Asset Management is the leading institutional asset manager in Finland

According to the study conducted by SFR last year, eQ is the most frequently used institutional asset manager in Finland, and what is best, investors regarded eQ as the best company in the market in their quality assessments for the second time in a row. We are very happy to be able to offer our clients the quality-wise best asset management service in Finland. SFR interviews the approximately 100 largest Finnish institutional investors annually.

The overall quality assessment consists of several criteria, the most important being competitive return. We have been able to offer our clients very competitive returns for several years now, within traditional asset management as well as in real estate and private equity asset management. During the past three years, 77% per cent of eQ's funds registered in Finland that it manages itself have surpassed their benchmark indices. The corresponding five-year figure is 83%. Consequently, Morningstar recognised eQ Asset Management with Morningstar's "Best Equity Fund House" award, which is based on the five-year risk-adjusted return of equity funds. The eQ Care Fund has given an annual return of 9.0% since 2012, and even last year the return was at this level. The eQ Finnish Real Estate Fund's annual return since establishment has been 8.4%, last year 4.6%. These returns are clearly better than those of corresponding funds, and a huge thanks for this goes to eQ's asset management teams.

"We are very happy to be able to offer our clients the quality-wise best asset management service in Finland."

Janne Larma
CEO

The interest in alternative investment products has grown for several years now, both in Finland and internationally. The main reasons for the growth are low interest rates and the wish to diversify investment portfolios. eQ Asset Management is the clear market leader in Finland among providers of alternative investment products.

Considerable growth continued in eQ's private equity asset management last year. We raised altogether EUR 375 million to our private equity funds and began managing four new private equity asset management programmes. The assets managed under the private equity funds and programmes totalled EUR 2.7 billion at the close of the year. In addition to private equity, we raised EUR 36 million to the eQ Private Credit III Fund and will continue with the fund-raising in 2021.

Real estate asset management is one of the cornerstones of eQ's operations. The eQ Care Fund is the first Finnish open-end real estate fund, which was introduced to the market in 2012. We launched the eQ Finnish Real Estate Fund in 2014. Last year we expanded our product offering by launching the eQ Residential Fund. Despite the COVID-19 crisis, we received net subscriptions for EUR 123 million to our real estate asset management last year. The assets managed under real estate asset management were EUR 1.9 billion at the end of the year, and the real estate assets of the funds totalled almost EUR 2.4 billion.

We increase our efforts in sustainability

Sustainability has for several years been one of the foundations of our operations and part of all our activities. It is very important for us that we act in a responsible and sustainable manner as eQ Group and integrate sustainability systematically and in practice to eQ Asset Management's investment operations and Advium's corporate finance operations.

Even though eQ Group, based on its size and operations, is not obliged to draw up a sustainability report required by the Finnish Accounting Act, we have decided to voluntarily report on sustainability to investors and other major stakeholders, now for the fourth time. The sustainability report is part of our Annual Report.

Responsible investment is not a separate consideration for eQ, as ESG is part of all our investment operations. In practice this means that sustainability is continuously and systematically integrated in the selection, monitoring and reporting of investments in all investment areas of eQ. eQ's Director for Responsible Investment is responsible for this work and its development. Each investment team also has a dedicated person who has deeper knowledge of responsible investments.

We draw up an ESG report on all equity and bond investments twice a year and on real estate and private equity funds once a year.

We regularly report to PRI (UN's Principles for Responsible Investment) on sustainability in our investment processes, our concrete engagement activities in the investments and our development initiatives regarding sustainability. Our ratings are excellent. In three of the areas assessed we received the best possible rating and in the two other areas, better or the same as other respondents.

Good results cannot be regarded as self-evident, however. We are committed to continuously developing sustainability in co-operation with our clients. We wish to offer our clients concrete solutions that support their needs even with regard to sustainability, now and in future.

Advium has a good market position

The transaction activity in the M&A and real estate market increased considerably in the second half of the year, compared with the first six months. The overall volumes were lower than the year before, however. The other half was more active for Advium as well, but as for the whole year, Advium's fee and commission income and operating profit fell from 2019. Advium acted as advisor in nine transactions that were published last year. Among the major transactions in 2020 were, for instance, the merger between Cargotec and Konecranes, which is subject to approval by competition authorities, acting as advisor to Solidium, as it sold its holding in Neles Oy to Valmet and as advisor to Peab AB, as it bought YIT's paving business. Advium also acted as advisor to Elo Mutual Pension Insurance Company, as a fund managed by Corum AM bought a storage, business and office property in Jätkäsaari in Helsinki.

Group balance sheet and dividend proposal

The Group has no interest-bearing loans, and its balance sheet is very strong. The Group's profit in 2020 was 64 cents per share and its cash flow was strong. Due to the strong balance sheet and capital adequacy, the Board of Directors have decided to propose to the Annual General Meeting that the entire profit, i.e. 64 cents and an equity repayment of 6 cents per share, be paid out as dividend.

Thanks to our clients and partners

We wish to serve our clients with the best possible expertise and know-how. The number of clients and, at the same time, our business operations have grown for a long time, last year as well. We are very grateful to all our clients, who have trusted in us and use our services. We hope that we are worthy of your trust even in future.

Success needs the best people

Last year was a very challenging time for our employees, who have had to adjust to exceptional circumstances, both at work and at leisure. People have worked both at home and at the office, and this exceptional situation continues. Despite this, we have succeeded excellently in our business operations.

Our personnel's job satisfaction is for us a very important matter that we wish to promote. Last year, the job satisfaction of the Group's entire personnel was 4.3 on a scale from 1 to 5, i.e. it remained at the same level as the year before despite COVID-19, which can be regarded as an excellent result. High-quality customer services require extremely professional, engaged and motivated employees. Our employees are of absolute top-quality, and I wish to extend my sincere thanks to the entire personnel for their excellent work in 2020.

About the year 2021

The year 2021 has started off in a positive tone in the equity market. Share prices have risen strongly during the first months of the year. The eQ PE XIII US private equity fund raised USD 131 million in January in its first closing. This strengthens our view that the demand for alternative investment products continues to be strong among investors.

Consequently, we expect the net revenue and operating profit of the Asset Management segment to grow in 2021. 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.

I will leave my position as CEO to become the full-time Chair of the Board from the beginning of April, provided that the Annual General Meeting approves the proposal by the shareholders. I have had the privilege of experiencing eQ's exceptionally good development during the past ten years. The success is based on the uncompromising professional standard of the entire personnel and their will to always prioritise the clients' best interests as well as our excellent team spirit. Mikko Koskimies will be my successor, and I am convinced that he is absolutely the best person to lead the entire eQ and develop our operations in future. We will continue to co-operate closely with him, and I believe that we will secure continuity and eQ's good future development with these changes.

Janne Larma
CEO

Business Areas

Asset Management

The Asset Management segment consists of eQ Plc's subsidiary, 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.

Key figures

Asset Management	1–12/2020	1–12/2019	Change
Net revenue, M€	52.8	44.3	19%
Operating profit, M€	32.1	25.4	26%
Assets under management excluding reporting services, € billion	7.5	6.8	10%
Assets under management total, € billion	9.0	11.7	-23%
Cost/income ratio, %	39.0	42.7	-9%
Personnel as full-time resources	75	69	9%

Fee and commission income, Asset Management, M€	1–12/2020	1–12/2019	Change
Management fees from traditional asset management	8.1	8.0	1%
Real estate and private equity management fees	38.1	32.1	19%
Other fee and commission income	0.2	0.3	-15%
Performance fees	6.7	4.4	54%
Total	53.2	44.7	19%

The aim of eQ Asset Management is to offer its clients good investment returns, innovative investment solutions and excellent customer service. Through its own organisation and international partners, eQ can offer its clients an extensive and international range of investment solutions. eQ Asset Management offers its clients services related to mutual, real estate and private equity funds, discretionary asset management and investments insurance policies.

eQ has a wide range of actively managed and successful funds, which offer diversified investment alternatives with different strategies. The investment range covers 24 traditional mutual funds registered in Finland, private equity and real estate funds as well as funds managed by our international partners, covering all major investment categories and markets. At the end of the financial period 2020, the assets managed by the Group, excluding assets covered by private equity reporting services, were EUR 7,457 million and altogether EUR 8,972 million.

eQ Asset Management has improved its market position from year to year and is at the moment the leading institutional asset manager in Finland. SFR interviews the approximately 100 largest Finnish institutional investors annually. According to the study conducted by SFR in 2020, eQ is the most popular institutional asset manager in Finland, and what is best, investors regarded eQ as the best company in the market in their quality assessments.

The principles of responsible investments cover all of eQ's investment areas. There is more information on eQ Group's sustainable business and responsible investment operations in a separate section of the Annual Report.

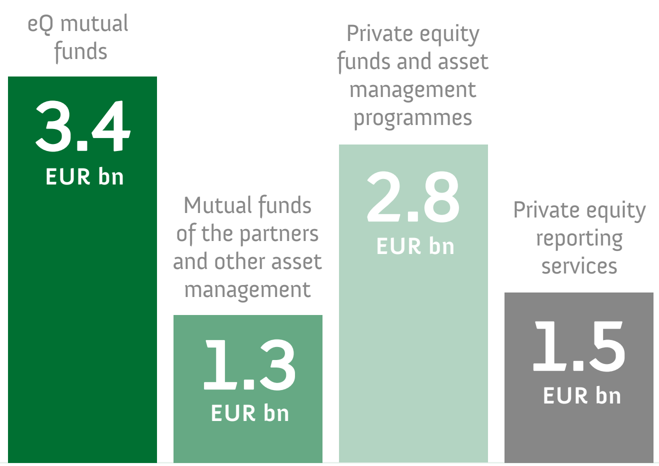
In 2020, eQ Asset Management's net revenue increased by 19% to EUR 52.8 million. Profitability continued to improve, and the operating profit grew by 26% to EUR 32.1 million. The demand for alternative investment products among investors continues to be strong. eQ raised altogether EUR 375 million to the private equity funds. We raised EUR 205 million to the eQ PE XII North Fund and EUR 170 million to the eQ PE SF III Fund. The net subscriptions in eQ's real estate funds totalled almost EUR 125 million. Despite COVID-19, the returns of eQ's two open-end real estate funds were excellent, the return of the eQ Care Fund being 9.0% and that of the eQ Finnish Real Estate Fund 4.6%. Last year, we expanded our real estate asset management offering by launching the eQ Residential Fund. We will continue to raise means to the fund during the first months of 2021. Within traditional asset management, 71% of all eQ mutual funds registered in Finland that it manages itself surpassed their benchmark indices in 2020.Morningstar recognised eQ Asset Management also with the "Best Equity Fund House" award.

eQ Asset Management is the leading institutional asset manager in Finland

The position of eQ Asset Management as the choice of professional Finnish investors has been further consolidated. In the annual SFR study, institutional clients regarded eQ Asset Management as the quality-wise best asset manager in Finland, already the second time in a row. The quality assessments cover investment return, customer services and asset management resources, for instance. The approximately 100 largest institutional investors in Finland are interviewed in SFR's study. In the 2020 study, eQ was the most commonly used asset manager, as 66% of the interviewed institutional assets managers said that they use eQ Asset Management's services.

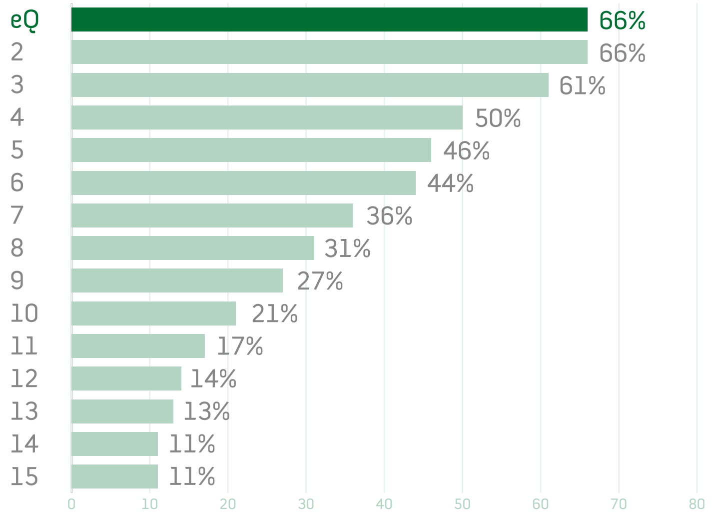
eQ'S ASSETS UNDER MANAGEMENT

Without private equity reporting services EUR 7.5 bn and in total EUR 9.0 bn.



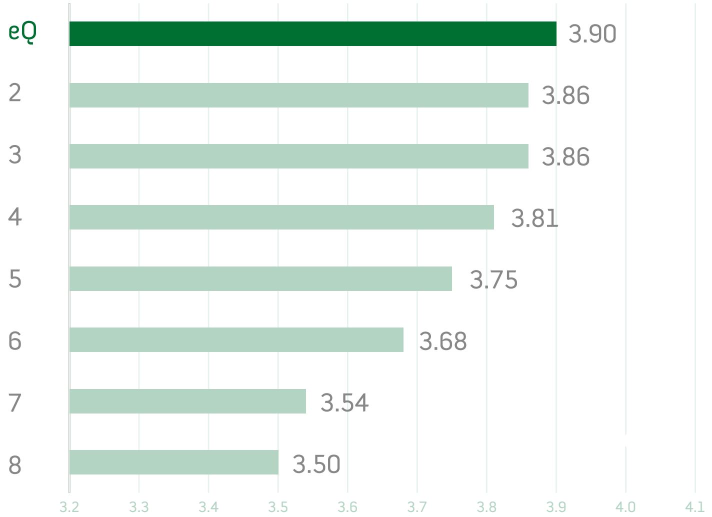
MOST USED INSTITUTIONAL ASSET MANAGERS

Source: SFR research 2020



ASSET MANAGEMENT QUALITY REVIEW (1–5)

Source: SFR research 2020



eQ won Morningstar's "Best Equity Fund House" award

In 2020, Morningstar recognised eQ's Asset Management's equity funds as the best in the Finnish market. The choice and the award are based on the five-year risk-adjusted return of eQ's equity funds. In 2019, Morningstar recognised eQ's entire fund range with the "Best Fund House" award, and even in 2020, eQ's entire fund range was among the three best.

eQ has 24 traditional mutual funds registered in Finland. Of these funds, 19 are actively managed and 5 passively managed index funds. eQ´s fund range covers all important asset categories, but we only invest in markets that we know well.

MORNINGSTAR Awards™

eQ's latest private equity funds raised a record amount of capital

The eQ PE XII North private equity fund raised altogether EUR 205 million in 2020. The eQ PE XII North fund makes investments in private equity funds that invest in unlisted, small and mid-sized growth companies in Northern Europe. The size of eQ's previous fund that made investments in Norther Europe was EUR 175 million (2018).In addition, EUR 170 million was raised to the eQ PE SF III private equity fund in 2020. The eQ PE SF III Fund only makes investment in the secondary market, and it is the largest secondary market fund in eQ's history. During the year, eQ also launched four new private equity asset management programmes.

The majority of eQ's clients make investments in eQ's private equity funds systematically, i.e. they build up a portfolio with investment commitments every year. eQ introduces to the market a fund that makes investments in Europe every second year and a fund that makes investments in the US every second year. In January 2021, eQ held the first closing of the eQ PE XIII US Fund at USD 131 million. The eQ PE XIII US Fund makes investments in North American private equity funds that make equity capital investments in unlisted small and mid-sized companies in the US and Canada. Fund-raising will continue during the spring of 2021, and the final closing of the fund will take place in June. eQ has also launched its third private credit fund, eQ Private Credit III, and will continue to raise funds to it in the spring of 2021.

"eQ's very strong fundraising shows that clients are interested in good managers even in uncertain market situations."

eQ established a residential property fund

In 2020, eQ established its first residential property fund – Special Investment Fund eQ Residential. Subscription commitments for EUR 75 million were raised to the fund by the end of 2020, which means an investment capacity of almost EUR 250 million. The investment operations have proceeded well and the raising of means will continue in early 2021. The target size of the fund is EUR 100 million, which will enable investments exceeding EUR 300 million in residential property.

eQ Residential will invest in residential real estate in the Helsinki Metropolitan Area, in Tampere and in Turku. The fund targets complete residential buildings and aims to manage approximately 1,500 rental units in total. Unlike eQ Care and eQ Finnish Real Estate funds, eQ Residential is restricted to professional investors only in a closed-end fund structure. In this fund, eQ will focus more on building and developing than in the other real estate funds, which combined with higher leverage works best in a closed-end fund structure.

There are 13 real estate investment professionals in eQ Asset Management's real estate team. Markus Pitkänen, who has worked in residential markets for 20 years and has altogether 25 years' experience of the real estate market, is in charge of residential investments within the real estate team.

"The investment operations of eQ Residential fund have proceeded well and the fundraising will continue in early 2021."

Corporate Finance

eQ's corporate finance services are offered by eQ Plc's subsidiary Advium Corporate Finance Ltd. The services cover mergers and acquisitions, large real estate transactions, equity capital markets, and advisory services in general. The clients are mainly Finnish companies that make corporate or real estate transactions in Finland and abroad, but also international companies engaged in corporate and real estate transactions in Finland.

Advium is one of the most experienced and highly esteemed advisors in Finland. Since its establishment in 2000, the company has carried out approximately 200 corporate and real estate transactions, and in many of them, at least one of the parties has been an international actor. The total value of the transactions has been approximately EUR 20 billion.

In 2020, Advium acted as advisor in 9 finalised transactions. Its net revenue was EUR 4.1 million and operating profit EUR 1.1 million. Advium acted, for instance, as advisor to Cargotec in the largest Finnish M&A of the year, as the Finnish companies Cargotec and Konecranes were merged creating a global leader in sustainable material flow. This arrangement is subject to approval by competition authorities.

It is typical of the corporate finance business that clients pay a success fee when the transaction has been carried out. Consequently, the transaction dates of the transactions have a major impact on invoicing, and the net revenue may vary considerably.

Key figures

Corporate Finance	1–12/2020	1–12/2019	Change
Net revenue, M€	4.1	5.4	-24%
Operating profit, M€	1.1	1.9	-41%
Cost/income ratio, %	72.3	64.1	13%
Personnel as full-time resources	14	15	-7%

SINCE 2000 APPROXIMATELY 200 M&A AND REAL ESTATE TRANSACTIONS – VALUE OVER

20 BN€

Advium acted as advisor to Cargotec in the largest Finnish M&A transaction of the year

A key assignment for Advium in 2020, especially intense during the third quarter, was the process leading to the merger announcement between two globally present listed Finnish companies Cargotec Oyj and Konecranes Oyj. Advium is acting as Cargotec's lead financial advisor.

Cargotec, a leading provider of cargo handling solutions and services for ports, road vehicles and ships with 2019 sales of EUR 3.7 billion, and Konecranes, a leading provider of lifting solutions and services for ports, terminals and industrial facilities with 2019 sales of EUR 3.3 billion, jointly announced on 1 October 2020 their intention to merge creating a global leader in sustainable material flow with combined 2019 sales of EUR 7 billion.

Advium was involved from the early stages managing a process where it was key to align company specific agendas towards a common ambition to create a larger entity more suited to combat challenges in the global market. Advium played a central role in driving momentum into the process, ensuring decisions were well anchored with governing bodies and facilitating an efficient dialogue with Konecranes and its representatives.

Following a set of negotiations, the parties agreed on key terms for a 50/50 merger with terms and conditions aligned with the interests of all shareholders in both companies. The transaction was unanimously recommended by the Board of Directors of both companies and later received overwhelming support in the respective extraordinary general meetings. The transaction is subject to merger control approvals

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.

Key figures

Investments	1–12/2020	1–12/2019	Change
Operating profit, M€	-0.1	0.8	-110%
Fair value of investments, M€	15.7	16.2	-3%
Investment commitments, M€	7.1	6.7	5%
Net cash flow of investments, M€	0.6	1.7	-67%

THE VALUE OF PRIVATE EQUITY AND REAL ESTATE FUND INVESTMENTS

15.7 M€

During the financial period 2020, the operating profit of the Investments segment totalled EUR -0,1 million, and at the end of the period, the fair value of private equity investments was EUR 15.7 million. The amount of the remaining investment commitments was EUR 7.1 million.

During the financial period 2020, the investment objects returned capital for EUR 1.8 million and distributed a profit of EUR 0.3 million. Capital calls totalled EUR 1.6 million. The net cash flow from the investments during the period was EUR 0.6 million.

During the financial period, eQ Plc made a EUR 1.0 million investment commitment in the eQ PE XII North private equity fund. eQ Plc also made an investment commitment of EUR 1.0 million in the eQ Residential real estate fund.

As for the income from own investment operations, eQ's net revenue is recognised for eQ due to factors independent of the company. As a result, the segment's result may vary considerably.

Sustainability

"It is delightful to see that matters pertaining to sustainable and responsible investments and their management will be regulated by the EU from 10 March 2021"

Responsibility and sustainability in all that we do

I have worked as Director for Responsible Investment at eQ now for two years. It has been delightful to see how responsibility and sustainability have gradually become rooted in every employee's day-to-day work and decisions. It is very important for us that we act in a responsible and sustainable manner as eQ Group and integrate this work systematically and in practice into eQ Asset Management's investment operations and Advium's corporate finance operations.

The sustainability themes that are the most essential for our business operations have remained the same during the past few years. Supported by the company management, we defined four sustainability themes and activities for promoting them in 2019.

The awareness and knowledge of our clients, personnel and the investees, above all in environmental and climate change matters, has been an important topic that we wished to enhance and develop in 2020 as well. The forthcoming EU regulations on sustainable finance and sustainability questions related to the food system have, for instance, figured prominently in discussions. Besides, our portfolio managers carried out an active engagement dialogue with all investees that do not yet report their emissions to the CDP organisation.

Satisfied clients and employees steer our improvement efforts across our entire operations. Despite the exceptional circumstances arising from COVID-19, the satisfaction of both our clients and employees in respect of eQ is once more at an excellent level, and we are very grateful for this.

Sustainability and its development are also constantly emphasised in eQ Asset Management's investment operations and at Advium. Both the needs of our clients and the annual PRI reporting (Principles of Responsible Investment) support us in the sustainable development of our ways or working to the right direction, even in matters pertaining to responsibility. We also carefully monitor the development of sustainability considerations in eQ's real estate funds through the results that we obtain from the GRESB (Global Real Estate Sustainability Benchmark) assessment.

We now publish our Sustainability Report on our own initiative for the fourth time as part of the Annual Report. For us it is very important to report about sustainability in our operations to our stakeholders in an open and transparent manner. We have also actively and for a long time encouraged our investees to do the same.

What does our year 2021 look like at the moment? Good and interesting. Responsible and sustainable investment operations are becoming mainstream both in Finland and globally. This trend is supported by the regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088, which will become applicable on 10 March 2021. The integration of the obligations arising from the new regulations into our processes in a sensible and practical manner and supporting our clients in these questions will be a focus area for us this year.

We are, therefore, starting the year 2021 with an open and responsive mind.

Sanna Pietiläinen
Director, Responsible Investment

Sustainability Report

Sustainability and its reporting in eQ group

Purpose of reporting

eQ Group is a Finnish group of companies that concentrates on asset management and corporate finance business. The parent company eQ Plc's shares are listed on Nasdaq Helsinki.

The Sustainability Report describes eQ Group's role as a responsible actor in relation to its stakeholders and society at large. eQ wishes to ensure the transparency and openness of its operations by regularly and extensively reporting on its sustainability work and its development, both at company level and in its investment operations. Even though eQ Group, based on its size and operations, is not obliged to draw up a non-financial report required by the Finnish Accounting Act, the Board of Directors of eQ Plc has decided to voluntarily report on its sustainability to investors and other major stakeholders. eQ Group's Sustainability Report 2020 has been approved by the Board of Directors and it is published as part of the Annual Report. The Sustainability Report has been published since 2017.

This report follows Nasdaq's ESG global reporting guide for public and private companies published in May 2019 (ESG Reporting Guide 2.0 – A Support Resource for Companies) for the parts that are relevant to eQ's operations.

eQ Group's responsible operations and responsible investments

Responsible operations are part of our entire business. It is very important for us that we act in a responsible and sustainable manner as eQ Group and integrate this work systematically and in practice to eQ Asset Management's investment operations and Advium's corporate finance operations.

eQ encourages the companies in which it invests to transparent stakeholder information and the development of sustainability reporting, regardless of the size of the company or the regulatory requirements. More information about sustainability, the related principles and other relevant documents can be found on eQ's website (*www.eq.fi/fi/about-eq-group/sijoittajat/vastuullisuus*). The website has been updated in 2020 for the parts dealing with sustainability work at company level and responsible investments.

eQ Group and responsible operations

The sustainability themes that are the most essential for our business operations have remained the same during the past few years. In 2019, the Group supported by its management defined four sustainability themes and activities to promote them. eQ Group's Board of Directors approved these themes. Strong corporate governance and high ethical standards are the foundations of eQ's business operations. It is important for us that our clients are satisfied and feel that they get professional service. We promote business operations that are environmentally sustainable. In addition, we do our best to make eQ a good working place so that professionals want to work with us.

Corporate Responsibility Prime RATED BY ISS ESG

1. Strong corporate governance and high ethical standards are the foundations of our business, covering for instance

- Adherence to the law and the company's internal instructions, commitments, and ethical principles in all operations
- eQ's open and transparent reporting – the pricing of asset management products is presented openly and clearly, both ex-ante and ex-post
- Proactive activities against corruption, bribery and money laundering, as well as promoting these activities in the entire sector
- eQ Plc publishes a Sustainability Report

2. Professional customer service

- In accordance with our values, we wish to be a professional, honest, skilled and high performing partner for our clients, and we also promote these values
- In-depth understanding of customer needs and meeting these needs
- Monitoring customer satisfaction, e.g. SFR 2020 no. 1 of 17 regarding overall quality

3. Promoting business operations that are environmentally sustainable

- We use green electricity in our own property (hydropower)
- We pay an annual fee to the Baltic Sea Action Group (BSAG). The support is canalised through the BSAG share of the eQ Blue Planet Fund, and in 2020 it amounted to almost EUR 100,000.
- We have minimised the use of plastic materials, we recycle in our premises and prefer public transports and alternative ways of travelling (Environmentally friendly guidelines to eQ's employees since 2019)
- We provide relevant training regarding environmental matters for our employees

4. The shared belief that our company is a responsible employer that attracts the best talent available

- Equal and diverse work community
- Wellbeing at work and work ability – fitness tests, monitoring the quality of indoor air
- Early support programme
- eQ – enabler of professional development
- Monitoring job satisfaction

At Group level, the Management Team is responsible for sustainability, and the work is conducted in close co-operation with eQ's Director for Responsible Investment. The Board receives annual reports on how sustainability has been carried out within the company as well as on future development plans.

We provide our employees with continuous training in sustainability matters. Improving the awareness and knowledge of our personnel, above all in environmental and climate matters, was a key theme in 2020 as well. EU's regulations on sustainable finance will be put in practice during the year 2021. The EU regulation on sustainability-related disclosures in the financial services sector will become applicable on 10 March 2021 for most parts. During the autumn of 2020, the Management Team as well as all investments teams and the administration have reviewed the obligations resulting from legislation and initiated preparations in order to integrate the obligations to our processes in a sensible and practical manner. In our induction programme, we engage our new employees in eQ's ways of working and responsible investment. In 2020, we arranged three induction training sessions on sustainability to our new employees.

As a result of the successful sustainability performance at Group level, eQ Plc was given the international ISS ESG Prime responsibility rating in the autumn of 2019. ISS assesses how responsibility matters are carried out by a company with regard to environmental, social and governance aspects. The ISS ESG Prime rating is awarded to companies that reach or exceed the criteria for the best ESG practices defined by ISS ESG. eQ Plc was among the best tenth in its sector regarding responsible operations.

In order to promote openness and transparency eQ has already for three years reported key ESG ratios describing operations based on sustainability reporting to the ESG database maintained by Nasdaq. In recognition of this, Nasdaq awarded eQ Plc with the "Nasdaq ESG Transparency Partner" certificate in September 2019.

Responsible investment at eQ Asset Management

eQ Asset Management has for several years acted as an active forerunner for responsible investment. We have signed the United Nations' Principles for Responsible Investment (PRI) in 2010. We promote responsible investment at the Finnish Venture Capital Association, Invest Europe and Rakli. Since the spring of 2020, eQ has been member of Finance Finland's Responsibility Committee. In addition, we are an active member of Finsif (Finland's Sustainable Investment Forum) and have signed CDP's Climate Change programme.

eQ Asset Management's principles for responsible investment form a framework to the Group's investment operations and their processes. The principles cover all asset classes, and their application depends on the asset class and investment method. These principles have been updated in the autumn of 2020, and eQ Asset Management's Board has approved them on 3 September 2020.The principles for responsible investment are available on eQ's website. The corporate governance principles of eQ Fund Management Company Ltd and eQ Asset Management Ltd, which were updated in the spring of 2020, can also be found on the website.

Responsible investment is not a separate consideration for eQ, as ESG is part of all investment operations. In practice this means that sustainability is continuously and systematically integrated in the selection, monitoring and reporting of investees in all investment areas of eQ. eQ's Director for Responsible Investment is responsible for this work and its development. Each investment team also has a dedicated person who has deeper knowledge of responsible investments. In addition to these persons, we believe that it is of utmost importance that all our portfolio managers and analysts understand, recognise and take into account the potential sustainability risks and opportunities pertaining to investments. This is something that cannot be outsourced. In addition to ESG analyses, it is an important part of a portfolio manager's job to have a regular engagement dialogue with the investees.

We regularly report to PRI on sustainability in our investment process, our concrete engagement activities in the investees and our development initiatives regarding the responsible investment approach. The table below shows the ratings of our PRI reporting in 2020.

Reported areas	eQ Asset Management's result 2020	Median of respondents
Strategy and Governance	A+	A
Private Equity	A+	A
Listed Equity – Incorporation of ESG	A+	A
Listed Equity – Active Ownership: I Active interaction with investments A+ II Voting at General Meetings C	B	B
Property	A	B

PRI reporting scale E to A+

eQ Asset Management received the best ratings (A+) in areas related to a responsible investment strategy and governance, private equity investments and incorporation of ESG regarding listed equity. Active interaction with listed equity investments was also at the excellent A+ level. Property investments (A) also exceeded the median of respondents (B).

eQ Asset Management's activities related to responsible investment are also discussed by eQ Plc's Bord of Directors once a year. In addition, the Board of eQ Fund Management Company Ltd receives regular reports on ESG events and the engagement dialogue with the investees in all of eQ's investment areas.

Sustainability and the climate change were prominent themes in both our client seminars and the internal training of our employees last year. Before the outbreak of COVID-19, we arranged a client seminar in early spring under the theme sustainability and the food system. Saara Kankaanrinta, one of the founders and Chair of the Bord of the Baltic Sea Action Group, was among the speakers. In addition, Michaela Ramm-Schmidt spoke about the BSAG's work in the Carbon Action project and told how all relevant actors from farmers to corporate decision-makers are put together.

Our ESG experts have also been active on several domestic and international forums in order to promote the distribution of information based on best sustainability practices. The EU's future regulations on sustainable finance have been a major theme that we, as experts, have informed our stakeholders about.

In the following chapters, we briefly present the most important events concerning ESG matters during the year in all our asset classes. There is more detailed information about our responsible investment operations and the ESG matters that we monitor in our investees in the ESG reports per asset class.

Sustainable companies are the winners during the COVID-19 pandemic

Integrating ESG matters in equity and bond investments is very down to earth and part of the portfolio manager's day-to-day work when selecting investments and managing funds. We aim at excellent long-term return. Responsible and sustainable operations are fully in line with this goal, and that is why the ESG analysis is a key element in the investment processes of all our funds.

We influence our investees actively in questions pertaining to sustainability by having a direct dialogue with companies. During the period 1 Jan. 2020 to 31 Dec. 2020 we carried out altogether 144 engagement activities in our equity and fixed income funds in the following areas: 4 within governance, 2 within social responsibility, 131 regarding the availability of the sustainability report and 7 regarding the follow-up of a verified violation of a norm. The reason for the high number of activities related to the availability of the sustainability report in 2020 was the fact that our portfolio managers carried out an active engagement dialogue with all investments that do not yet report their emissions to the CDP organisation. We were happy to see that there is interest in emission reporting. Some companies already had this on their agenda but with some, we just began discussing emission reporting. In general, we wish to encourage companies to report to their stakeholders information on their emissions, the sustainable products that they offer and on how they take climate change into account in their business operations. In connection with the theme, we also signed CDP's joint initiative that aims at encouraging companies to set science-based emission reduction targets for their operations.

We go through all our investments with the ESG metrics that we have selected. One of the most important areas is the availability of sustainability reporting, where we have for years actively encouraged companies to better transparency. As a special theme related to the environment, we follow up companies to see how they take into account climate issues in their business operations. Most of our funds have a lower carbon footprint than their benchmark indices, which can be seen in the ESG reports available on eQ's website. When we look at the bond market, we see that the supply of green bonds and so-called social and ESG bonds has increased from year to year. 2020 saw once more a record in new issued loans. As a result of the COVID-19 pandemic, the supply of above all so-called social responsibility loans increased markedly. The market is expected to grow further in 2021. The interest of investors in these loans is increasing, and companies have realised that financing with an ESG loan is often cheaper that with ordinary corporate loans. We increased the weight of ESG loans in eQ's fixed income funds has in 2020. In the eQ Euro Investment Grade and eQ Emerging Market Corporate Bond funds the share of ESG loans has increased to about ten per cent and in the eQ High Yield Fund to over five per cent of the investments. eQ aims at increasing the share of ESG loans in its funds even in future, without forgetting the relevant return potential.

The themes of climate and social responsibility figure prominently in the eQ Blue Planet Fund. The fund just reached a five-year return history. The fund has achieved a good long-term return through a process that emphasises environmental matters and above all the importance of social responsibility by studying the impacts of companies extensively through different stakeholders.

Since 2018, our own sustainability assessment work has been supported by ISS-Ethix, which monitors the contents of our funds quarterly to detect any violations of the UN's Global Compact principles. These violations are typically related to environmental matters, corruption, human rights, and the rights of employees. The information produced by ISS-Ethix is used actively in the interaction with companies, and in all verifiable violations, we will launch a process in order to find out if the investment is still in line with our responsibility principles for long-term ownership. If the portfolio manager comes to the conclusion that the prerequisites behind the original investment decision are no longer valid during the engagement dialogue, eQ will give up the investment. The number of serious violations has remained very low in 2020 and is limited to a few companies world-wide.

When we are looking for a potential fund managed by some other asset manager, we always find out before the actual investment if the asset manager has signed the UN's Principles for Responsible Investment, if the asset manager has a policy for responsible investment and what ESG resources and processes as well as reporting practices it uses. We monitor any changes in the above mentioned matters with an annual ESG inquiry sent to the funds. In the autumn of 2020, we sent an ESG inquiry to the investments included in the eQ Fronter Fund, already the second year in a row. The results of the inquiry show that the PRI ratings have improved and that the number of sustainability reports has increased, for instance. The available ESG resources have remained unaltered. On the whole, we expect of our partners regular reporting on how their responsible investment approach has developed and a summary of the annual voting activity and the dialogue with the investments.

"eQ's Real Estate funds participated in the GRESB sustainability assessment for the second year in row and the results improved clearly."

Good results in the GRESB sustainability assessment accelerate development in eQ's real estate funds

When a property is purchased, the due diligence process always comprises sustainability matters. The process goes through matters related to soil, energy efficiency, administration, taxation and background information on the main tenant, for instance. We also assess sustainable forms of transport, the location of the potential investment target with regard to public transport and the management of life cycle costs.

During the ownership period, measures are taken in both separate properties and the operating models and processes of the funds in order to promote sustainability. The consumption data on, e.g. energy, water and waste of all targets are monitored. If deviations from the set intervals are detected, we will find out with what measures energy consumption, for instance, can be reduced. The starting point is that every investment target is in good shape, as for the basic systems and adjustments, and functions efficiently as planned. After this we can look for new ways of further developing energy and cost efficiency.

BREEAM (Building Research Establishment's Environmental Assessment Method) considers the environmental impacts of a building regarding management, energy and water consumption, materials and traffic. The aim of eQ's real estate funds is that the majority of the investments have the certificate, and at the moment at least five investments from both funds are certified annually. The certification is used for assessing both the property and the maintenance measures related to it, for identifying any deficiencies and for choosing the development targets.

Environmental matters have become more and more important globally. The construction industry and real estate account for no less than 40% of global emissions and energy consumption. The starting point of our choices is to find low-carbon alternatives. We have used electricity generated from renewable sources in the investment targets of the real estate funds since 2018. In addition, we always evaluate the possibilities of using geothermal and solar energy in our new targets. The use of green district heating has increased considerably in 2020.

Among the major projects in 2020 can be mentioned the low-carbon roadmap that we have drawn up for our Care and Finnish Real Estate funds. The aim of the roadmap is to define the measures with which funds can reduce their carbon footprint in an efficient and appropriate manner.

We use the results from the GRESB (Global Real Estate Sustainability Benchmark) as one important tool when monitoring our sustainability work. The extensive number of participants in GRESB also makes comparison with other actors possible. eQ participated in the global GRESB assessment measuring the responsible management of a real estate portfolio now for the second year in a row. The participants in the 2020 GRESB assessment were the eQ Care Fund, which received two stars, and eQ Finnish Real Estate, which received three stars out of five. Overall, the results of both funds improved considerably, more than ten points from the results in 2019. The assessment in 2020 is based on the reporting year 2019 and covers different areas of the sustainability of properties in an extensive manner. The areas that are compared cover responsible management, manners of operating, reporting, risk management, carbon footprint, water and energy consumption, the exploitation of data, co-operation with stakeholders and environmental certification.

The results in the different areas of the GRESB assessment showed our strengths and development objects. eQ's real estate funds received good ratings for, e.g. waste management, water and energy consumption as well as the engagement of stakeholders and environmental certification. The development targets that emerged were the information provided for tenants, inclusion as well as increasing efficiency measures and their documentation in the properties. One development target that was put in order in 2020 was the strengthening of sustainability communications with tenants. We added a news bulleting and customer satisfaction inquiries as new communication tools in addition to annual sustainability reporting.

Early in 2020, we draw up for eQ's suppliers a Code of Conduct, which is part of eQ's guidelines for sustainable real estate operations. The aim is that the suppliers that we use in purchases related to real estate investments also take care of their sustainability obligations in an exemplary manner. In addition, we began publishing an annual ESG report on eQ's real estate funds to investors. The ESG report is also available on eQ's website.

We are committed to constantly developing sustainability. We look at our operations as so-called "permanent owner", which means that it is important to carry out sustainable solutions on a long term in order to develop both our own processes and the technical features of the real estate targets. In addition, we wish to actively participate in developing the sector and its practices.

Positive ESG development in the processes of private equity companies

We have also incorporated ESG (environment, social, governance) systematically throughout our private equity investment processes, including fund selection, follow-up and investor reporting. In the eQ fund products where we use an external advisor (Private Credit and US funds), eQ requires that its partners fulfil the sustainability criteria and that ESG due diligence is made when investments are being selected. eQ partly (US funds) carries out the ESG follow-up related to the investments itself.

During the fund selection phase, we scrutinize the prospective fund manager's ESG policy and overall commitment to sustainability. Concretely, we evaluate relevant ESG checklists, tools for monitoring investments and ESG reporting. We aim at including matters related to ESG to the legal documentation of the investee fund. Sustainability is always included in our investment decision.

The sustainability of private equity investments is also assessed and monitored continuously with, e.g. a regular inquiry sent to the investee funds and in discussions with them. In addition, we actively participate in the annual meetings of the investee funds and the work of the advisory boards.

The basic contents of our ESG inquiry have not changed much during the past few year. This makes it easier to study and monitor the ESG development trend in management companies and the funds included in them systematically. The ESG inquiry regarding 2019 was sent to 96 management companies at the beginning of 2020, and it covered 150 investee funds and approximately 1,000 companies. 96.9% (93 companies) of the management companies answered the inquiry. There were 15 ESG incidents in eQ's investee funds. Some of them were repeated in several funds. The management companies have given us accounts of the incidents, and we will report them as part of the annual ESG report to fund investors.

The results of our annual inquiry show that questions related to sustainability are more and more often included in the normal follow-up and required reporting of the target companies. Diversity was introduced as a new theme in our 2020 ESG inquiry. We wish to understand what it means in both the management companies and in the portfolio companies of their funds. We also inquired if the management companies have begun to consider the implementation of the EU regulation on sustainability-related disclosures in the financial services sector in their own processes. The inquiry was sent as an e-inquiry for the first time.

In addition to our own operations, we wish to actively promote responsible investment practices and their development within the private equity industry. Since the autumn of 2020, we have acted as deputy chair of the Finnish Venture Capital Association's ESG working group and as chair of the association's working group for sustainable finance.

The EU will introduce regulations on sustainable finance in 2021

Legislation on sustainable finance has been prepared in the European Union for several years. The ultimate purpose of the new legislation is to promote the investment of capital in more sustainable targets. This can be done by, e.g. increasing the openness and transparency of investment products with regard to responsibility and sustainability, thereby preventing the greenwash of investments. The regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 will become applicable from 10 March 2021 for most parts, and it will introduce new obligations to the financial market participants and financial advisors. They will, for instance, have to tell about the sustainability risks related to their operations and whether they take into account the possible negative impacts of an investment decision on sustainability factors. The term sustainability risk, used in the regulations, means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. The new regulations will also require the updating of the information provided to clients, the interim reports and remunerations policies, for instance. There will also be changes in the MiFID II regulations next year requiring that clients are asked about their sustainability preferences. We feel that the intention of the regulations that will enter into force in March is good and it will improve investor protection, although it means new reporting obligations to actors in the finance sector.

"The sustainability of private equity investments is also assessed and monitored continuously with, e.g. a regular inquiry sent to the investee funds and in discussions with them."

Environmental responsibility

The business operations of eQ Group have relatively low direct environmental impacts. Energy consumption is mainly related to the energy consumption of the premises. From the beginning of 2018, companies in eQ Group began using only renewable energy for their own electricity consumption. eQ's premises are modern and exploit technological solutions that promote energy efficiency. The premises have been rented. Consequently, the heat and water consumption as well as the air conditioning (district cooling) is included in the rent, and consumption data regarding them are not available from the lessor. The quality of the indoor air is also an important consideration with regard to the health and wellbeing of our employees. For this end, eQ purchased in the spring of 2019 a system that monitors the quality of indoor air (temperature, humidity, CO_2, fine particles) to the offices.

eQ encourages its employees to use public transport and other alternative ways of travelling. The employees are offered a travel ticket as employee benefit and part of the overall salary, and the employees also have access to eQ's joint public transport travel cards when travelling in the near-by area during the working day. The company prefers direct flights, and when possible, negotiations are conducted with remote negotiation technologies. eQ also began reporting the CO_2 emissions related to the work-connected flights of our employees at the beginning of 2019. In 2020, we introduced as new key ratio flights, CO_2 emissions, kg per person. Compared with 2019, the CO_2 emissions (kg) of eQ Asset Management were reduced by 91% per person in 2020. A major contributor to the decrease in flight kilometres is the COVID-19 pandemic, due to which travelling by air ceased in practice completely in April.

"eQ Group companies use only renewable energy for their own electricity consumption."

The lessor of the premises used by eQ is responsible for waste management. eQ takes care of the sorting and recycling of the office waste produced on its premises. In 2020, special attention was paid to reducing the amount of waste and increasing recycling, as in 2019. In 2020, we carried out the measures introduced in 2019 regarding the sorting and recycling of office waste. Key activities were drawing up environmentally friendly guidelines to eQ's employees and arranging training on them, going over to double-sided printing, removing individual waste bins for mixed waste and the reassessment of the present sorting containers, giving up plastic bottles and the use of recyclable and permanent tableware. eQ Group's environmentally friendly guidelines are always presented when new employees are being trained. eQ also started to report on the consumption of paper at its premises in 2019. Going over to double-sided printing could be seen as a positive trend in the consumption data. In 2020, paper consumption was reduced by about 18% per person. eQ has not been engaged in legal proceedings or demands concerning environmental accidents. Climate change mitigation is an important theme at both eQ and in our investment operations. Even though eQ Group has no separate climate change policy, the theme is prominent in our work at company level, in the investment decision processes of all our asset classes and in the engagement dialogue with the investment targets.

Own energy consumption of the organisation

	2020	2019	2018	2017	2016
Electricity consumption, kwh	89,893	100,396	107,235	106,527	105,975
Origin of electricity:					
Share of renewable energy, %	100%	100%	100%	25%	25%
Share of nuclear power, %	0%	0%	0%	42%	42%
Share of fossil fuels, %	0%	0%	0%	33%	33%
Specific carbon dioxide emissions of electricity, g/kwh	0	0	0	198	198
Nuclear fuel used in electricity, mg/kwh	0.0	0.0	0.0	1.2	1.2
Carbon dioxide emissions of electricity, total, kg	0	0	0	21,092	20,983
Carbon dioxide emissions of electricity per net revenue, g/EUR	0.00	0.00	0.00	0.52	0.59
Electricity consumption per rented office square metre, kwh	54	60	64	64	64
Electricity consumption per person, kwh	956	1,128	1,254	1,268	1,325

Other environmental responsibilities*

	2020	2019	2018	2017	2016
Other indirect greenhouse gas emissions					
Travelling by air, CO_2 emissions, kg	3,961	42,455	70,396	75,786	76,200
Travelling by air, CO_2 emissions, kg per person	42	477	823	902	953
Use of material					
Paper consumption, total, kg	1,710	1,985	1,950	1,555	1,860
Paper consumption, kg per person	18	22	23	19	23

*The table shows an assessment of the carbon dioxide emissions of air travel and paper consumption.

Social responsibility

eQ as employer

The aim of eQ Group is to act as a responsible employer. The personnel is eQ's most important resource, as professional and committed employees are the key to the success of the clients and eQ.

The financial year 2020 was very exceptional due to the COVID-19 situation. We went flexibly over to remote work in March. Due to the increasing news about COVID-19, we had early in 2020 secured the remote connections and tools needed by employees. Consequently, the transfer to remote work went flexibly and we were able to manage our clients' investment assets well and serve them even virtually. We drew up instructions for our employees on how to act if an employee or his or her close relative has been exposed to the virus or has received a positive test result. We have also purchased masks to all our employees and strongly recommended their use as well as social distancing according to the guidelines issued by the Finnish Institute for Health and Welfare.

Despite the exceptional circumstances resulting from COVID-19, the Group personnel's commitment and satisfaction are at an excellent level. The results of the annually conducted study on well-being at work were excellent in 2020 as well. The study deals with the personnel's commitment, well-being at work, satisfaction with the work community and the work of the superior. On a scale from 1 to 5, job satisfaction and well-being at work received the score 4.3 (2019: 4.4). According to the study, the employees also recommend eQ Group as employer. The eNPS value that describes this was very high at 49 (on a scale from -100 to +100, where 0 to +20 is good, over 20 excellent and over 40 a top result). The response rate was also high at 92.3% (2019: 91.8%). The personnel study is one of eQ's most important tools for developing internal working methods and the quality of managerial work.

eQ invests in the well-being of its personnel by offering extensive occupational health care, exercise benefit vouchers and other welfare services, for instance. The emphasis of occupational health care lies strongly on preventive measures.

Development discussions are conducted with the entire personnel in all Group companies. The discussions are conducted at least once a year and they assess the performance of the previous period and set targets for the following one as well as assess, e.g. the need to develop the employee, managerial work and the work community.

eQ's employees may participate in training offered by the employer and partners, in other external training, or study independently. The Group is favourably disposed to studies at the employees' own initiative. All studies are supported.

Calculated as full-time resources, eQ Group had 94 employees at the end of 2020 (2019: 89). When calculating full-time resources, part-time employees and those on parental and study leave have been included. Altogether 103 persons had an employment relationship with eQ (2019: 92), and nine of them worked part-time (2019: 4). Part-time employees are used in seasonal tasks or projects.

Of the personnel, 40% were women (2019: 36%) and 60% men (2019: 64%). The average age of the personnel was 41.3 years (2019: 41.3), and the employee turnover in 2020 was 4.2% (2019: 9.3%). In 2020, the average sick leave of the personnel was 2.7 days per person (2019: 2.8) and there were no occupational accidents (2019: 1).

Equal pay between genders

eQ Group pays the same salary to employees for the same or similar work regardless of gender. Similar in this respect means that the central requirements, expertise, responsibility, workload and working conditions are on the same level. The job title is not decisive. Instead, the remuneration system is based on how demanding the work is.

Equality

Equality, justice, and non-discrimination are important principles for eQ Group. eQ has drawn up an equality plan, which comprises the measures for promoting equality and the agreed follow-up measures. The plan is assessed and updated on a regular basis and covers all Group companies. The plan is available to all employees of eQ Group on the Group's internal website.

Health and Safety Policy

eQ Group has drawn up a policy for promoting health and safety at work and for maintaining the working capacity of the employees. It covers the needs to develop working conditions as well as the impacts and development needs of factors related to the work environment. The policy is available to all employees of eQ Group on the Group's internal website. eQ Group also uses the early support method.

SATISFACTION AND WELL-BEING AT WORK

4.3

(SCALE 1–5)

NUMBER OF PERSONNEL

94

Personnel

	2020	2019	2018	2017	2016
Personnel as full-time resources	94	89	86	84	80
Permanent employment relationship	94	88	85	83	80
Temporary employment relationship	9	4	6	6	4
Employment relationship, total	103	92	91	89	84
Share of temporary employees, %	8.7%	4.3%	6.6%	6.7%	4.8%
Full-time, total	95	89	86	83	80
Part-time, total	8	3	5	6	4
Age and gender distribution, no.					
18–30 years total, (F/M)	23 (9/14)	15 (4/11)	17 (6/11)	19 (4/15)	13 (3/10)
31–40 years total, (F/M)	31 (13/18)	34 (14/20)	31 (10/21)	30 (11/19)	29 (9/20)
41–50 years total, (F/M)	20 (7/13)	17 (7/10)	19 (8/11)	18 (8/10)	23 (9/14)
51–60 years total, (F/M)	27 (11/16)	25 (14/11)	22 (11/11)	20 (9/11)	18 (9/9)
61– years total, (F/M)	2 (1/1)	1 (-/1)	2 (-/2)	2 (-/2)	1(-/1)
Total	103 (41/62)	92 (39/53)	91 (35/56)	89 (32/57)	84 (30/54)
Average age of employees, years	41.3	41.3	40.9	39.8	41.5
Employment relationships based on gender, no. and %					
Women	41, 40%	39, 36%	35, 38%	32, 36%	30, 36%
Men	62, 60%	53, 64%	56, 62%	57, 64%	54, 64%
Employee turnover (%)	4.2%	9.3%	8.8%	8.4%	6.3%
Sick leaves during the year, day per person	2.7	2.8	1.9	2.3	3.4
Registered accidents	0	1	2	1	3

Principles related to human rights violation and child labour

eQ Group has not drawn up separate principles related to human rights violations or child labour. All operations of the Group are located in Finland, at one single office. Therefore the Group can monitor operating practices related to the employees in a reliable manner.

Board diversity

The Board's aim is to promote the diversity of the Board's composition for its part. When assessing diversity, the Board takes into consideration, for instance, the age and gender of the directors, their education and professional experience, individual characteristics and experience that is essential with regard to the task and the company operations. eQ Plc has defined as goal regarding the equal representation of genders on the Board that there should always be representatives of both genders on eQ Plc's Board of Directors. The Board aims at reaching this goal and maintaining it primarily by informing eQ Plc's owners actively about it.

During the financial period 2020, eQ Plc's Board met the preconditions set for the company diversity, including the goal of having representatives of both genders on the Board. The following persons were on eQ Plc's Board of Directors during the financial period 2020 from the Annual General Meeting: Georg Ehrnrooth (Chair), Nicholas Berner, Timo Kokkila, Lotta Kopra and Tomas von Rettig. The directors have versatile experience from sectors that are of importance to the company, such as the investment and finance sector and the real estate sector. In addition, the diverse work experience and education of the directors as well as their international experience complement each other. eQ Plc's Annual General Meeting elects the directors.

The Board of Directors of the company has monitored diversity issues in the company during the financial period 2020.

Diversity of the Board of Directors in 2020:

Directors, total	5	100%
Female	1	20%
Male	4	80%
Board members who are independent of the company	5	100%
Board members who are independent of the major shareholders	3	60%

Governance

Board – separation of powers and transparent practices

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association on 1 January 2020. The entire Code is publicly available on the website of the Securities Market Association at (*www.cgfinland.fi/en*). eQ Plc draws up annually a Corporate Governance Statement required by the Corporate Governance Code separately from the report by the Board of Directors. The Corporate Governance Statement and other information that shall be disclosed in accordance with the Corporate Governance Code as well as the company's financial statements, report by the Board of Directors and auditors' report are available on eQ Plc's website (*www.eq.fi/fi/about-eq-group*).

The Board's charter, the minutes of meetings and other documents on Board operations are not publicly available. The main tasks included in the charter are listed in the Corporate Governance Statement. The company discloses information about events that concern the Group in accordance with valid legislation and the company's disclosure policy. The company's disclosure policy is available on eQ's website (*www.eq.fi/fi/about-eq-group*).

Remuneration

eQ's remuneration system is based on the strategy and long-term goals defined by the Board, and it is one of the major tools used for reaching the Group's long-term and short-term strategic goals. The remuneration system contributes to good, efficient and comprehensive risk management within eQ Group and prevents above all detrimental risk-taking. The aim of comprehensive risk management is to take into consideration the goals, values and interests of the Group companies, funds under management and the investors, for instance. The remuneration of the company management is not separately dependent on meeting certain ESG criteria. The EU regulation on sustainability-related disclosures in the financial services sector (EU) 2019/2088 will become applicable in 2021. This means that the actors in the finance market and investment advisors must include in, e.g. their remuneration principles information on how these principles are consistent with taking into account the sustainability risk and publish the information on their websites. We will also adjust eQ Group's Remuneration Principles in this respect during the year 2021.

In addition to eQ Group's Remuneration Principles, eQ Plc has a Remuneration Policy for the governing bodies, required by the Corporate Governance Code, which accounts for the remuneration of the Board and the CEO. The Remuneration Policy for governing bodies is presented to the Annual General Meeting for consideration at least every four years and always when major changes have been made in it. eQ Group's Remuneration Principles and the Remuneration Policy for the governing bodies can be found on eQ's website (*www.eq.fi/fi/about-eq-group/hallinnointi/palkitseminen*).

eQ Plc publishes annually a Remuneration Report regarding the governing bodies at the same time as the Annual Report. The Remuneration Report regarding the governing bodies for 2020 has been drawn up in accordance with the Corporate Governance Code for listed companies that entered into force on 1 January 2020, and the Board of Directors has reviewed it on 4 February 2021.

The Remuneration Report regarding the governing bodies accounts for the remuneration paid to the Bord of Directors and CEO during the previous financial period, how the Remuneration Policy for the governing bodies has been applied during the previous financial period and how remuneration promotes the company's financial success on a longer term. The Remuneration Report also compares the development of the Board's and CEO's remuneration with the development of the average renumeration of company employees and the company's financial development during the five previous financial periods. eQ Plc's Remuneration Report regarding the governing bodies is available on eQ's website (*www.eq.fi/fi/about-eq-group/hallinnointi/palkitseminen*).

In addition to the Remuneration Policy and Report regarding the governing bodies, eQ presents in the remuneration section of its website information about the remuneration principles for the Board, CEO and the rest of the Management Team. Information about the remuneration of the Board, CEO and the rest of the Management Team is available on eQ's website (*www.eq.fi/fi/about-eq-group/hallinnointi/palkitseminen*).

Application of collective labour market agreements

No collective agreements are applicable to eQ Group's employees, nor are they covered by the universally applicable collective agreement in Finland.

Code of Conduct

eQ has drawn up a Code of Conduct for the Group. eQ Plc's Board of Directors has reviewed and approved the Code, which define eQ's common principles for ethical operations. eQ's Code of Conduct is applicable to all employees of the Group. We find it important that the suppliers that we use in purchases related to real estate investments also take care of their sustainability obligations in an exemplary manner. Consequently, we drew up early in 2020 a Code of Conduct for eQ's suppliers, which is part of eQ's guidelines for sustainable real estate operations. eQ Group has deemed that it does not need any other separate supplier codes of conduct due to the low number of suppliers and their insignificance for the operations.

Guidelines on bribery and anti-corruption are included in eQ Group's Code of Conduct, which states that it is prohibited to issue any improper payments or advantages in business operations. According to eQ's Code of Conduct, all operations that encourage to improper acts or the misuse of a person's position are regarded as giving or taking of bribes. In addition to monetary bribes, gifts, hospitality, credits, discounts, trips, personal advantages, accommodation and services may be regarded unreasonable or improper advantages.

The reception or acceptance of unreasonable or improper advantages is also forbidden at eQ. It is also forbidden to strive for personal advantage through customer relations. A customer relation has been established between eQ and the customer. When giving gifts, remembering anniversaries and offering hospitability, the Group takes into account the guidelines on bribery and anti-corruption and in addition, the restrictions and principles for bribery of the receiving person or organisation and respects them. Additionally, the person's superior must always accept the giving and receiving of any gifts and hospitability.

The Code of Conduct is available to all employees of eQ Group on the Group's internal website.

Tax transparency

As part of this Sustainability Report, eQ reports its financial impact on society in form of taxes and charges of tax-like nature. Transparent reporting is part of responsible operations and governance. eQ Group does not have a separate tax strategy approved by the Board. The Group pays its taxes to Finland.

eQ Group is a major taxpayer. In 2020, the income tax for eQ's taxable profit paid in Finland totalled EUR 6.2 million (2019: EUR 5.3 million). The Group's effective tax rate was 20.2% (2019: 20.2%).

As employer, eQ pays charges related to pension, unemployment and social security and remits the withholding from the salaries to tax authorities. The charges of tax-like nature related to the personnel that eQ Group paid in 2020 totalled EUR 3.0 million (2019: EUR 3.0 million).The withholdings that eQ made from the salaries amounted to EUR 6.5 million (2019: EUR 5.9 million) and the other tax-like charges totalled EUR 1.4 million (2019: EUR 1.3 million).

The value-added tax remitted by eQ Group in 2020 totalled EUR 0.4 million (2019: EUR 1.5 million). In addition, part of the value-added tax included in purchases is paid by eQ, as the operations are partly exempted from VAT.

The taxes withdrawn from the dividend and equity repayment that eQ Plc paid in 2020 totalled EUR 1.2 million (2019: EUR 1.1 million).

eQ has not received any public subsidies for its operations.

Taxes, EUR 1,000	2020	2019	2018	2017	2016
Taxes paid					
Income tax, Finland	6,209	5,306	4,679	4,220	3,465
Effective tax rate	20.2%	20.2%	20.8%	20.9%	20.9%
Charges of tax-like nature payable by the employer (employee pension, social security and unemployment charges)	2,978	2,960	2,770	2,451	2,358
Taxes remitted					
Withdrawal from salaries, Finland	6,483	5,901	5,267	4,507	4,085
Charges of tax-like nature payable by the employee (employee pension, unemployment charges)	1,405	1,308	1,106	884	850
Value-added tax paid, Finland	393	1,503	768	871	2,031
Tax withdrawn from dividend and equity repayment, Finland	1,217	1,061	976	994	1,079

External validation of the report

This report has not been validated by an external party.

The Firm of Authorised Public Accountants KPMG Oy Ab has audited eQ Plc's financial statements for the financial period 1 January to 31 December 2020. eQ Plc's Board and CEO are responsible for the other information in the Annual Report. This report is included in eQ's Annual Report and treated as "other information", as defined in the Auditors' Report. Even though the auditors do not audit other information, they have in their report assessed whether the other information essentially conflicts with the financial statement and information obtained by the auditors or if it otherwise seems to be incorrect for essential parts.

Report by the Board of Directors

Report by the Board of Directors 1 January to 31 December 2020

Operating environment

The year 2020 started in a cautiously positive tone. Economic growth has accelerated, and stock exchanges went up. The sentiment changed rapidly, however, as the COVID-19 virus started to spread, first in China and in March and April in the whole world. In several countries, entire branches of industry were closed, the GDP shrank considerably, and unemployment increased. During the summer of 2020, the situation improved, and economies were opened up. When autumn came, the situation worsened once more, and several countries announced new restriction measures. At the moment, the GDP growth estimate for the year 2020 is -3.5% for the US, -7.3% for Europe and +2.1% for China. The situation in China has deviated markedly from the rest of the world: the country initiated fierce measures and closed down the economy already in January but managed to raise its total production to the same level as early in the year already in in the summer.

Central banks all over the world initiated enormous stimulus measures, and together with fiscal stimulus, the support for economies reached record proportions. As a result of the COVID-19 pandemic the European Union is launching its first supranational support package where a considerable share of the means is assigned for sustainable development objects. Despite the enormous increase in liquidity, inflation has not accelerated globally.

The equity and bond market reacted very fiercely to the spreading of the pandemic and the financial crisis that followed. The steepest fall in share prices was experienced in March, and at the same time, the liquidity in the bond market become almost non-existent. Trust in the future was, however, rapidly restored thanks to fiscal stimulus, and the whole investment year 2020 was in the end good – and partly excellent. Regional differences were large: the Finnish stock exchange rose by 15.7% in 2020, even though the MSCI Index that describes the stock exchange development in Europe gave a -3.2% return. The US stock exchange rose by 17.8% in dollars, but due to the weakening dollar, the return in euros was 8.0%. The emerging market index rose by 8.5%, but regional differences were large. China was strongly positive and above all Brazil and Russia clearly negative.

The support measures of central banks brought the interest rate levels in Europe and the US further down. Euro government bonds gave a 4.9% return at index level, investment grade bonds 2.7%, high yield bonds 2.9% and emerging market corporate loans as euro hedged 5.5%.

Major events during the financial period

eQ Plc's Annual General Meeting was held on 25 March 2020. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra and Tomas von Rettig were re-elected to the Board. Georg Ehrnrooth will continue as Chair of the Board.

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 415,000 shares on 10 September 2020 and by 150,000 shares on 26 November 2020.

Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 56.7 million (EUR 50.6 million from 1 Jan. to 31 Dec. 2019). The Group's net fee and commission income was EUR 56.7 million (EUR 49.5 million). The Group's net investment income from own investment operations was EUR 0.0 million (EUR 1.1 million), including the return from private equity and real estate fund investments and liquid fixed income funds.

The Group's expenses and depreciation totalled EUR 26.0 million (EUR 24.3 million). Personnel expenses were EUR 21.5 million (EUR 19.8 million), other administrative expenses totalled EUR 2.0 million (EUR 2.2 million), and the other operating expenses were EUR 1.4 million (EUR 1.4 million). Depreciation was EUR 1.1 million (EUR 1.0 million). The salary expenses increased from the year before due to result-related remuneration.

The Group's operating profit was EUR 30.8 million (EUR 26.3 million) and the profit for the period was EUR 24.6 million (EUR 21.0 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 24 traditional mutual funds registered in Finland. The number of funds increased in the first half of the year with two funds that were transferred from Aurejärvi Asset Management. The new funds are eQ Global and eQ Europe Small Cap.

eQ's fixed income funds gave a good return towards the end of the year and were mainly positive during the entire year. The negative return of the eQ Emerging Markets Corporate Bond Local Currency Fund, mainly due to a currency movement, was an exception to this. The best returns came from the and eQ Emerging Markets Corporate Bond and eQ Government Bond funds. As compared with benchmark indices, the eQ Floating Rate and eQ Investment Grade funds succeeded best. The eQ Euro Investment Grade fund was awarded as the best fund measured with a five-year return in the Lipper Scandinavian "Bond EUR Corporates" award series.

After the collapse in March, equity funds continued to grow strongly during the remaining part of the year, and the year turned out to be good for equity fund investors. The best returns came from the eQ Nordic Small Cap, eQ Europe Small Cap and eQ Finland funds. The return of the eQ Nordic Small Cap Fund was almost 60%. As compared with the benchmark indices, the eQ Nordic Small Cap, eQ Europe Small Cap and eQ Blue Planet funds and gave excellent returns. On 11 March 2020, eQ Asset Management won one of the major prices awarded by Morningstar. Morningstar recognised the entire equity fund range of eQ with its "Best Equity Fund House" award. This extremely highly esteemed award is based on the five-year risk-adjusted returns of eQ's equity funds.

Of the funds managed by eQ, 71% surpassed their benchmark indices in 2020, 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 3.5 stars at the end of the year. The returns of the discretionary asset management portfolios that eQ manages varied between +2.2 and +11.4% based on the allocation of the investment portfolio. The return of portfolios that are only invest in Finnish shares was +14.1%. The ESG ratings of the eQ funds are better than the average, and eQ obtained excellent ESG ratings in the 2020 PRI assessment.

Private Equity

The first close of the new eQ PE XII North private equity fund was held at the end of January 2020 at EUR 126 million. In the closing of the fund in June, the size of the fund grew to EUR 190 million, and in the final close, the size was EUR 205 million. The eQ PE XII North fund makes investments in private equity funds that invest in unlisted, small and mid-sized companies in Northern Europe. In January 2020, eQ also established its third secondary market fund eQ PE SF III. The first close of the fund was held at EUR 75 million. In the closing of the fund in June, the size of the fund grew to EUR 155 million, and in the final close, the size was EUR 170 million. Both new funds are clearly larger than their predecessors. During the first half of 2020, eQ also launched four new private equity asset management programmes. Towards the end of the year, we also raised EUR 36 million to our third fund that invests in the European private credit market, eQ Private Credit III, and the raising of means to the fund will continue during the spring of 2021.

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 year, the assets in private equity funds managed by eQ totalled EUR 1 814 million (EUR 1 609 million) and the assets managed under private equity asset management programmes were EUR 878 million (EUR 677 million).

Real estate investments

The net subscriptions in the eQ Finnish Real Estate Fund were EUR -21 million in the last quarter and EUR -39 million during the whole year. At the end of the year, the size of the fund was EUR 661 million, and its real estate property amounted to almost EUR 1.0 billion. The return of the fund in 2020 was 4.6% and since establishment 8.4% p.a. The fund has more than 2,200 unit holders. Towards the end of the year, the eQ Finnish Real Estate fund sold seven business properties for a total of EUR 100 million.

In the fourth quarter, new net subscriptions worth EUR 33 million were made in the eQ Care fund. During the year, the subscriptions totalled EUR 87 million. At the end of the year, the size of the fund was EUR 1,127 million, and its real estate property amounted to almost EUR 1.3 billion. The return of the fund in 2020 was 9.0% and since establishment also 9.0% p.a. The fund has approximately 4,200 unit holders.

Towards the end of the year, the eQ Care Fund sold altogether 55 properties for EUR 222 million.

In May, eQ established a new real estate fund eQ Residential. In the first close, underwritings worth EUR 33 million were gathered to the fund. The second close of the fund took place in October at EUR 51 million, and at the end of the year, the size of the fund grew to EUR 75 million. The investment capacity increased thereby to about EUR 250 million. The investment operations have proceeded well and the raising of means will continue in early 2021. The target size of the fund is EUR 100 million, which will enable investments exceeding 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. Unlike eQ Care and eQ Finnish Real Estate, the eQ Residential Fund is restricted to professional investors only in a closed-end fund structure.

Overall, eQ's real estate funds had real estate property worth almost EUR 2.4 billion at the end of the year, and eQ has become a major Finnish real estate investor. The real estate investment team has consequently been expanded and now consists of 13 persons. eQ Real Estate fund participated in the CRESB sustainability assessment for the second year in row, and the results improved clearly.

Assets under management and clients

At the end of the year, the assets managed by eQ Asset Management, excluding assets covered by private equity reporting services, were EUR 7,457 million. The assets increased by EUR 690 million from the beginning of the year, excluding private equity reporting services, and fell by EUR 2,714 million (EUR 6,767 / 11,686 million on 31 Dec. 20109). The considerable fall in the private equity reporting services was due to one large institutional investor, who went over to an international service provider. The transfer has no impact on the company profit. At the end of the year, the assets managed by mutual funds registered in Finland totalled EUR 3,439 million (EUR 3,276 million). The assets increased by EUR 163 million during the year. Mutual funds managed by international partners and assets covered by other asset management operations totalled EUR 1,252 million (EUR 1,206 million). The assets managed under private equity funds and private equity asset management totalled EUR 4,282 million (7,204 M€), the share of eQ private equity funds being EUR 1,814 million (1,609 M€), private equity asset management programmes EUR 878 million (676 M€) and that of closed-end real estate funds EUR 75 million (- M€). The assets covered by the private equity reporting service totalled EUR 1,515 million (EUR 4,919 million).

Result of the Asset Management segment

During the financial period, the net revenue of the Asset Management segment increased by 19% and the operating profit by 26% to EUR 32.1 million (EUR 25.4 million from 1 Jan. to 31 Dec. 2019). The management fees of the real estate and private equity operations increased by 19% during the financial period. Performance fees increased by 54% due to the very strong returns of the last quarter. Performance fees typically fluctuate strongly per quarter and financial period. The cost/income ratio was 39.0% (42.7%). Calculated as full-time resources, the Asset Management segment had 75 employees at the end of the year.

Asset Management	1–12/2020	1–12/2019	Change
Net revenue, M€	52.8	44.3	19%
Operating profit, M€	32.1	25.4	26%
Assets under management excluding reporting services, € billion	7.5	6.8	10%
Assets under management total, € billion	9.0	11.7	-23%
Cost/income ratio, %	39.0	42.7	-9%
Personnel as full-time resources	75	69	9%

Fee and commission income, Asset Management, M€	1–12/2020	1–12/2019	Change %
Management fees from traditional asset management	8.1	8.0	1%
Real estate and private equity management fees	38.1	32.1	19%
Other fee and commission income	0.2	0.3	-15%
Performance fees	6.7	4.4	54%
Total	53.2	44.7	19%

Corporate Finance

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

There were positive expectations for the M&A market at the beginning of 2020, but when the global COVID-10 pandemic hit in February and March 2020 these expectations and the activity deteriorated clearly for a while. After the first reaction, the worst threat scenarios regarding market activity were not realised, however, and the M&A market picked up considerably towards the end of the year. The COVID-19 pandemic also slowed down the real estate arrangement market during the first half of the year, but the market picked up later in the year.

During the financial period, Advium acted as advisor in nine finalised transactions, five of which were M&As and four real estate transactions. In 2020, Advium acted as advisor, for instance, in the merger between Cargotec and Konecranes, which is subject to approval by competition authorities, as advisor to Solidium, as it sold its holding in Neles Oyj to Valmet and as advisor to Peab AB, as it bought of YIT its paving business. Advium also acted as advisor to Elo Mutual Pension Insurance Company, as a fund managed by Corum AM bought a storage, business and office property in Jätkäsaari in Helsinki.

Result of the Corporate Finance segment

In 2020, Advium's net revenue was EUR 4.1 million, compared with EUR 5.4 million the year before. The operating profit was EUR 1.1 million (EUR 1.9 million from 1 Jan. to 31 Dec. 2019).The segment had 14 employees at the end of December.

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

Corporate Finance	1–12/2020	1–12/2019	Change
Net revenue, M€	4.1	5.4	-24%
Operating profit, M€	1.1	1.9	-41%
Cost/income ratio, %	72.3	64.1	13%
Personnel as full-time resources	14	15	-7%

Investments

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

During the period, the operating profit of the Investments segment was EUR -0.1 million (EUR 0.8 million from 1 Jan. to 31 Dec. 2019). At the end of the period, the fair value of the investments was EUR 15.7 million (EUR 16.2 million on 31 Dec. 2019) and the amount of the remaining investment commitments was EUR 7.1 million (EUR 6.7 million).

During the period, the investment objects returned capital for EUR 1.8 million (EUR 2.3 million from 1 Jan. to 31 Dec. 2019) and distributed a profit of EUR 0.3 million (EUR 1.8 million). Capital calls totalled EUR 1.6 million (EUR 2.4 million). The net cash flow from investments during the period was EUR 0.6 million (EUR 1.7 million). The value changes of the private equity fund investments recognised through profit or loss were EUR -0,3 million during the period (EUR -0,8 million). During the financial period, the COVID-19 crisis influenced the profit distribution and value changes of investments.

During the financial period, eQ Plc made a EUR 1.0 million investment commitment in the eQ PE XII North private equity fund. eQ Plc also made an investment commitment of EUR 1.0 million in the eQ Residential real estate fund.

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	1–12/2020	1–12/2019	Change
Operating profit, M€	-0.1	0.8	-110%
Fair value of investments, M€	15.7	16.2	-3%
Investment commitments, M€	7.1	6.7	5%
Net cash flow of investments, M€	0.6	1.7	-67%

Balance sheet and capital adequacy

At the end of the period, the consolidated balance sheet total was EUR 91.5 million (EUR 85.4 million on 31 Dec. 2019) and the shareholders' equity was EUR 67.5 million (EUR 65.1 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 24.6 million, the dividend distribution of EUR -21.1 million, the repayment of equity of EUR -2.7 million from the reserve for invested unrestricted equity, the subscription for new shares with option rights of EUR 1.4 million and the accrued expense of EUR 0.2 million related to the option scheme and enter in shareholders' equity.

At the end of the period, liquid assets totalled EUR 21.5 million (EUR 22.4 million) and liquid investments in mutual funds EUR 14.9 million (EUR 9.9 million). In order to safeguard the availability of financing, the Group has access to a credit limit of EUR 4.0 million. At the end of the period, the Group's short-term receivables amounted to EUR 7.6 million (EUR 4.7 million).

The lease liability entered in the balance sheet was EUR 2.0 million (EUR 2.6 million) at the end of the period, the share of short-term liabilities being EUR 0.9 million (EUR 0.6 million). Interest-free short-term debt was EUR 21.9 million (EUR 17.7 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% (76.2%).

A subsidiary called eQ Asset Management Ltd, which is engaged in investment firm operations and fully owned by eQ Plc, is part of the Group. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the CRR/CRD regulations. The requirement for eQ Group's and eQ Asset Management Ltd's own funds is calculated according to article 95 of EU's Capital Requirements Regulation. The amount of the total risk exposure is calculated as the larger of the following: a) total amount of credit and market risks or b) the total risk based on fixed overheads.

The Group's CET1 (Common Equity Tier 1) and capital adequacy ratio of the own funds was 18.0% (22.2% on 31 Dec. 2019) at the end of the period. According to regulations, the absolute minimum requirement for own funds is 8%. At the end of the period, the Group's own funds based on capital adequacy calculations totalled EUR 10.6 million (EUR 11.9 million on 31 Dec. 2019), and the total risk exposure was EUR 58.8 million (EUR 53.5 million). In capital adequacy calculations, the amount of the total risk exposure is based on credit and market risks, as the total risk exposure based on fixed overheads was lower at the end of the period under review. The total risk exposure based on fixed overheads was EUR 52.4 million at the end of the period.

Capital adequacy, EUR 1,000

	CRR 31 Dec. 2020 eQ Group	CRR 31 Dec. 2019 eQ Group
Equity	67,545	65,117
Common equity tier 1 (CET1) before deductions	67,545	65,117
Deductions from CET 1		
Intangible assets	-29,761	-29,465
Unconfirmed profit for the period	-24,610	-21,035
Dividend proposal by the Board*	-2,601	-2,715
Common equity tier 1 (CET1)	10,574	11,901
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	10,574	11,901
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	10,574	11,901
Risk-weighted items total – Total risk exposure	58,830	53,499
of which credit risk	54,064	48,183
of which market risk - currency risk	4,766	5,316
of which extra risk due to fixed expenses	-	-
Common equity tier 1 (CET1) / risk weights, %	18.0%	22.2%
Tier 1 (T1) / risk weights, %	18.0%	22.2%
Total capital (TC) / risk weights, %	18.0%	22.2%

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

Major risks and short-term uncertainties

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

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

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

The Group's liquidity is monitored continuously, and good liquidity is maintained by only investing the surplus liquidity in objects with a low risk, which can be turned into cash rapidly and at a clear market price. The liquidity is influenced by the capital calls and capital returns of the own private equity and real estate fund investments. In order to safeguard the availability of financing, the Group has access to a credit limit.

Board of Directors, Management Team, CEO and auditor

At eQ Plc's Annual General Meeting held on 25 March 2020, Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra and Tomas von Rettig were re-elected to the Board. The Board elected Georg Ehrnrooth Chair of the Board at its constituent meeting. eQ Plc's Board had nine meetings during the financial period 2020, average attendance being 100%.

During the financial period 2020, eQ Group's Management Team has consisted of the following persons:

- Janne Larma, CEO of eQ Plc
- Staffan Jåfs, eQ Asset Management Ltd, Director, Head of Private Equity
- Mikko Koskimies, eQ Asset Management Ltd, CEO
- Antti Lyytikäinen, eQ Plc, CFO
- Juha Surve, eQ Asset Management Ltd, Director, Group General Counsel

The company's CEO was Janne Larma. The company auditor was KPMG Oy Ab, a firm of authorized public accountants, with Marcus Tötterman, APA, as auditor with main responsibility.

Personnel and organisation

At the end of the period, the number of Group personnel calculated as full-time resources was 94 (89 persons on 31 December 2019). Calculated as full-time resources, the Asset Management segment had 75 (69) employees and the Corporate Finance segment 14 (15) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 21.5 million (EUR 19.8 million from 1 Jan. to 31 Dec. 2019). The salary expenses increased from the year before due to result-related remuneration.

Loans to related parties

eQ Plc's receivables from related parties have been described in further detail in Note 32 to the Financial Statements.

eQ Plc's share

Authorisations

On 25 March 2020, 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, comprising a maximum total of 3,500,000 shares. The amount of the authorisation corresponded to approximately 9,14% 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.

Shares and share capital

At the end of the period on 31 December 2020, the number of eQ Plc's shares was 38,872,198 and the share capital was EUR 11,383,873.00.

During the financial period, 10 September 2020, the number of eQ Plc's shares increased by 415,000 new shares subscribed for with option rights 2015. The subscription price of the new shares totalled EUR 1,033,350.00. The entire subscription was entered in the reserve for invested unrestricted equity.

During the financial period, 26 November 2020, the number of eQ Plc's shares increased by 150,000 new shares subscribed for with option rights 2015. The subscription price of the new shares totalled EUR 373,500.00. The entire subscription was entered in the reserve for invested unrestricted equity. There were no changes in the share capital during the period.

The closing price of eQ Plc's share on 31 December 2020 was EUR 16.75 (EUR 12.45 on 31 Dec. 2019). The market capitalisation of the company was thus EUR 651.1 million (EUR 476.9 million) at the end of the financial period. During the financial period, 2,721,819 shares were traded on Nasdaq Helsinki (1,615,771 shares from 1 Jan. to 31 Dec. 2019). In euros, the turnover was EUR 35.8 million (EUR 15.9 million).

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 2015

At the end of the period, altogether 1,575,000 options had been allocated from option scheme 2015. The subscription period of shares with option rights 2015 began on 1 April 2019 and the options have been listed on Nasdaq Helsinki.

Of these options, altogether 815,000 had been exercised by the end of the period. The number of outstanding options was 760,000 at the end of the period. No options of the option scheme 2015 can any longer be allocated.

The terms and conditions of the option scheme have been published in a stock exchange release of 5 November 2015, and they can be found in their entirety on the company website at *www.eQ.fi/en*.

Option scheme 2018

At the end of the period, altogether 1,775,000 options had been allocated from option scheme with a purchase price 2018. The subscription period of shares with option rights 2018 will begin on 1 April 2022 and end on 1 April 2024.

In the first quarter of 2020, 25 000 options with a purchase price of EUR 18,000.00 were returned to eQ Plc due to the termination of employment. The purchase price of the returned options was entered in its entirety at the original subscription price in the reserve for invested unrestricted equity. The number of outstanding options was 1,775,000 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/en*.

Own shares

At the end of the financial period, on 31 December 2020, eQ Plc held no own shares.

Shareholders

Major shareholders	Number of shares	% of votes and shares
Fennogens Investments S.A.	7,943,137	20.43%
Anchor Oy Ab	6,058,963	15.59%
Chilla Capital S.A.	6,045,275	15.55%
Teamet Oy	4,100,000	10.55%
Oy Cevante Ab	1,419,063	3.65%
Fazer Jan Peter	1,298,306	3.34%
Procurator-Holding Oy	793,892	2.04%
Lavventura Oy	650,000	1.67%
Linnalex Ab	631,652	1.62%
Pinomonte Ab	529,981	1.36%
Umo Invest Oy	414,240	1.07%
Leppä Jukka-Pekka	325,000	0.84%
Sever Match Oy	240,000	0.62%
Mononen Matti	180,000	0.46%
Leenos Oy	175,275	0.45%
Johansson Ole Henrik	150,000	0.39%
Louko Antti Jaakko	150,000	0.39%
Viskari Jyri	150,000	0.39%
Lund Dick Peter	147,285	0.38%
Keskitien Säätiö Sr	130,700	0.34%
Others	7,339,429	18.88%
Total	38,872,198	100.00%

The information is based on the situation in the shareholders' register kept by Euroclear Finland Ltd on 31 December 2020.

Ownership structure by sector on 31 December 2020

	Number of shares	% of votes and shares
Corporations	16,226,014	41.74%
Financial and insurance institutions	680,362	1.75%
Public sector entities	83,945	0.22%
Households	7,508,848	19.32%
Foreign	14,033,194	36.10%
Other[1]	339,835	0.87%
Total	38,872,198	100.00%

[1] The item Others comprises non-profit organisations.

Ownership structure according to number of shares held:

No. of shares per shareholder	Number of shareholders	Share of shareholders, %
1–100	3,160	43.52%
101–500	2,406	33.14%
501–1,000	740	10.19%
1,001–5,000	748	10.30%
5,001–10,000	86	1.18%
10,001–50,000	76	1.05%
50,001–100,000	19	0.26%
100,001–500,000	16	0.22%
500,001–	10	0.14%
Total	7,261	100.00%

No. of shares per shareholder	Number of shares	Share of shares, %
1–100	140,554	0.36%
101–500	631,970	1.63%
501–1,000	572,063	1.47%
1,001–5,000	1,621,837	4.17%
5,001–10,000	638,071	1.64%
10,001–50,000	1,573,989	4.05%
50,001–100,000	1,350,819	3.48%
100,001–500,000	2,872,626	7.39%
500,001–	29,470,269	75.81%
Total	38,872,198	100.00%

Nominee registered shares:

Of the company shares, 360,753 were nominee-registered, representing 0.93% of the votes and shares.

Other information on the share

The following information on the company share is found in the Notes to the Financial Statements: holdings of the company management and directors and the number of company shares and share types.

Corporate governance

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association on 1 January 2020. The entire Code is available on the website of the Securities Market Association at *www.cgfinland.fi/en*.

Proposal for the distribution of profit

The distributable means of the parent company on 31 December 2020 totalled EUR 49,830,472.00. The sum consisted of retained earnings of EUR 26,495,131.62 and the means in the reserve of invested unrestricted equity of EUR 23,335,340.38.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.64 per share be paid out. The proposal corresponds to a dividend totalling EUR 24,878,206.72 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 0.06 per share be paid out from the reserve of invested unrestricted equity. The proposal corresponds to an equity repayment totalling EUR 2,332,331.88 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 26 March 2021. The Board proposes 6 April 2021 as the payment date of the dividend and equity repayment.

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

Events after the financial period

eQ Plc's shareholders with more than 60% of the company shares and votes have made a proposal to the Annual General Meeting to be held on 24 March 2021 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 Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra and Tomas von Rettig be re-elected to the Board and that Janne Larma be elected as new director. Janne Larma has been eQ Plc's CEO since 2011 and will continue to hold this position to 31 March 2021, after which he is to become full-time Chair of eQ Plc's Board of Directors from 1 April 2021.

eQ Plc's Board of Directors has decided to appoint Mikko Koskimies CEO of eQ Plc. At the moment, Mikko Koskimies is CEO of eQ Asset Management Ltd, and he will continue to hold this position after the appointment. The appointment will become effective on 1 April 2021.

The eQ PE XIII US private equity fund held its first close at USD 131 million in January 2021. eQ Plc made an investment commitment of USD 1.0 million in the fund.

Outlook

The year 2021 started off in a positive tone in the equity market. The eQ PE XIII US private equity fund raised a record amount of USD 131 million in its first closing in January. This only strengthens our view that the demand for alternative investment products continues to be strong. With regard to the above, we expect the net revenue and operating profit of the Asset Management segment to grow in 2021.

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. Consequently, their operating profits may vary considerably and are difficult to foresee.

Helsinki, 4 February 2021

eQ Plc
Board of Directors

Consolidated Key Ratios

EUR 1,000	2020	2019	2018	2017	2016
INCOME STATEMENT					
Fee and commission income, net	56,734	49,505	43,571	38,938	33,221
Net income from financial assets	32	1,132	1,794	1,738	2,194
Net revenue	56,744	50,614	45,367	40,680	35,418
Operating profit (loss)	30,757	26,292	22,450	20,121	16,227
% of net revenue	54.2	51.9	49.5	49.5	45.8
Profit (loss) for the period	24,610	21,035	17,799	15,922	12,832
BALANCE SHEET					
Claims on credit institutions and liquid assets	21,453	22,375	15,848	14,629	6,626
Financial assets	30,576	26,112	26,777	28,857	29,286
Intangible and tangible assets	31,812	32,159	29,748	29,740	29,823
Other assets and receivables	7,636	4,772	5,837	3,584	10,443
Total assets	91,476	85,418	78,211	76,810	76,177
Total equity	67,545	65,117	62,249	62,661	64,511
Liabilities	23,931	20,301	15,962	14,149	11,666
Total liabilities and equity	91,476	85,418	78,211	76,810	76,177

EUR 1,000	2020	2019	2018	2017	2016
PROFITABILITY AND OTHER KEY RATIOS					
Return on investment, ROI % p.a.	35.9	32.4	28.5	25.0	19.1
Return on equity, ROE % p.a.	37.1	33.0	28.5	25.0	19.1
Equity to assets ratio, %	73.8	76.2	79.6	81.6	84.7
Gearing, %	-50.8	-45.7	-41.3	-39.4	-25.9
Cost/income ratio, %					
Group	45.6	48.1	50.5	50.5	53.0
Asset Management	39.0	42.7	46.9	46.8	51.6
Corporate Finance	72.3	64.1	54.7	61.7	52.7
Number of personnel as full-time resources at the end of the period	94	89	86	84	80
Number of personnel as full-time resources, average	92	88	85	81	79

EUR 1,000	2020	2019	2018	2017	2016
SHARE-RELATED KEY RATIOS					
Earnings per average share, EUR	0.64	0.55	0.47	0.43	0.35
Diluted earnings per average share, EUR	0.60	0.51	0.45	0.40	0.33
Equity per share, EUR	1.74	1.70	1.65	1.67	1.75
Equity per average share, EUR[1]	1.76	1.71	1.66	1.68	1.75
Dividend, EUR 1,000[2]	24,878	21,069	17,722	16,128	12,942
Dividend per share[2]	0.64	0.55	0.47	0.43	0.35
Dividend per earnings, %[2]	100.0	100.0	100.0	100.0	100.0
Repayment of equity, EUR 1,000[3]	2,332	2,682	2,640	2,626	5,547
Repayment of equity per share[3]	0.06	0.07	0.07	0.07	0.15
Dividend and repayment of equity, total, EUR 1,000	27,211	23,750	20,362	18,754	18,489
Dividend and repayment of equity, total per share	0.70	0.62	0.54	0.50	0.50
Effective dividend yield, %	4.2	5.0	7.1	6.0	6.2
Price/earnings ratio, P/E	26.2	22.6	16.2	19.3	23.2
Adjusted share price development, EUR					
Average price	13.43	9.61	8.59	8.12	6.38
Highest price	17.05	13.15	9.36	8.65	8.21
Lowest price	9.54	7.72	7.60	7.42	5.28
Closing price	16.75	12.45	7.60	8.30	8.11
Market capitalisation, EUR 1,000	651,109	476,925	286,575	311,310	299,885
Share turnover, 1,000 shares	2,722	1,616	5,444	1,951	7,224
% of total number of shares	7.1	4.2	14.5	5.2	19.6
Share turnover, EUR 1,000	35,793	15,926	45,378	15,836	43,816
Adjusted number of shares, 1,000 shares					
Average during the year	38,448	38,044	37,607	37,289	36,798
At the end of the year	38,872	38,307	37,707	37,507	36,977

[1] Weighted average number of shares outstanding during the period

[2] The Board's dividend proposal

[3] The Board's proposal for repayment of equity from the reserve for invested unrestricted equity

Calculation of Key Ratios

RETURN ON INVESTMENT, ROI (%)

$$\frac{\text{profit or loss + interest expenses}}{\text{equity + interest-bearing financial liabilities (average)}} \times 100$$

RETURN ON EQUITY, ROE (%)

$$\frac{\text{profit or loss}}{\text{equity (average)}} \times 100$$

EQUITY TO ASSETS RATIO (%)

$$\frac{\text{equity}}{\text{balance sheet total - advances received}} \times 100$$

GEARING (%)

$$\frac{\text{interest-bearing liabilities - financial assets - cash in hand and at bank}}{\text{equity}} \times 100$$

COST/INCOME RATIO (%)

$$\frac{\text{administrative expenses + other operating expenses + depreciation (excl. agreement depreciation)}}{\text{net revenue}} \times 100$$

EARNINGS PER SHARE, EPS

$$\frac{\text{profit or loss for the period attributable to equity holders of the parent company}}{\text{adjusted average number of shares during the period}}$$

EQUITY PER SHARE

$$\frac{\text{equity}}{\text{adjusted number of shares at the balance sheet date}}$$

DIVIDEND PER SHARE

$$\frac{\text{dividend}}{\text{adjusted number of shares at the balance sheet date}}$$

DIVIDEND PER EARNINGS (%)

$$\frac{\text{dividend per share}}{\text{earnings per share}} \times 100$$

REPAYMENT OF EQUITY PER SHARE

$$\frac{\text{repayment of equity from the reserve for invested unrestricted equity}}{\text{adjusted number of shares at the balance sheet date}}$$

EFFECTIVE DIVIDEND YIELD (%)

$$\frac{\text{dividend and equity repayment per share}}{\text{adjusted share price at the balance sheet date}} \times 100$$

PRICE/EARNINGS RATIO, P/E

$$\frac{\text{adjusted share price at the balance sheet date}}{\text{earnings per share}}$$

MARKET CAPITALISATION

number of shares on 31. Dec. x closing price on 31. Dec

SHARE TURNOVER (%)

$$\frac{\text{number of shares traded during the period}}{\text{average number of shares during the period}} \times 100$$

Financial Statements

Consolidated Income Statement

EUR 1,000	Note no.	2020	2019
Fee and commission income	5	57,193	49,933
Interest income	6	1	4
Net income from financial assets	7	32	1,132
Operating income, total		57,226	51,069
Fee and commission expenses	8	-459	-428
Interest expenses	9	-23	-26
NET REVENUE		56,744	50,614
Administrative expenses	10		
Personnel expenses		-21,523	-19,758
Other administrative expenses		-1,979	-2,185
Depreciation on tangible and intangible assets	11	-1,086	-968
Other operating expenses	12	-1,399	-1,411
OPERATING PROFIT (LOSS)		30,757	26,292
PROFIT (LOSS) BEFORE TAXES		30,757	26,292
Income tax	13	-6,148	-5,257
PROFIT (LOSS) FOR THE PERIOD		24,610	21,035

Consolidated Statement of Comprehensive Income

EUR 1,000	Note no.	2020	2019
Other comprehensive income:		-	-
Other comprehensive income after taxes		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		24,610	21,035
Profit for the period attributable to:			
Equity holders of the parent company		24,610	21,035
Non-controlling interest		-	-
Comprehensive income for the period attributable to:			
Equity holders of the parent company		24,610	21,035
Non-controlling interest		-	-
Earnings per share calculated from the profit of equity holders of the parent company:	14		
Earnings per average share, EUR		0.64	0.55
Diluted earnings per average share, EUR		0.60	0.51

Consolidated Balance Sheet

EUR 1,000	Note no.	31 Dec. 2020	31 Dec. 2019
ASSETS			
Liquid assets		80	72
Claims on credit institutions	15	21,372	22,303
Financial assets	16, 26–29		
Financial securities		14,920	9,956
Private equity and real estate fund investments		15,656	16,156
Intangible assets	17		
Fair value and brands		29,212	29,212
Client agreements		308	-
Other intangible assets		240	253
Tangible assets	18		
Right-of-use assets		1,703	2,433
Other tangible assets		349	261
Other assets	19	6,969	4,151
Accruals and prepaid expenditure	20	544	528
Income tax receivables		55	58
Deferred tax assets	21	66	34
TOTAL ASSETS		91,476	85,418

EUR 1,000	Note no.	31 Dec. 2020	31 Dec. 2019
LIABILITIES AND EQUITY			
LIABILITIES			
Other liabilities	22	5,218	4,780
Accruals and deferred income	23	14,956	12,057
Lease liabilities	24	2,035	2,604
Income tax liabilities		1,722	831
Deferred tax liability	21	-	29
TOTAL LIABILITIES		23,931	20,301
EQUITY	30		
Attributable to equity holders of the parent company:			
Share capital		11,384	11,384
Reserve for invested unrestricted equity		25,190	26,482
Retained earnings		6,362	6,215
Profit (loss) for the period		24,610	21,035
TOTAL EQUITY		67,545	65,117
TOTAL LIABILITIES AND EQUITY		91,476	85,418

Consolidated Cash Flow Statement

EUR 1,000	2020	2019
Cash flow from operations		
Operating profit	30,757	26,292
Depreciation and impairment	1,086	968
Interest income and expenses	22	22
Transactions with no related payment transactions	389	904
Financial assets - private equity and real estate funds	243	-61
Change in working capital		
Business receivables, increase (-) / decrease (+)	-2,776	1,157
Interest-free debt, increase (+) / decrease (-)	2,506	919
Change in working capital, total	-270	2,076
Cash flow from operations before financial items and taxes	32,227	30,202
Interests received	1	4
Interests paid	-23	-26
Income taxes	-4,542	-4,532
Cash flow from operations	27,663	25,648
Cash flow from investments		
Investments in tangible and intangible assets	-739	-197
Investments in other investments - liquid mutual funds	-4,916	93
Cash flow from investments	-5,655	-103
Cash flow from financing		
Dividends/equity repayments	-23,750	-20,551
Option issue with a subscription price	-18	816
Subscription of new shares	1,407	1,296
Deduction of lease liability capital	-568	-578
Cash flow from financing	-22,930	-19,017
Increase/decrease in liquid assets	-922	6,527
Liquid assets on 1 Jan.	22,375	15,848
Liquid assets on 31 Dec.	21,453	22,375

Change in Consolidated Shareholders' Equity

EUR 1,000	Equity attributable to equity holders of the parent company					
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2020	11,384	26,482	0	27,251	65,117	65,117
Comprehensive income						
Profit (loss) for the period				24,610	24,610	24,610
Other comprehensive income				-	-	-
Total comprehensive income			0	24,610	24,610	24,610
Dividends/equity repayments		-2,682		-21,069	-23,750	-23,750
Subscription of new shares		1,407			1,407	1,407
Option issue with a subscription price		-18			-18	-18
Options granted				180	180	180
Shareholders' equity on 31 Dec. 2020	11,384	25,190	0	30,972	67,545	67,545
Shareholders' equity on 31 Dec. 2019	11,384	27,034	0	23,831	62,249	62,249
Comprehensive income						
Profit (loss) for the period				21,035	21,035	21,035
Other comprehensive income				-	-	-
Total comprehensive income			0	21,035	21,035	21,035
Dividends/equity repayments		-2,664		-17,887	-20,551	-20,551
Subscription of new shares		816			816	816
Option issue with a subscription price		1,296			1,296	1,296
Options granted				271	271	271
Shareholders' equity on 31 Dec. 2019	11,384	26,482	0	27,251	65,117	65,117

Notes to the Consolidated Financial Statements

1 Principles for preparing the Consolidated Financial Statements

Basic information

eQ Plc is a Finnish public limited company founded under Finnish law. The domicile of the company is Helsinki, Finland. eQ Plc and its subsidiaries form eQ Group (“eQ” or “the Group”). The parent company eQ Plc’s shares are listed on Nasdaq Helsinki. eQ Group is a group of companies that concentrates on asset management and corporate finance operations. eQ Asset Management offers versatile asset management services to institutions and private individuals. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

A copy of the consolidated financial statements is available on the company website at *www.eQ.fi/en* and at the head office of the parent company, address Aleksanterinkatu 19, 00100 Helsinki.

The consolidated financial statements have been prepared for the 12-month period 1 January to 31 December 2020. The Board of Directors of eQ Plc has approved the consolidated financial statements for publication on 4 February 2021. According to the Finnish Limited Liability Companies Act, the Annual General Meeting shall have the right to adopt, reject or amend the financial statements after their publication.

The consolidated financial statements have been presented in euros, which is the operating and disclosure currency of the parent company. The figures are presented in thousand euros, unless otherwise stated.

Principles for preparing the Financial Statements

eQ Plc’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, approved by the EU. The IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2020 have been applied when preparing the statements.

eQ Group will introduce each new IFRS standard and interpretation as of its effective date or, if the effective date is some other than the first day of a financial period, as of the beginning of the financial period following the effective date. The Group has applied the amended standards and interpretations that entered into force on 1 January 2020. The amendments have not had any essential impact on the Group’s financial statements.

New and amended standards and interpretations to be applied later:

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts (to be applied from 1 January 2022 or from financial periods beginning after said date). Clarifies the content of inevitable costs that arise from obligations.
- Amendments to IAS 1 Presentation of Financial Statements – Classifying liabilities as current or non-current (to be applied from 1 January 2023 or from financial periods beginning after said date). The aim of the amendments is to unify the application practice of IAS 1 and clarify the classification of liabilities as current or non-current.

The amendments to the standards have not yet been approved for application in the EU on 31 December 2020. Neither these nor other published amendments to standards are expected to have any essential impact on eQ Group’s financial statements.

Preparation principles requiring management assessment and use of estimates

Preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amount of assets and liabilities in the balance sheet at the time of preparation, the reporting of contingent assets and liabilities, and the amount of profits and costs during the reporting period. The estimates are based on the management’s current best view, but it is possible that the outcome differs from the values used in the financial statements.

Major areas where the management has made assessments are related to assessing control in private equity and real estate funds in form of limited partnerships managed by the Group (note 34 Shares in entities not included in the consolidated financial statements).

The future assumptions and uncertainty factors related to the values on the closing date of the reporting period that cause a significant risk of essential changes in the book values of the Group assets and liabilities during the following financial period have been presented below:

Definition of fair value: The fair value of private equity fund investments is defined according to International Private Equity and Venture Capital Guidelines, as no external market price is available for them. The fair value of real estate owned by real estate funds is based on a fair value defined by an external evaluator (note 28 Value of financial assets across the three levels of the fair value hierarchy). Private equity and real estate funds have been classified at level 3 of the fair value hierarchy.

Impairment testing: The Group tests the goodwill and brands with an unlimited useful life for impairment annually. The recoverable amounts of the cash-generating units have been defined based on value in use. The preparation of these calculations requires the use of estimates (note 17 Intangible assets).

Recognising revenue from contracts with customers: Revenue is recognised at an amount that recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which eQ expects to be entitled in exchange for those goods or services. There is more detailed information on estimates regarding recognising revenue requiring management assessment in the revenue recognition section.

Consolidation principles

The consolidated financial statements comprise all Group companies. Subsidiaries are companies over which the Group exercises control. Control arises when a Group by being party to an entity is exposed to the entity's variable income or is entitled to its variable income and it can influence this income by exercising control over the entity.

The Group's internal holding has been eliminated and the subsidiaries have been consolidated by using the acquisition method. Acquired subsidiaries are consolidated from the moment the Group has gained control and transferred subsidiaries until control is terminated. All internal transactions, receivables, debts and the internal distribution of profits have been eliminated in the financial statements.

The consolidated financial statements comprise the parent company eQ Plc and the following subsidiaries:

- eQ Asset Management Ltd
- eQ Fund Management Company Ltd
- eQ Life Ltd
- eQ Private Equity GP Ltd
- eQ Asunnot GP Ltd
- Advium Corporate Finance Ltd

Segment reporting

eQ Plc's operating segments are Asset Management, Corporate Finance and Investments. Segment reporting is presented according to the internal reporting provided to the highest operative decision-makers and prepared in accordance with IFRS standards. The highest operative management is responsible for assessing the results of the business segments. In the Group, the CEO is responsible for this function. Within the Group, decisions regarding the assessment of the segments' results are based on the operating profit, i.e. the segments' result before taxes.

The business segments consist of business units with different types of products and services as well as different income logics and profitability. The pricing between the segments is based on fair market value. The income and expenses that directly belong to the business areas or can on sensible grounds be allocated to them are allocated to the business areas. In segment reporting, Group administrative functions are presented under the item Other. The unallocated items presented under the item Other also comprise interest income and expenses and taxes. 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.

The Asset Management segment comprises services related to funds, discretionary asset management, investments insurance policies and a wide range of mutual funds offered by international partners. The Corporate Finance segment comprises services related to mergers and acquisitions, real estate transactions and equity capital markets. The business operations of the Investments segment consist of private equity and real estate fund investments made from eQ Group's own balance sheet.

Foreign currency transactions

The consolidated financial statements are presented in euros and foreign currency transactions are converted to euros using the exchange rates valid on the day of the transaction. Foreign currency receivables and liabilities are converted to euros using the exchange rates on the balance sheet date.

The gains and losses arising from foreign currency transactions and the translation of monetary items are presented through profit and loss. The foreign currency differences are included in the net income from foreign exchange dealing.

Revenue recognition principles

eQ Group receives administrative fee income related to the asset management operations from funds and asset management portfolios and pays fee repayments related to these to customers. The management fees and fee repayments of the asset management operations, included in the net income from operations, are recorded per month and mainly invoiced afterwards in periods of one, three, six or twelve months. These fees are typically calculated based on the capital in the fund or client portfolio or the original investment commitment and the agreed commission percentage over time.

The performance fees, which depend on the success of investment operations, are also included in the fee and commission income from asset management. The performance fees from asset management may consist of performance fees paid by mutual funds and non-UCITS funds (including equity and real estate funds), performance fees (profit shares) that private equity funds pay to management companies, and performance fees from asset management portfolios. eQ Group takes into consideration the requirement of limiting the assessment of variable consideration when defining the consideration from fees that it expects to be entitled to.

The performance fees of open-end real estate funds are periodised per quarter based on the return of the fund during each quarter. The ultimate performance fee that eQ receives from an open-end real estate fund is determined on the basis of the fund's annual return, and it may change from the amount recognised during an earlier quarter. eQ recognises the performance fees of real estate funds for each quarter only to a likely amount so that no major annulments will have to be made afterwards in the accumulated recognised returns.

eQ Group begins to recognise a performance fee from a private equity fund belonging to the management company (profit shares) when the private equity fund has returned the entire required return to investors and the fund has begun to pay a performance fee. The fee is not yet recognised when the calculated hurdle rate is exceeded, as a major annulment can still be possible at that stage. The possible risk of default is also assessed regarding performance fees, and, if necessary, part of the income is left unrecognised.

eQ Group also receives monthly fees and success fees related to corporate finance operations. The monthly fees are recognised over time and the success fees, which are treated as variable consideration, are dependent on the implementation of projects. The success fee income related to corporate finance projects is entered as income for the period during which the payment obligation has been carried out and the outcome of the project can be assessed in a reliable manner. When necessary, eQ Group takes into consideration the requirement of limiting the assessment of variable consideration. The expenses arising from a project are expensed immediately.

The asset items related to contracts with customers consist of management fee receivables, other fee receivables and sales receivables, which are presented separately in the Notes. No asset items from receivables from customer contracts that would fulfil the precondition for entering them in the balance sheet have arisen. The liabilities related to customer contracts mainly consist of fee repayment liabilities. The Group takes advantage of the tools available and does not recognise the amount of transaction prices for unrealised payment obligations in contracts the original expected duration of which is one year at the most, or if the amount of the consideration received of the customer and recognised as income corresponds to the value of the transferred services for the customer.

The net income from financial assets included in the operating income includes the profit distributions from private equity and real estate fund investments made from the Group's own balance sheet, the changes in fair value entered through profit or loss as well as sales profits and losses. Profit distributions are entered in the income statement first when cash flows from funds have been realised. The value changes through profit or loss of other direct investments as well as sales profit and losses are also entered among the net income from financial assets.

Financial assets and liabilities

The Group's financial assets are classified into the following groups in accordance with the IAS 9 standard:
a) valued at amortised acquisition cost,
b) entered at fair value through profit or loss and
c) valued at fair value with other items of comprehensive income.

The classification is based on the business model defined by the Group and the contractual cash flows of financial assets. In connection with the original recognition, the Group values an item belonging to financial assets at fair value, and if the item is some other than an item to be entered among financial assets at fair value through profit or loss, the transaction expenses arising directly from the item are either added or subtracted. In connection with the original recognition, the financial liabilities at fair value though profit or loss are entered in the balance sheet at fair value, and the transaction expenses are recognised through profit or loss.

To the group financial assets valued at amortised acquisition cost are classified financial assets the operating model of which aims at keeping the financial assets and collecting the cash flows based on contract that only consist of the payment of capital and interests. This group comprises sales receivables, loan receivables and other receivables as well as liquid assets. The assets in the group are valued at the periodised acquisition cost using the effective interest method. The book value of short-term sales receivables and other receivables is considered to correspond to their fair value. These items are short-term assets, if it is expected that they are realised within 12 months from the close of the reporting period. The Group's sales receivables are mainly short-term receivables. The Group recognises the deduction regarding expected credit losses from financial assets valued at amortised acquisition cost.

To the group financial assets at fair value though profit or loss are classified items belonging to financial assets that are classified at fair value through profit or loss in connection with the original disclosure. eQ Plc's private equity and real estate fund investments and investments in mutual funds are classified among financial assets at fair value through profit or loss. Liquid investments in mutual funds are included in financial securities on the balance sheet. The fair value of mutual fund investments is defined by using quoted market prices and rates. 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 value of the private equity and real estate fund investment is the latest fund value reported by management company of the fund, added with the capital investments and less the capital returns that have taken place between the balance sheet date and the report. The fair value of real estate owned by real estate funds is based on a fair value defined by an external evaluator. On the reporting date, the Group had no items valued at fair value through other items of comprehensive income. Financial assets are derecognised when the Group has lost the agreement-based right to the cash flows or when it has to a significant degree transferred the risks and return outside the Group. Liquid assets consist of cash and comparable items. Claims on credit institutions payable on demand are also included in liquid assets in the cash flow statement.

Financial liabilities are classified as follows:
a) valued at amortised acquisition cost,
b) valued at fair value through profit or loss

In connection with the original recognition, the Group values financial liabilities at fair value, and if the item is some other than a financial liability to be entered at fair value through profit or loss, the transaction expenses arising directly from the item are either added or subtracted. In connection with the original recognition, financial liabilities at fair value though profit or loss are entered in the balance sheet at fair value, and the transaction expenses are recognised through profit or loss.

The financial liabilities entered at amortised acquisition cost consist of interest-bearing loans and interest-free liabilities, and they are valued among amortised acquisition cost using the effective rate method. The difference between the obtained amount and repayable amount is entered in the income statement using the effective rate method during the loan period. Financial liabilities are classified as being short-term, unless that Group has an absolute right to postpone the payment of the liability at least 12 months from the end of the reporting period. Accounts payable are classified as short-term liabilities if they fall due within 12 months. eQ Group did not have any other interest-bearing liabilities than lease liabilities at the reporting moment. eQ Group had no financial liabilities valued at fair value through profit or loss at the reporting moment. Financial liabilities or their part are derecognised first when the debt has ceased to exist, i.e. when the specified obligation has been fulfilled or annulled or its validity has been terminated.

Impairment of financial assets

The Group assesses whether there is reliable proof of the impairment of a single item or a group of items included in financial assets. eQ recognises credit losses from sales receivables at an amount that corresponds to the expected credit losses during the entire life cycle of the receivables, based on the simplified procedure included in IFRS 9. The expected credit losses are assessed based on historical data on previously realised credit losses, and the model also takes into account the information on future economic conditions available at the time of the assessment. eQ Group does not give credits and it mostly has short-term sales receivables. The receivables, including sales receivables, of the asset management operations mainly consist of fee receivables from funds managed by eQ. The credit loss risk of these fee receivable is very low.

Tangible and intangible assets

Tangible assets are entered in the balance sheet at original acquisition cost less depreciation and impairment. Acquisition cost comprises the cost arising directly from the acquisition.

Intangible assets include the goodwill generated from corporate acquisitions. The goodwill arising in the combination of business operations is entered in the amount at which the transferred consideration, the share of non-controlling interests in the object of the acquisition and the previously owned share together exceed the fair value of the acquired net assets.

Goodwill is valued at original acquisition cost minus impairment. No depreciation is booked for goodwill, but it is tested annually for impairment. Goodwill is allocated to cash-generating units.

Other intangible assets are brands, customer agreements, software licenses and other intangible rights. Customer agreements acquired in connection with corporate acquisitions are entered into intangible assets under customer agreements. No depreciation is booked for intangible assets that have an unlimited useful life, but they are tested annually for impairment. Intangible assets with a limited useful life are entered as costs into the income statement as straight-line depreciation according to plan during their useful life. Depreciation has been calculated based on the useful life from the original acquisition costs as straight-line depreciation.

The depreciation periods according to plan by asset type are as follows:

- Machinery and equipment 3 to 10 years
- Customer agreements 4 to 10 years
- Software and other intangible rights 4 to 5 years

Impairment and impairment test

The balance sheet values of other long-term tangible and intangible assets are tested for impairment at each balance sheet date and always when there is indication that the value of an asset may have been impaired. In the impairment test, the recoverable amount of the assets is tested. The recoverable amount is the higher of an asset item's net sales price or its value in use, based on cash flow. An impairment loss is entered in the income statement, if the book value of the asset is higher than the recoverable amount.

The need for impairment is assessed at the level of cash-generating units, i.e. the lowest unit level that is mainly independent of other units and the cash flow of which can be separated from other cash flows. For the testing of impairment, the recoverable amount of the asset item has been defined by calculating the asset items' value in use. The calculations of the value in use are based on five-year cash flow plans approved by the management. The future income cash flows of asset management are based on assets that are managed under asset management agreements. The development of the assets under management and the future income cash flow of asset management operations are influenced by the development of the capital market, for instance. The income cash flow of the corporate finance operations is markedly influenced by success fees, which are dependent on the number of corporate and real estate transactions. These vary considerably within one year and are dependent on economic trends. The estimate on the income cash flow of the corporate finance operations is based on the management's view on the number of future transactions. The future cash outflows of the impairment calculations are based on the Group management's cost estimates for the future. In the calculations, the management uses as discount rate before taxes, which reflects the view on the time value of money and the special risks related to the asset item.

Leases

eQ Group enters almost all leases that it concludes on the balance sheet. An asset (the right to use the leased item) and a financial liability to pay rentals are entered on the balance sheet. The only exceptions are leases on short-term and low-value items, on which eQ Group applies the simplifications allowed by the standard. The major leases concluded by eQ Group are related to leased premises and storage facilities in connection with the premises. The leases on premises are fixed-term and they do not include options for continuance or termination, covenants or, for instance, variable leases based on net sales. The minor leases that eQ Group has entered into are related to rented IT equipment. A straight-line depreciation for a right-of-use asset and calculated interest expenses for the lease liability are entered in the income statement.

eQ Group recognises the right-of-use asset and lease liability from the day when the lease agreement enters into force. A right-of-use asset is originally valued at acquisition cost, which includes the lease liability at its original valuation, the leases paid up to the date of commencement of the agreement deducted with any possible incentives related to the lease agreement as well as any direct costs arising for the group during the initial stage. Depreciation on a right-of-use asset is recognised as straight-line depreciation from the commencement of the agreement, according to its useful life or the lease period, depending on which is shorter. A right-of-use asset is tested for impairment, if necessary, and any impairment is recognised through profit or loss. A lease liability is originally valued at the present value of the lease payments that have not been paid when the agreement enters into force. The Group uses as discount rate the Group's incremental borrowing rate. Later on, the lease liability is valued at the periodised acquisition cost using the effective rate method. The lease liability is redefined when a change has occurred in future lease payments resulting from the index or if some other change takes place in the cash flows according to the original terms of the lease. When the lease liability is redefined in such a manner, a corresponding adjustment is made to the book value of the right-of-use asset, or it is recognised through profit or loss, if the book value of the right-of-use asset has been reduced to zero.

Employment pensions

The Group's pension arrangement is a contribution-based arrangement, and the payments are entered in the income statement for the periods to which they apply. The pension coverage of the Group's personnel is arranged with a statutory TyEL insurance policy through an insurance company outside the Group.

Share-related payments

The Group has incitement arrangements where the payments are made as equity instruments. Option rights are valued at fair value on their grant date and expensed in the income statement during the period when the right arises. The expenses are presented among expenses arising from fringe benefits. The fair value of granted options on the grant date has been defined by using the Black-Scholes price-setting model.

Income tax

The taxes based on Group company earnings for the period are entered into the Group's taxes, as are the adjustments of taxes from previous periods and the changes in deferred taxes. The tax based on the period's taxable income is calculated from the taxable income based on the valid tax rate. The tax impact of items entered directly into shareholders' equity is similarly entered directly into the shareholders' equity.

Deferred taxes are calculated based on the debt method from all temporary differences in accounting and taxation in accordance with the valid tax rate legislated before the end of the financial year. The deferred tax receivable is entered to the amount in which taxable income is likely to arise in future, against which the temporary difference can be exploited. The most significant temporary differences are typically generated from valuing the net value of the acquired companies at fair value.

Earnings per share

Earnings per share are calculated by dividing the profit for the period belonging to the parent company's shareholders with the weighted average number of outstanding shares during the financial period. When calculating earnings per share adjusted with dilution, the diluting effect of the conversion into shares of all diluting, potential ordinary shares is taken into consideration in the weighted average number. The Group's share options are diluting instruments, i.e. instruments that increase the number of ordinary shares.

Dividend distribution

No booking has been made for the dividend proposed by the Board of Directors to the AGM in the financial statements and it has not been taken into account when calculating distributable retained profits. The dividend is only taken into account based on the AGM decision.

2 Risk management

eQ Group defines risk as an unexpected change in future economic outcome. The purpose of risk management is to make sure that the risks associated with the company's operations are identified, assessed and that measures are taken regarding them. Risk management shall see to it that manageable risks do not jeopardise the business strategy, critical success factors or earning power. Risk management comprises all the measures that are needed for the cost-efficient management of risks arising from the Group's operations. Risk management is a continuous process that is assessed at regular intervals. The aim of this is to make sure that risk management is adapted to the changing operating environment.

eQ Plc's Board supervises that the CEO takes care of eQ Plc's day-to-day administration according to the instructions and orders issued by the Board. The Board supervises that risk management and control are organised in a proper manner. eQ Plc's Board approves the principles for risk management and defines the company's organisation structure as well as the authorities, responsibilities and reporting relations. The executive management is responsible for the implementation of the risk management process and control in practice. It is the duty to the executive management to see to it that internal instructions are maintained and make sure that they are sufficient and functional. The management is also responsible for making sure that the organisation structure functions well and is clear and that the internal control and risk management processes function.

eQ Group comprises a fully owned subsidiary of eQ Plc, eQ Asset Management Ltd, which is an investment firm. A permanent risk management function consisting of risk experts, which is independent of the other operations, is led by the Chief Risk Officer and responsible for risk management at eQ Asset Management Ltd. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the CRR/CRD regulations on capital adequacy. Below is a presentation of the major risks of eQ Group and the investment firm.

Risks related to operations

Financial risk

Financial risks are divided into market, liquidity and credit risks. The aim of the management of financial risks is to cut down the impacts of fluctuations in interest rates, foreign exchange rates and prices and other uncertainties as well as to guarantee sufficient liquidity.

Market risk

Market risk means the risk that changes in market prices may pose. Interest rate, currency and price risks are regarded as market risks. The business operations of Group companies do not as such comprise taking own positions in the equity or bond market for trading purposes. Therefore, there are no market risks in this respect.

Interest rate risk

Interest rate risk means the uncertainty of the cash flow and result that results from changes in interest rates. The business operations of Group companies do not as such comprise taking own positions in the bond market for trading purposes. Therefore, there are no market risks in this respect. The possible interest rate risk of the Group mainly arises from short and long-term interest-bearing loans.

Loans with variable interest rates expose the Group to an interest rate risk, which can be hedged with interest rate swaps, when necessary. The interest rate risk is also managed through the planning of the balance sheet structure. The Group did not have any interest-bearing loans at the end of the reporting period.

Currency risk

Currency risk means the uncertainty of the cash flow and result arising from changes in exchanges rates. The Group company operations are mainly denominated in euros, which means that there is no significant currency risk in this respect.

eQ Plc's private equity and real estate fund investments are mainly euro-denominated, which means that the investment operations do not expose the Group to any significant currency risk. eQ does not separately monitor changes arising from foreign exchange rates but regards them as part of the change in the investment object's fair value. eQ's private equity and real estate fund investments are divided into different currencies as follows:

Private equity and real estate fund investments in foreign currencies and change in fair value in euros:

31 Dec. 2020				decrease in value against the euro	
	Currency	Euro	%	10%	20%
EUR million	12.4	12.4	79.4%		
USD million	3.9	3.2	20.5%	-0.3	-0.6
		15.7			

31 Dec. 2019				decrease in value against the euro	
	Currency	Euro	%	10%	20%
EUR million	13.3	13.3	82.6%		
GBP million	0.0	0.0	0.1%	0.0	0.0
USD million	3.1	2.8	17.3%	-0.3	-0.6
		16.2			

Price risk

Price risk means the possibility of loss due to fluctuations in market prices.

The Group's parent company eQ Plc makes investments in private equity and real estate funds from its own balance sheet. eQ Plc's investments are well diversified, which means that the impact of one investment in a company, made by one individual fund, on the return of the investments is often small.

The major factors influencing the value of eQ's investments in private equity funds are the values of the companies included in the portfolio and factors influencing them, such as the:

- financial success of the underlying company
- growth outlook of the underlying company,
- valuation of peers,
- valuation method selected by the management company of the fund.

The price risk of eQ's private equity fund portfolio has been diversified by making investments in different sectors and geographic areas. The impact of one individual risk on the value of eQ's private equity fund portfolio is small, owing to efficient diversification. The price development of the real estate in eQ's real estate fund portfolio and the development of the rental market are dependent on, e.g. general economic development. The leases on the properties have an essential impact on the value of the objects in the real estate funds. The price risk of a real estate fund is also influenced by the under-utilisation of the real estate and the required return as well as the operating and financing costs of the real estate, for instance.

The impact of the price risk of the private equity and real estate fund portfolio on shareholders' equity:

At the end of 2020, a 10% change in the market value of the private equity and real estate fund portfolio corresponded to a change of EUR 1.3 million in the sharehold-ers' equity (EUR 1.3 million on 31 Dec. 2019).

Liquidity risk

Liquidity risk means the risk that the company's liquid assets and possibilities of getting additional financing are not sufficient for covering business needs. Liquidity risk arises from the unbalance of cash flows.

The Group's liquidity is monitored continuously, and good liquidity is maintained by only investing the surplus liquidity in objects with a low risk, which can be turned into cash rapidly and at a clear market price. The liquidity is also influenced by the capital calls and returns of the own private equity and real estate fund investments.

The Group's major source of financing is a positive cash flow. In addition, the Group's parent company has access to a credit limit of EUR 4.0 million in order to safeguard the availability and flexibility of financing.

The table below describes the maturity analysis of debts based on agreements.

Maturity distribution of debts, 1,000 EUR

31 Dec. 2020	less than 1 year	1 to 5 years	over 5 years	total
Loans from financial institutions	-	-	-	-
Accounts payable and other liabilities	139	-	-	139
Lease liabilities	876	1,188	-	2,063
Total	1,015	1,188	-	2,202

31 Dec. 2019	less than 1 year	1 to 5 years	over 5 years	total
Loans from financial institutions	-	-	-	-
Accounts payable and other liabilities	166	-	-	166
Lease liabilities	586	2,066	-	2,653
Total	752	2,066	-	2,818

Credit risk

Credit risk means that a customer or counterparty does not fulfil its obligations arising from a credit relation and that the security that may have been issued is not sufficient for covering the receivable. The Group's contractual counterparties are clients, who buy the company's services, and partners. The Group does not give any actual credits, which means that the credit risks mainly arise from the own investment portfolio. eQ Plc has tried to manage the credit risk related to private equity and real estate fund operations by diversifying the investments well.

In addition, eQ Group may invest surplus liquidity in accordance with an investment policy that it has approved. Liquid assets are invested in fixed-income funds with short maturity and continuous liquidity, in bank deposits or other corresponding short-term interest rate instruments with a low risk where the counterparties are solid and have a high credit rating. The credit risk of the asset management and corporate finance operations is related to commission receivables from clients, which are monitored daily.

As for credit risks, eQ calculates its minimum capital adequacy requirements by using the so-called standardised approach. Among eQ Group's liabilities, only such credit institution liabilities for which there is an external credit rating have been risk-weighted according to the ratings of external rating institutions. eQ Group's own private equity and real estate investments are treated as investments with an especially high risk in the capital adequacy calculations, their risk weight being 150%. Liabilities related to investments in fixed-income funds within the frames of excess liquidity are divided between different risk weights based on the credit rating distribution issued by the fund.

Operational risks

Operational risks may arise from inadequate or failed internal processes, people and systems, or from external events. Operational risks also cover legal and reputation risks, and they are managed by, for instance, developing internal processes and seeing to it that the instructions are good and that the personnel is offered sufficient training.

Legal risks are included in operational risks and can be related to agreements between the Group and different partners. The Group tries to identify these risks by going through any agreements thoroughly and using the help of external experts, when necessary.

The Group carries out a self-assessment of operational risks annually. The aim is to identify operational risks, assess the probability and impacts of each separate risk and try to find out ways of decreasing the risks.

In the self-assessments, the key employees of different functions assess all potential operational risks in their operating environment. The Group tries to define the expected value for risk transactions, i.e. the most likely amount of loss during the year. The expected value is calculated by multiplying the assessed number of risk occurrences and the assessed amount of one single loss in euros. The results of this assessment are used for planning the measures with which operational risks are cut down.

Risks arising from business operations and external operating environment

The sources of income in Group operations have been diversified to different sources of income. Consequently, the Group can prevent excessive dependence on one single source of income.

The major single risk of the Group is the dependence of the operating income on changes in the external operating environment. The result of the asset management operations depends on the development of the assets under management, which is dependent of the development of the capital market. The management fees of private equity funds and closed-end real estate funds are based on long-term agreements that produce a stable cash flow, however. The result of the corporate finance operations is markedly influenced by success fees, which are dependent on the number of corporate and real estate transactions. These vary considerably within one year and are dependent on economic trends.

The Group tries to manage the risks associated with its business operations through a flexible, long-term business strategy, which is reviewed at regular intervals and updated when necessary.

The impact of the risks associated with the external operating environment (business, strategic and reputation risks and risks arising from changes in the compliance environment) on the Group's result, balance sheet, capital adequacy and need of capital is assessed continuously as part of the day-to-day operations and at regular intervals in connection with the top management's strategy planning process. The regular planning assesses the impact on the result, balance sheet and capital adequacy. In the assessment, the company's assets must clearly exceed the minimum requirement set by authorities even in the alternative scenario. The Group aims to maintain a sufficient equity buffer with which it can meet any risks posed by the external operating environment.

Other risks

Risks associated with property and indemnity risks

The Group has insurance policies for property, interruption and indemnity risks. The coverage of the insurance policies is assessed annually. The Group also protects its property with security control and passage rights.

Risks associated with the concentration of business

eQ Group offers overall investment services, i.e. individual asset management and mutual funds for its clients, covering individuals, companies and institutional investors. In addition, the Group offers asset management and advisory services related to private equity investments as well as corporate finance services. In normal situations, there are no essential concentration risks in the Group's operations that would have an impact on the need of capital, at least not to any significant extent, which means that there is no need to maintain a separate risk-based capital regarding the concentration of operations.

3 Capital management

The aim of the Group's capital management is to create an efficient capital structure that ensures normal operating preconditions and growth opportunities for the Group as well as the sufficiency of capital in relation to the risks associated with the operations. The Group can influence the capital structure through dividend distribution and share issues, for instance. The capital managed is the shareholders' equity shown on the balance sheet. At the end of the accounting period 2020, the shareholders' equity amounted to EUR 67.5 million and the equity to assets ratio was 73.8% The main source of financing is the positive cash flow of operations. The Group also has access to a credit limit. No covenants are associated with the Group's credit limit. The Group's net gearing has been presented in the table below. The ratio is calculated by dividing net debt with shareholders' equity. The Group management monitors the development of net debt as part of capital management.

Net gearing, EUR 1,000

1 000 EUR	2020	2019
Interest-bearing financial liabilities (incl. lease liability)	2,035	2,604
Financial securities	14,920	9,956
Liquid assets	21,453	22,375
Net debt	-34,337	-29,727
Total shareholders' equity	67,545	65,117
Net gearing, %	-50.8%	-45.7%

Pääoman riittävyyttä arvioidaan vertaamalla käytettävissä olevia pääomia riskien kattamiseen tarvittavaan pääomaan. Pääomasuunnittelussa lähtökohtana ovat arviot liiketoiminnan tulevasta kehityksestä ja liiketoimintaan liittyvien riskien mahdolliset vaikutukset toimintaan. Suunnitelmissa otetaan huomioon eri sidosryhmien, kuten viranomaisten, luotonantajien ja omistajien, näkökulmat.

4 Segment information

The Asset Management segment comprises services related to funds, discretionary asset management, investments insurance policies and a wide range of mutual funds offered by international partners. The Corporate Finance segment comprises services related to mergers and acquisitions, real estate transactions and equity capital markets. The business operations of the Investments segment consist of private equity and real estate fund investments made from eQ Group's own balance sheet.

EUR 1,000 1 Jan. to 31 Dec. 2020	Asset Management	Corporate Finance	Investments	Other	Eliminations	Group total
Fee and commission income	53,077	4,117	-	-		57,193
From other segments	150	-	-	-	-150	-
Interest income	-	-	-	1		1
Net income from financial assets	-	-	69	-36		32
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
Operating income, total	53,227	4,117	69	41	-227	57,226
Fee and commission expenses	-451	-	-	-8		-459
To other segments	-	-	-150	-	150	-
Interest expenses	-14	-4	-	-5		-23
NET REVENUE	52,761	4,112	-81	29	-77	56,744
Administrative expenses						
Personnel expenses	-17,433	-2,373	-	-1,716		-21,523
Other administrative expenses	-1,475	-288	-	-293	77	-1,979
Depreciation on tangible and intangible assets	-800	-182	-	-104		-1,086
Other operating expenses	-981	-133	-	-285		-1,399
OPERATING PROFIT (LOSS)	32,072	1,137	-81	-2,370	0	30,757
Income tax				-6,148		-6,148
PROFIT (LOSS) FOR THE PERIOD				-8,517		24,610

EUR 1,000 1 Jan. to 31 Dec. 2019	Asset Management	Corporate Finance	Investments	Other	Eliminations	Group total
Fee and commission income	44,514	5,419	-	-		49,933
From other segments	200	-	-	-	-200	-
Interest income	-	-	-	4		4
Net income from financial assets	-	-	996	135		1,132
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
Operating income, total	44,714	5,419	996	217	-277	51,069
Fee and commission expenses	-420	-	-	-8		-428
To other segments	-	-	-200	-	200	-
Interest expenses	-17	-5	-	-4		-26
NET REVENUE	44,276	5,413	796	205	-77	50,614
Administrative expenses						
Personnel expenses	-15,620	-2,770	-	-1,368		-19,758
Other administrative expenses	-1,646	-367	-	-248	77	-2,185
Depreciation on tangible and intangible assets	-677	-176	-	-116		-968
Other operating expenses	-971	-159	-	-281		-1,411
OPERATING PROFIT (LOSS)	25,363	1,941	796	-1,809	0	26,292
Income tax				-5,257		-5,257
PROFIT (LOSS) FOR THE PERIOD				-7,065		21,035

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.

eQ Plc does not have any single clients the income from which would exceed 10% of the total income.

Geographic information:

Net revenue per country, EUR 1,000

Domicile	2020	2019
Finland	56,744	50,613
Other countries	-	1
Total	56,744	50,614

The other countries comprise Guernsey.
External net revenue is presented based on domicile.

Notes to the Income Statement

5 Fee and commission income

EUR 1,000	2020	2019
Asset management fees		
Management fees from traditional asset management	8,118	8,003
Real estate and private equity management fees	37,990	31,852
Other fee and commission income	238	281
Performance fees	6,731	4,379
Total	53,077	44,514
Corporate finance fees	4,117	5,419
Total	57,193	49,933

6 Interest income

EUR 1,000	2020	2019
Other interest income	1	4
Total	1	4

7 Net income from financial assets

EUR 1,000	2020	2019
Private equity and real estate fund investments		
Profit distribution from funds	326	1 810
Changes in fair value and losses	-257	-813
Total	69	996
Other investment operations		
Changes in fair value	48	181
Sales profits/losses	-84	-45
Total	-36	135
Total	32	1,132

8 Fee and commission expenses

EUR 1,000	2020	2019
Custody fees	-451	-420
Other fees	-8	-8
Total	-459	-428

9 Interest expenses

EUR 1,000	2020	2019
To credit institutions	0	0
Other interest expenses	-2	-1
Interest expenses of lease liabilities	-21	-25
Total	-23	-26

10 Administrative expenses

EUR 1,000	2020	2019
Expenses related to employee benefits		
Short-term employee benefits		
Salaries and remuneration	-18,143	-16,412
Other indirect employee costs	-679	-486
Share-related payments	-180	-271
Benefits after end of employment		
Pension costs - defined contribution plans	-2,521	-2,589
Total	-21,523	-19,758
Other administrative expenses		
Other personnel expenses	-417	-399
IT and connection expenses	-971	-929
Other administrative expenses	-592	-856
Total	-1,979	-2,185
Total	-23,502	-21,943

11 Depreciation

EUR 1,000	2020	2019
Depreciation on tangible assets	-119	-95
Depreciation on right-of-use assets - leased premises	-730	-749
Depreciation on intangible assets		
Depreciation on client agreements	-92	-
Depreciation on other intangible assets	-145	-125
Total	-1,086	-968

Leases with a low value have not been entered in the balance sheet and no depreciation is recorded on them. A total of EUR 40 thousand of low-value leases is included in the administrative expenses of the income statement.

12 Other operating expenses

EUR 1,000	2020	2019
Expert fees	-31	-34
Audit fees		
Audit fees	-94	-133
Other services	-14	-9
Total	-108	-143
Other expenses		
Premises	-249	-307
Other expenses	-1,012	-927
Total	-1,261	-1,235
Total	-1,399	-1,411

Notes to the Consolidated Balance Sheet

13 Income tax

EUR 1,000	2020	2019
Direct taxes for the financial period	-6,209	-5,306
Changes in deferred taxes	61	49
Total	-6,148	-5,257
Deferred tax related to items entered directly into equity	-	-
Tax reconciliation		
Profit (loss) before taxes	30,757	26,292
Taxes calculated with the parent company's tax rate	-6,151	-5,258
Income not subject to tax	0	0
Non-deductible expenses	-19	-28
Taxes for previous financial periods	66	88
Consolidations and eliminations	-44	-59
Taxes in income statement	-6,148	-5,257

Deferred taxes have been calculated using tax rates valid up to the balance sheet date.

14 Earnings per share

EUR 1,000	2020	2019
Earnings per share attributable to equity holders of the parent company	24,610	21,035
Shares, 1,000 shares*	38,448	38,044
Earnings per share calculated from the profit of equity holders of the parent company:		
Earnings per share, EUR	0.64	0.55
Diluted earnings per share, EUR	0.60	0.51

* Calculated using the weighted average number of shares.

15 Claims on credit institutions

EUR 1,000	2020	2019
Repayable on demand		
From domestic credit institutions	21,372	22,103
From foreign credit institutions	-	200
Total	21,372	22,303

16 Shares and participations

EUR 1,000	2020	2019
Financial assets		
Private equity and real estate fund investments		
Book value on 1 Jan.	16,156	16,909
Increases	1,567	2,407
Decreases	-1,809	-2,346
Value adjustment	41	-630
Permanent impairment	-298	-183
Book value on 31. Dec.	15,656	16,156
Financial securities		
Book value on 1 Jan.	9,956	9,869
Increases	9,000	5,952
Decreases	-4,000	-6,000
Value adjustment	48	181
Sales profit (loss)	-84	-45
Book value on 31 Dec.	14,920	9,956

17 Intangible assets

EUR 1,000	2020	2019
Other intangible assets		
Other intangible assets, acquisition cost on 1 Jan.	2,132	1,989
Increases	133	144
Decreases	-	-
Other intangible assets, acquisition cost on 31 Dec.	2,265	2,132
Accumulated depreciation and impairment on 1 Jan.	-1,880	-1,755
Depreciation for the period	-145	-125
Accumulated depreciation and impairment on 31 Dec.	-2,025	-1,880
Other intangible assets on 31 Dec.	240	253
Client agreements		
Client agreements, acquisition cost on 1 Jan.	-	-
Increases/decreases	400	-
Client agreements, acquisition cost on 31 Dec.	400	-
Accumulated depreciation and impairment on 1 Jan.	-	-
Depreciation for the period	-92	-
Accumulated depreciation and impairment on 31 Dec.	-92	-
Client agreements on 31 Dec.	308	-
Goodwill		
Goodwill, acquisition cost on 1 Jan.	25,212	25,212
Increases/decreases	-	-
Goodwill, acquisition cost on 31 Dec.	25,212	25,212
Accumulated depreciation and impairment	-	-
Goodwill on 31 Dec.	25,212	25,212
Brands		
Brands, acquisition cost on 1 Jan.	4,000	4,000
Increases/decreases	-	-
Brands, acquisition cost on 31 Dec.	4,000	4,000
Accumulated depreciation and impairment	-	-
Brands on 31 Dec.	4,000	4,000

Goodwill and value of brands

eQ Plc has in its consolidated balance sheet goodwill generated from corporate acquisitions related to the asset management and corporate finance operations. The goodwill associated with the asset management operations is related to the acquisition of Finnreit Fund Management Company Ltd in September 2013, the acquisition of Icecapital Asset Management Ltd in November 2012, the acquisition of eQ Asset Management Group Ltd in March 2011, and the acquisition of Mandatum Private Equity Fund Ltd in December 2005. The goodwill associated with corporate finance operations is related to the acquisition of Advium Corporate Finance Ltd in March 2011.

Allocation of goodwill to cash-generating units, EUR million:

	31 Dec. 2020	31 Dec. 2019
Asset Management	17.9	17.9
Corporate Finance	7.3	7.3

Additionally, a total of EUR 4.0 million concerning asset management and corporate finance operations has been allocated to intangible assets by calculating fair values for the acquired brands. In connection with the acquisition of eQ Asset Management Group Ltd, EUR 2.0 million was allocated to the eQ brand by calculating a fair value for the brand. In connection with the acquisition of Advium Corporate Finance Ltd, EUR 2.0 million was allocated to the Advium brand by calculating a fair value for the brand. The useful lives of the brands have been deemed as unlimited, as their strong recognisability supports the management's view that they will generate cash flows during a period of time that cannot be defined.

Allocation of brands to cash-generating units, EUR million:

	31 Dec. 2020	31 Dec. 2019
Asset Management	2.0	2.0
Corporate Finance	2.0	2.0

Impairment testing

No depreciation is booked for intangible assets that have an unlimited useful life, but they are tested annually for impairment. For the testing of impairment, the recoverable amount of the assets item has been defined by calculating the asset item's value in use. The calculations are based on five-year cash flow plans approved by the management.

The future income cash flows of asset management are based on assets that are managed under asset management agreements. The development of the assets under management and the income cash flow of asset management operations are influenced by the development of the capital market, for instance. The income cash flow of the corporate finance operations is markedly influenced by success fees, which are dependent on the number of corporate and real estate transactions. These vary considerably within one year and are dependent on economic trends. The estimate on the income cash flow of the corporate finance operations is based on the management's view on the number of future transactions. The future expense cash flows of the impairment calculations are based on the Group management's cost estimates for the future.

Cash flow that extends beyond the five-year prognosis period has been calculated by using the so-called final value method, in which the management's conservative estimate on the long-term growth of the cash flow has been applied when defining growth. An annual growth of 1% has been used as the growth factor of the final value.

In the calculations, the management uses as discount rate before taxes, which reflects the view on the time value of money and the special risks related to the asset item. In 2020, the discount rate was 7.4% (7.3% in 2019).

The impairment tests show no need to book impairment for goodwill or brands.

Sensitivity analysis

The impairment test calculations have been subjected to sensitivity analyses by using poorer scenarios than the actual prognoses. With these scenarios, we wanted to study the change of the value in use by changing the basic assumptions of value definition. The future income and expense cash flows, discount rate and growth speed of the final value were changed in the sensitivity analyses. The scenarios were formed by changing the assumptions as follows:

- by using annually an income cash flow that is 20% lower than the original prognosis at the most
- by using annually an expense cash flow that is 20% higher than the original prognosis at the most
- by using 0% growth in the final value calculations
- by using a 4% higher discount rate at the most

Based on the sensitivity analyses, none of the scenarios alone changes the recoverable amount to such an extent that it would lead to a situation where the book value exceeds the value in use. The management feels that the above-described theoretical changes made in the basic assumptions of the scenarios should not be interpreted as any proof for their likelihood. Sensitivity analyses are hypothetical and must therefore be treated with certain reservation.

As for corporate finance operations, a relatively possible change in the central assumption, based on which the recoverable amount has been defined, can result in a situation where the book value of goodwill and brand value exceeds the recoverable amount. If the operating profit level of the corporate finance operations is 40% lower than in 2020 in each year during the following five-year period, partial write-down of goodwill is possible. The corporate finance operations' value in use exceeds the book value of the goodwill and brand in the 2020 goodwill test by EUR 31.7 million. The result of the corporate finance operations is markedly influenced by success fees, which are dependent on the number of corporate and real estate transactions. These vary considerably within one year and are dependent on economic trends.

18 Tangible assets

EUR 1,000	2020	2019
Right-of-use assets - leased premises		
Right-of-use assets on 1 Jan.	2,433	3,182
Increases	0	0
Decreases	0	0
Depreciation for the period	-730	-749
Right-of-use assets on 31 Dec.	1,703	2,433
Other intangible assets		
Machinery and equipment, acquisition cost on 1 Jan.	1,126	1,073
Increases	207	53
Decreases	-	-
Machinery and equipment, acquisition cost on 31 Dec.	1,333	1,126
Accumulated depreciation and impairment on 1 Jan.	-874	-779
Depreciation for the period	-119	-95
Accumulated depreciation and impairment on 31 Dec.	-992	-874
Machinery and equipment on 31 Dec.	340	252
Other tangible assets on 1 Jan.	8	8
Other tangible assets on 31 Dec.	8	8
Other tangible assets, book value on 31 Dec.	349	261

19 Other assets

EUR 1,000	2020	2019
Sales receivables	1,378	1,655
Management fee receivables	4,543	1,996
Other receivables	1,049	500
Total	6,969	4,151

Sales receivables EUR 1,378 thousand, age distribution: not due.

20 Accruals and prepaid expenditure

EUR 1,000	2020	2019
Other accruals	155	137
Other prepaid expenditure	389	391
Total	544	528

21 Deferred tax assets and liabilities

EUR 1,000	2020	2019
Deferred tax assets		
Temporary differences in leases	66	34
Deferred tax assets	66	34
Deferred tax liabilities		
Other differences	-	29
Deferred tax liabilities	0	29
Deferred tax assets (-) / tax liabilities (+), net	-66	-5

The deferred tax assets are booked up to the amount of the probable future taxable income against which unused tax losses can be utilised.

22 Other liabilities

EUR 1,000	2020	2019
Accounts payable	139	166
Fee repayment liabilities	4,453	3,919
Other liabilities	626	695
Total	5,218	4,780

23 Accruals and deferred income

EUR 1,000	2020	2019
Holiday pay	1,108	1,218
Other accruals	13,848	10,839
Total	14,956	12,057

24 Lease liabilities

EUR 1,000	2020	2019
Lease liabilities - premises	2,035	2,604

The amount of lease liabilities related to low-value leases was EUR 35 thousand at the end of the year. Low-value lease liabilities have not been entered in the balance sheet.

25 Balance sheet items denominated in domestic and foreign currencies

31 Dec. 2020 EUR 1,000	Other than EUR	EUR	Total
Balance sheet items			
Claims on credit institutions	-	21,372	21,372
Other assets	3,214	66,890	70,104
Total	3,214	88,263	91,476
Other liabilities	-	23,931	23,931
Total	-	23,931	23,931

31 Dec. 2019 EUR 1,000	Other than EUR	EUR	Total
Balance sheet items			
Claims on credit institutions	-	22,303	22,303
Other assets	2,785	60,330	63,114
Total	2,785	82,633	85,418
Other liabilities	-	20,301	20,301
Total	-	20,301	20,301

26 Financial assets and liabilities

	2020				
EUR 1,000	Book value	Interest income and expenses	Profits and losses	Impairment loss	Dividend income
Financial assets					
Financial assets at fair value through profit or loss	30,576	-	330	-298	-
Financial assets valued at periodised acquisition cost					
Sales receivables and other receivables	1,378	-	-	-	-
Liquid assets	21,453	-1	-	-	-
Total	53,406	-1	330	-298	-
Financial liabilities					
Accounts payable and other liabilities	139	-1	-	-	-
Lease liabilities	2,035	-21	-	-	-
Total	2,174	-22	-	-	-

	2019				
EUR 1,000	Book value	Interest income and expenses	Profits and losses	Impairment loss	Dividend income
Financial assets					
Financial assets at fair value through profit or loss	26,112	-	1,315	-183	-
Financial assets valued at periodised acquisition cost	1,655	-	-	-	
Sales receivables and other receivables	22,375	3	-	-	-
Liquid assets	50,142	3	1,315	-183	-
Total					-
Financial liabilities					
Accounts payable and other liabilities	166	0	-	-	-
Lease liabilities	2,604	-25	-	-	-
Total	2,769	-25	-	-	-

A credit limit of EUR 4 million is available to eQ Group, EUR 0 of which had been drawn at the end of the financial year 2020.

27 Fair values

	2020		2019	
EUR 1,000	Fair value	Book value	Fair value	Book value
Financial assets				
Financial assets at fair value through profit or loss				
Private equity and real estate fund investments	15,656	15,656	16,156	16,156
Financial securities	14,920	14,920	9,956	9,956
Sales receivables and other receivables	1,378	1,378	1,655	1,655
Liquid assets	21,453	21,453	22,375	22,375
Total	53,406	53,406	50,142	50,142
Financial liabilities				
Accounts payable and other liabilities	139	139	166	166
Lease liabilities	2,035	2,035	2,604	2,604
Total	2,174	2,174	2,769	2,769

The table presents the fair values and book values of financial assets and liabilities per balance sheet item. The valuation principles of fair values are presented in the principles for preparing the financial statements.

The original book value of sales receivables and accounts payable corresponds to their fair value, as the effect of discounting is not material considering their maturity.

28 Value of financial assets across the three levels of the fair value hierarchy

	31 Dec. 2020	
EUR 1,000	Level 1	Level 3
Financial assets at fair value through profit or loss		
Private equity and real estate fund investments	-	15,656
Financial securities	14,920	-
Total	14,920	15,656

Level 3 reconciliation:

At fair value through profit or loss	Private equity and real estate funds
Opening balance	16,156
Calls	1,567
Returns	-1,809
Change in fair value	41
Permanent loss	-298
Closing balance	15,656

	31 Dec. 2019	
EUR 1,000	Level 1	Level 3
Financial assets at fair value through profit or loss		
Private equity and real estate fund investments	-	16,156
Financial securities	9,956	-
Total	9,956	16,156

Level 3 reconciliation:

At fair value through profit or loss	Private equity and real estate funds
Opening balance	16,909
Calls	2,407
Returns	-2,346
Change in fair value	-630
Permanent loss	-183
Closing balance	16,156

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.

29 Private equity and real estate fund investments

	Market value		Remaining investment commitment	
EUR 1,000	2020	2019	2020	2019
Funds managed by eQ:				
Funds of funds:				
eQ PE XII North LP	22	0	980	0
eQ PE XI US	87	32	711	846
eQ PE X North LP	282	199	638	761
eQ PE IX US LP	565	266	400	686
eQ PE VIII North LP	1,980	1,586	736	1,183
eQ PE VII US LP	1,903	1,786	424	727
eQ PE VI North LP	2,161	1,935	477	602
Amanda V East LP	4,296	4,387	645	595
Amanda IV West LP	697	982	427	427
Amanda III Eastern PE LP	1,830	2,743	348	348
Total	13,823	13,917	5,786	6,175
Real estate funds:				
eQ Residential	43	0	950	0
Funds managed by others:				
Large buyout funds	754	994	132	132
Midmarket funds	378	531	211	433
Venture funds	658	715	0	0
Total	15,656	16,156	7,079	6,740

30 Equity

Description of equity funds:

Reserve for invested unrestricted equity:

The reserve for invested unrestricted equity includes other investments of equity nature and the subscription price of shares that is not specifically recognised in share capital.

Shares and share capital

EUR 1,000	Number of shares	Share capital
1 Jan. 2020	38,307,198	11,383,873
Decreases	-	-
Increases	565,000	-
31 Dec. 2020	38,872,198	11,383,873

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 415,000 shares on 10 September 2020 and by 150,000 shares on 26 November 2020.

Each share in eQ Plc holds one vote, and all shares have equal rights. The share do not have any nominal value. All issued shares have been paid in full. The major shareholders have been presented in the Report by the Board of Directors.

Own shares

At the end of the period, on 31 December 2020, eQ Plc held no own shares.

Management holdings

The shares held by the management are specified in more detail in the note concerning related parties.

31 Contingent liabilities and securities

EUR 1,000	2020	2019
Remaining investment commitments in private equity and real estate funds	7,079	6,740
Other liabilities - less than one year	0	0
Other liabilities - exceeding one year but less than five years	0	0
Total	7,079	6,740

eQ Group has issued a security for a lease with a balance sheet value of EUR 0.2 million. The security, which has been issued as a mutual fund share, is included in financial securities under financial assets on the balance sheet.

32 Information on related parties

The Group's related parties are the parent company, subsidiaries, associated companies as well as the members of the Board and Management Team, including the CEO. The spouses and other close relatives of the above-mentioned persons are also regarded as related parties. Entities in which said persons exercise control are also considered related parties. The members of the Board, CEO and the Group's Management Team are regarded as key executives.

Salaries and remuneration of executives

EUR 1,000	2020	2019
Salaries and remuneration of the CEO	852	785
Salaries and remuneration of other members of the Management Team	2,018	1,721

The retirement age and pension of the CEO and other members of the Management Team are determined in accordance with the Finnish Employees Pensions Act. The CEO and other members of the Management Team do not have any supplementary pension schemes.

Statutory pensions

EUR 1,000	2020	2019
Statutory pensions of the CEO	129	137
Statutory pensions of other members of the Management Team	319	299

The Group executives have been granted 450,000 option rights under the 2015 option scheme, of which 100,000 to the CEO. Of the option rights under the 2015 option scheme to Group executives altogether 165,000 have not yet been exercised.

The Group executives have been granted 450,000 rights to subscribe for options in the 2018 option scheme with a subscription price, of which 100,000 to the CEO.

The Board of Directors has no share-related rights or other remuneration schemes.

The AGM held on 25 March 2020 decided that the directors be paid the following remuneration:

Chairman of the Board EUR 4,000 and the other directors EUR 2,500 per month. In addition, the directors are paid of fee of EUR 500 for each Board meeting that they attend.

Transactions with related parties and receivables from related parties

Other transactions with related parties:*

EUR 1,000	2020	2019
Sales	468	353
Receivables	0	0

* eQ Group has offered persons regarded as related parties and the entities that they control asset management services. Normal market terms are applied to transactions with related parties.

Holdings of the Board and Management Team in eQ Plc on 31 Dec. 2020:

The table below shows the personal holdings of the members of the Board and the Management Team and companies under their control.

	Shares	Share of votes and shares, %
Georg Ehrnrooth*	8,018,137	20.63%
Nicolas Berner	60,000	0.15%
Timo Kokkila	4,142	0.01%
Tomas von Rettig	5,000	0.01%
Janne Larma	6,045,275	15.55%
Staffan Jåfs	16,778	0.04%
Mikko Koskimies	4,100,000	10.55%
Antti Lyytikäinen	25,000	0.06%
Juha Surve	40,000	0.10%

* Georg Ehrnrooth, together with his brothers Henrik Ehrnrooth and Carl-Gustaf Ehrnrooth, holds a controlling interest in Fennogens Investments S.A.

33 Subsidiaries

The following subsidiaries are part of the Group at the end of the financial year:

Company	Domicile	Holding/ share of votes
eQ Asset Management Ltd	Finland	100%
eQ Fund Management Company Ltd	Finland	100%
eQ Life Ltd	Finland	100%
Advium Corporate Finance Ltd	Finland	100%
eQ Private Equity GP Ltd	Finland	100%
eQ Asunnot GP Ltd	Finland	100%

34 Shares in entities not included in the consolidated financial statements

eQ Group has investment commitments in the following private equity and real estate funds in form of limited partnerships that are under the Group's management and that have not been consolidated in eQ Group as subsidiaries. eQ Group's shares in structured entities that are not consolidated as subsidiaries had a total market value of EUR 13.9 million on 31 December 2019 (EUR 13.9 million on 31 Dec. 2019). In 2020, the Group received from said funds management fees totalling EUR 8.3 million (EUR 6.6 million 1 Jan. to 31 Dec. 2019) and a profit distribution from own investments totalling EUR 0.1 million (EUR 1.2 million).

eQ has assessed that it does not exercise control in said private equity funds based on the size of eQ's own investment commitment compared with the size of the fund, exposure to the fund's variable income and the right to manage significant functions. These private equity fund investments are included in financial assets entered in the balance sheet at fair value through profit or loss.

The presented balance sheet values describe the possible maximum loss to which eQ Group is exposed. eQ Group has not given any other commitments on financial support nor does the Group currently have any intention of giving financial support to the structured entities not included in the consolidated financial statements in the foreseeable future. The private equity funds have been financed with investment commitments by investors. More information about eQ Group's risks related to private equity investments can be found in *Note 2*.

EUR 1,000

31 Dec. 2020	Size of the fund	eQ's original commitment	Market value of eQ's investment	eQ's remaining commitment
eQ Residential	75,000	1,000	43	950
eQ PE XII North	205,000	1,000	22	980
eQ PE XI US	176,667	825	87	711
eQ PE X North	175,000	1,000	282	638
eQ PE IX US	85,366	936	566	400
eQ PE VIII North	160,000	3,000	1,980	736
eQ PE VII US	65,203	2,597	1,903	424
eQ PE VI North	100,000	3,000	2,161	477
Amanda V East	50,000	5,000	4,296	645
Amanda IV West	90,000	5,000	697	427
Amanda III Eastern PE	110,200	10,000	1,830	348
Total	1,292,436	33,357	13,866	6,736

EUR 1,000

31 Dec. 2019	Size of the fund	eQ's original commitment	Market value of eQ's investment	eQ's remaining commitment
eQ PE XI US	194,020	892	32	846
eQ PE X North	175,000	1,000	199	761
eQ PE IX US	93,750	979	266	686
eQ PE VIII North	160,000	3,000	1,586	1,183
eQ PE VII US	71,607	2,634	1,786	727
eQ PE VI North	100,000	3,000	1,935	602
Amanda V East	50,000	5,000	4,387	595
Amanda IV West	90,000	5,000	982	427
Amanda III Eastern PE	110,200	10,000	2,743	348
Total	1,044,577	31,505	13,917	6,175

35 Option schemes

eQ Plc's Board of Directors has decided to grant option rights to key employees in the eQ Group selected by the Board. Each option right entitles the holder to subscribe for one new share in eQ Plc. The option rights are intended as part of the commitment scheme of key employees.

The option rights are valued at fair value on the date of their issue and entered as expense in the income statement during the period when the right arises. The fair value of the issued options on the day of issue has been defined by using the Black-Scholes option pricing model.

Option scheme 2015:

	2015 options
Number of options	2,000,000
Share subscription period begins	1 April 2019
Share subscription period ends	1 April 2021

Share subscription price

The original share subscription price with an option right is EUR 5.15. The subscription price of the share subscribed for with the option right will be reduced with the amount of the dividend and equity repayment that have been decided on before the share subscription on the record date of the distribution of divided or equity repayment. The subscription price on 31 December 2020 was EUR 2.49.

	2020	2019
Number of issued options at the beginning of the period	1,575,000	1,575,000
Options granted during the period	-	-
Options returned during the period	-	-
Number of issued options at the end of the period	1,575,000	1,575,000
Exercised options by the end of the period	815,000	250,000
Number of outstanding options	760,000	1,325,000
Exercisable options at the end of the period	760,000	1,325,000

Option scheme 2018:

	2018 options
Number of options	2,000,000
Share subscription period begins	1 April 2022
Share subscription period ends	1 April 2024

Share subscription price

The original share subscription price with an option right is EUR 7.88. The subscription price of the share subscribed for with the option right will be reduced with the amount of the dividend and equity repayment that have been decided on before the share subscription on the record date of the distribution of divided or equity repayment. The subscription price on 31 December 2020 was EUR 6.72.

	2020	2019
Number of issued options at the beginning of the period	1,800,000	1,875,000
Options subscribed for during the period	-	-
Options returned during the period	25,000	75,000
Number of issued options at the end of the period	1,775,000	1,800,000
Exercised options by the end of the period	-	-
Number of outstanding options	1,775,000	1,800,000
Exercisable options at the end of the period	0	0

Parent Company Income Statement (FAS)

EUR	Note no.	2020	2019
Fee and commission income	2	76,800.00	76,800.00
Net gains on trading in securities and foreign currencies	3		
Net gains on trading in securities		-293,421.34	-665,651.36
Income from equity investments	4		
From Group undertakings		162,690.05	28,912.00
From other companies		325,716.04	1,793,782.88
Interest income	5	54.87	2,683.05
INVESTMENT FIRM INCOME		271,839.62	1,236,526.57
Fee and commission expenses	6	-157,999.92	-207,733.26
Interest expenses	7	-18,984.48	-7,130.26
Administrative expenses			
Personnel expenses	8		
Salaries and remuneration		-1,509,921.26	-1,096,205.52
Indirect employee costs			
Pension costs		-169,935.82	-198,173.49
Other indirect employee costs		-18,558.55	-45,811.61
Other administrative expenses	9	-290,191.10	-248,049.94
Depreciation and impairment on tangible and intangible assets	10	-23,885.95	-33,623.22
Other operating expenses	11	-354,536.26	-354,216.67
Fair value losses of other financial assets	12	-15,233.47	-
OPERATING PROFIT (LOSS)		-2,287,407.19	-954,417.40
Appropriations	13	33,473,706.71	27,720,000.00
Income tax	14	-6,177,800.38	-5,267,473.69
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		25,008,499.14	21,498,108.91

Parent Company Balance Sheet (FAS)

EUR	Note no.	31 Dec. 2020	31 Dec. 2019
ASSETS			
Liquid assets		6,540.00	6,420.00
Claims on credit institutions			
Repayable on demand	15	1,915,871.59	1,721,320.80
Shares and participations	16, 24	30,563,532.79	26,099,668.06
Shares and participations in Group undertakings	16	29,149,321.94	29,159,555.41
Intangible assets	17		
Other intangible assets		20,625.18	33,218.62
Tangible assets	17		
Other tangible assets		28,666.91	32,812.91
Other assets	18	2,976,250.27	3,732,254.57
Accruals and prepaid expenditure	19	47,331.86	41,869.52
TOTAL ASSETS		64,708,140.54	60,827,119.89
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to the public and public sector entities			
Other		1,000,000.00	1,000,000.00
Other liabilities	20		
Other liabilities		1,822,889.80	920,841.42
Accruals and deferred income	21	670,905.74	338,829.85
TOTAL LIABILITIES		3,493,795.54	2,259,671.27
EQUITY	25		
Share capital		11,383,873.00	11,383,873.00
Unrestricted equity			
Reserve for invested unrestricted equity		23,335,340.38	24,627,994.24
Retained earnings		1,486,632.48	1,057,472.47
Profit (loss) for the period		25,008,499.14	21,498,108.91
TOTAL EQUITY		61,214,345.00	58,567,448.62
TOTAL LIABILITIES AND EQUITY		64,708,140.54	60,827,119.89

Parent Company Cash Flow Statement (FAS)

EUR 1,000	2020	2019
Cash flow from operations		
Operating profit	31,186	26,766
Adjustments:		
Depreciation and impairment	337	112
Interests received	0	-3
Interests paid	19	7
Dividends received	-163	-29
Transactions with no related payment transactions	-89	542
Financial assets - private equity and real estate funds	243	-81
Change in working capital		
Business receivables, increase (-) decrease (+)	751	-2,480
Interest-free liabilities, increase (+) decrease (-)	-487	-2,666
Total change in working capital	264	-5,146
Cash flow from operations before financial items and taxes	31,797	22,168
Interests received	0	3
Interests paid	-19	-7
Dividends received	163	29
Taxes	-4,457	-4,436
Cash flow from operations	27,484	17,756

EUR 1,000	2020	2019
Cash flow from investments		
Investing activities in tangible and intangible assets	-7	-12
Investing activities in investments	-5	-
Investing activities in other investments - liquid mutual funds	-4,916	93
Cash flow from investments	-4,928	82
Cash flow from financing		
Dividends paid	-23,750	-20,551
Subscription of new shares	1,407	816
Option issue with a subscription price	-18	1,296
Drawdowns	-	300
Cash flow from financing	-22,362	-18,139
Increase/decrease in liquid assets	195	-301
Liquid assets on 1 Jan.	1,728	2,029
Liquid assets on 31 Dec.	1,922	1,728

Notes to the Parent Company Financial Statements

1 Principles for preparing the Financial Statements

General

When preparing the financial statements, the company has followed the Ministry of Finance Decree on financial statements and consolidated financial statements of credit institutions and investment firms (78/2018) and the Financial Supervision Authority's regulations and guidelines on accounting, financial statements, and report by the Board of Directors for the financial sector (2/2016).

Valuation principles and methods as well as periodization principles and methods

Fee and commission income is recorded when the income can be defined in a reliable manner and it is likely that the company benefits from the financial advantage related to the transaction. Dividend income is recorded when the right to the dividend has arisen.

Interest income and expenses are recorded based on time by using the effective interest method and taking into account all contractual terms of the financial instrument. Interests that have not been received on the closing date are recorded as interest income and receivable among accruals and the unpaid interests as interest expenses and liabilities among accrued expenses.

The profit shares from the private equity and real estate fund investments made from eQ Plc's own balance sheet are entered as income from equity investments. The value changes of private equity fund and real estate investments recorded through profit or loss are entered among the net gains on trading in securities. The value changes through profit or loss as well as sales profits and losses of investments in mutual funds are also entered among the net gains on trading in securities.

Financial assets are classified into the following groups in accordance with the IFRS 9 standard Financial Instruments:
a) valued at amortised acquisition cost,
b) entered at fair value through profit or loss
c) valued at fair value with other items of comprehensive income.

eQ Plc's private equity and real estate fund investments and investments in mutual funds are classified among financial assets at fair value through profit or loss.

Financial liabilities as classified as follows:
a) valued at amortised acquisition cost
b) valued at fair value through profit or loss

eQ Plc had no financial liabilities valued at fair value through profit or loss at the reporting moment.

Depreciation principles

Tangible and intangible assets are entered in the balance sheet at acquisition cost less depreciation according to plan and impairment. The depreciation according to plan is calculated as straight-line depreciation based on the useful life of tangible and intangible assets. Depreciation has been calculated from the month the assets were taken into use. The depreciation period of intangible assets is 3 to 10 years and that of machinery and equipment 4 to 10 years.

Foreign currency items

The receivables and debts in foreign currencies have been translated to euros according to the rate prevailing on the balance sheet day.

2 Fee and commission income

EUR 1,000	2020	2019
From other operations	77	77

3 Net gains on trading in securities and foreign currencies

EUR 1,000	2020	2019
Net gains on trading in securities		
From financial assets/liabilities entered at fair value through profit or loss		
Changes in fair value	89	-542
Sales profits/ losses	-382	-124
Total	-293	-666

4 Income from equity investments

EUR 1,000	2020	2019
Dividend income from Group undertakings	163	29
Profit shares from financial assets valued at fair value	326	1,794
Total	488	1,823

5 Interest income

EUR 1,000	2020	2019
Other interest income	0	3
Total	0	3

6 Fee and commission expenses

EUR 1,000	2020	2019
Other fees - management of investments eQ Asset Management	-150	-200
Limit fees	-8	-8
Total	-158	-208

7 Interest expenses

EUR 1,000	2020	2019
To Group undertakings	-17	-7
To credit institutions	-1	0
Other interest expenses	0	0
Total	-19	-7

8 Personnel expenses

EUR 1,000	2020	2019
Salaries and remuneration	-1,510	-1,096
Pension costs	-170	-198
Other indirect employee costs	-19	-46
Total	-1,698	-1,340
Average number of personnel during the period - permanent	5	5
Change during the financial period	-	-

9 Other administrative expenses

EUR 1,000	2020	2019
Other personnel expenses	-25	-24
IT and connection costs	-88	-56
Other administrative expenses	-178	-168
Total	-290	-248

10 Depreciation and impairment

EUR 1,000	2020	2019
Depreciation on intangible and tangible assets	-24	-34

A depreciation specification per balance sheet item is presented under intangible and tangible assets.

11 Other operating expenses

EUR 1,000	2020	2019
Expert fees	-23	-14
Fees to the auditor		
Audit fees	-22	-25
Other services	-4	-1
Total	-26	-26
Leases on premises and other rental expenses	-91	-96
Other expenses	-214	-218
Total	-355	-354

12 Impairment losses from other financial assets

EUR 1,000	2020	2019
Group shares	-15	-

13 Appropriations

EUR 1,000	2020	2019
Group subsidies received	33,475	27,720
Group subsidies issued	-1	-
Total	33,474	27,720

14 Income tax

EUR 1,000	2020	2019
Income tax for the period		
Income tax for operations	-4,457	-4,436
Deferred taxes	-1,721	-831
Total	-6,178	-5,267

15 Claims on credit institutions

EUR 1,000	2020	2019
Repayable on demand		
From domestic credit institutions	1,916	1,721

16 Shares and participations

EUR 1,000	2020	2019
Shares and participations		
Financial assets: Private equity and real estate fund investments	15,656	16,156
Financial assets: Units in mutual funds	14,875	9,911
Other participations	32	32
Shares and participations in Group undertakings	29,149	29,160
Total	59,713	55,259
- of which at acquisition cost	29,182	29,192

17 Intangible and tangible assets

EUR 1,000	2020	2019
Other intangible assets		
Acquisition cost on 1 Jan.	232	225
Increases	5	7
Acquisition cost on 31 Dec.	236	232
Accumulated depreciation on 1 Jan.	-198	-174
Depreciation for the period	-17	-24
Accumulated depreciation on 31 Dec.	-215	-198
Book value on 31 Dec.	21	33
Other tangible assets		
Acquisition cost on 1 Jan.	239	235
Increases	3	5
Acquisition cost on 31 Dec.	242	239
Accumulated depreciation on 1 Jan.	-206	-197
Depreciation for the period	-7	-10
Accumulated depreciation on 31 Dec.	-213	-206
Book value on 31 Dec.	29	33

18 Other assets

EUR 1,000	2020	2019
Receivables from Group undertakings	2,975	3,434
Other receivables	1	299
Total	2,976	3,732

19 Accruals and prepaid expenditure

EUR 1,000	2020	2019
Other accruals	47	42
Total	47	42

20 Other liabilities

EUR 1,000	2020	2019
Accounts payable	48	69
Liabilities to Group undertakings	11	7
Income tax liabilities	1,721	831
Other liabilities	43	14
Total	1,823	921

21 Accruals

EUR 1,000	2020	2019
Other accruals	671	339

22 Items denominated in domestic and foreign currencies and Group items

31 Dec. 2020 EUR 1,000	EUR	Other than EUR	Total	From Group undertakings
Balance sheet items				
Claims on credit institutions	1,916	-	1,916	-
Other assets	59,578	3,214	62,792	32,124
Total	61,494	3,214	64,708	32,124
Liabilities to the public and public sector entities	1,000	-	1,000	1,000
Other liabilities	2,494	-	2,494	
Total	3,494	-	3,494	1,000

31 Dec. 2019 EUR 1,000	EUR	Other than EUR	Total	From Group undertakings
Balance sheet items				
Claims on credit institutions	1,721	-	1,721	-
Other assets	56,321	2,785	59,106	32,593
Total	58,042	2,785	60,827	32,593
Liabilities to the public and public sector entities	1,000	-	1,000	1,000
Other liabilities	1,260	-	1,260	
Total	2,260	-	2,260	1,000

23 Fair values of financial assets and liabilities

	2020		2019	
EUR 1,000	Fair value	Book value	Fair value	Book value
Financial assets				
Claims on credit institutions	1,916	1,916	1,721	1,721
Shares and participations	30,564	30,564	26,100	26,100
Shares and participations in Group undertakings	29,149	29,149	29,160	29,160
Total	61,629	61,629	56,981	56,981
Financial liabilities				
Liabilities to the public and public sector entities	1,000	1,000	1,000	1,000
Total	1,000	1,000	1,000	1,000

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 principles for preparing the financial statements.

24 Value of financial assets across the three levels of the fair value hierarchy

	31 Dec. 2020	
EUR 1,000	Level 1	Level 3
Financial assets at fair value through profit or loss		
Private equity and real estate fund investments	-	15,656
Financial securities	14,907	-
Total	14,907	15,656

Level 3 reconciliation - Financial assets at fair value through profit or loss

	Private equity and real estate funds
Opening balance	16,156
Calls and returns	-243
Change in fair value	41
Permanent impairment loss	-298
Closing balance	15,656

	31 Dec. 2019	
EUR 1,000	Level 1	Level 3
Financial assets at fair value through profit or loss		
Private equity and real estate fund investments	-	16,156
Financial securities	9,911	-
Total	9,911	16,156

Level 3 reconciliation - Financial assets at fair value through profit or loss

	Private equity and real estate funds
Opening balance	16,876
Calls and returns	81
Change in fair value	-723
Permanent impairment loss	-78
Closing balance	16,156

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 instruments are based on the value of the fund according to the management company of the fund and their use in widely used valuation models. Private equity 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 investments are based on n 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.

25 Equity

EUR 1,000	2020	2019
Share capital on 1 Jan.	11,384	11,384
Share capital on 31 Dec.	11,384	11,384
Restricted equity, total	11,384	11,384
Reserve for invested unrestricted equity on 1 Jan.	24,628	25,180
Increases/decreases	-1,293	-552
Reserve for invested unrestricted equity on 31 Dec.	23,335	24,628
Retained earnings		
Retained earnings on 1 Jan.	22,556	18,944
Dividend	-21,069	-17,887
Other changes	0	0
Retained earnings on 31 Dec.	1,487	1,057
Profit (loss) for the period	25,008	21,498
Non-restricted equity, total	49,830	47,184
Equity on 31 Dec.	61,214	58,567
Calculation of distributable assets on 31 Dec.		
Retained earnings	1,487	1,057
Profit for the period	25,008	21,498
Reserve for invested unrestricted equity	23,335	24,628
Distributable assets	49,830	47,184

The share capital of the company consists of 38,872,198 shares. All shares carry one vote.

Other Notes

26 Pledges, mortgages and obligations

EUR 1,000	2020	2019
eQ Plc's investment commitments in private equity funds, remaining commitment	7,079	6,740
Leasing agreements and leases less than one year	861	574
Leasing agreements and leases exceeding one year but less than five years	1,163	2,032
Total	9,103	9,346

Proposal for the Distribution of Profits

The distributable means of the parent company on 31 December 2020 totalled EUR 49,830,472.00. The sum consisted of retained earnings of EUR 26,495,131.62 and the means in the reserve of invested unrestricted equity of EUR 23,335,340.38.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.64 per share be paid out. The proposal corresponds to a dividend totalling EUR 24,878,206.72 calculated with the number of shares at the end of the financial year. Additionally, the Board proposes to the AGM that a repayment of equity of EUR 0.06 per share be paid out from the reserve of invested unrestricted equity. The proposal corresponds to a repayment of equity totalling EUR 2,332,331.88 calculated with the number of shares at the end of the financial year. The dividend and repayment of equity 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 26 March 2021. The Board proposes 6 April 2021 as the payment date of the dividend and repayment of equity.

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.

Signatures to the Report by the Board of Directors and Financial Statements

Helsinki, 4 February 2021

Georg Ehrnrooth
Chairman of the Board

Nicolas Berner

Timo Kokkila

Lotta Kopra

Tomas von Rettig

Janne Larma
CEO

Auditor's Note

The auditors' report over the audit has been issued today.

Helsinki, 4 February 2021

KPMG Oy Ab
Firm of Authorised Public Accountants

Marcus Tötterman
APA

Auditor's Report

To the Annual General Meeting of eQ Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of eQ Plc (business identity code 1625441-9) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

— the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 12 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Recognition of fee and commission income (Principles for preparing the consolidated financial statements and Note 5 page 56)	
— The assets managed by eQ Group entitle to management fees on the grounds of agreements with customers. Management fees make up a significant item in the Group's income statement. — Performance fees and fees from the corporate finance segment also make up a substantial part in the formation of the Group's result and may vary considerably from year to year. — Calculation of fee and commission income is system-based relying on fee agreements and other source data. The functionality of the control environment of IT systems has a substantial importance in respect to the accuracy of the calculations. — Appropriate timing of the recognition of fee and commission income at correct amount is relevant in respect to the accuracy of the financial statements.	— We evaluated the business processes and IT systems related to fee and commission income and assessed the associated key controls. Our audit procedures also included comparing the accounting data kept in subledgers to that in the general ledger, and substantive procedures performed in respect of fee income. In addition, we have evaluated the accuracy of the timing and the amount of revenue recognition. — Regarding corporate finance fees, we assessed the monitoring procedures used as the well as timing and the amount of revenue recognition under projects by reference to the terms of customer contracts. — We inspected the calculation model of performance fees and compared the parameters used to individual fund agreements and the rules of investment funds. — We inspected the accounting treatment of fees and commissions and the appropriateness of the notes in relation to the requirements of the IFRS 15 standard.
Impairment of goodwill (Principles for preparing the consolidated financial statements and Note 17 pages 57–58)	
— Over the past few years, eQ Group has expanded its operations through acquisitions, which has resulted in a significant amount of goodwill in the Group's balance sheet. Goodwill is not amortized but it is tested annually for impairment. — For testing purposes, goodwill is allocated to business segments (cash-generating units). There is a risk that the acquired businesses may not trade in line with initial expectations and forecasts and therefore the carrying amount of a cash-generating unit may exceed its recoverable amount, resulting in an impairment. — Due to the high level of judgement related to the forecasts used, and the significant carrying amounts involved, impairment of goodwill is considered a key audit matter.	— We assessed key assumptions in the calculations such as revenue growth, profitability level and discount rate, in reference to budgets, external sources and our own views. We assessed changes in the key parameters used in the forecasts prepared by management by comparing to forecasts from previous years. — We involved valuation specialists that assessed the technical accuracy of the calculations and compared the assumptions used to market and industry information. Furthermore, we evaluated the goodwill in accordance with the consolidated balance sheet and considered the appropriateness of the Group's notes in respect of goodwill and impairment testing.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of private equity fund investments (Principles for preparing the consolidated financial statements and Notes 16, 26–29 pages 57, 60–61)	
— The determination of fair values for investments is based on the valuation principles as described in the principles for preparing the consolidated financial statements of eQ Group. With respect to illiquid assets in eQ's investment portfolio, fair values are provided by fund managers. In accordance with the IFRS 9 standard, changes in the value of equity investments are recognized in profit or loss. — Private equity fund investments is a significant item in eQ Group's financial statements, and therefore the valuation of said assets is considered a key audit matter.	— We assessed eQ Group's valuation process as well as the compliance with the principles for preparing the consolidated financial statements. In addition, we inspected the consistency of the accounting treatment in relation to the requirements of the IFRS 9 standard. — As part of our year-end audit procedures we compared the fair values used in the financial statements with the valuations provided by fund managers. In addition, we reconciled the balance sheet values of private equity funds with separate monitoring of the funds. — We also assessed the appropriateness of the disclosures made in relation to investment assets.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 1.1.2014, and our appointment represents a total period of uninterrupted engagement of 7 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the result and other free equity shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 4 February, 2021

KPMG OY AB

MARCUS TÖTTERMAN
Authorised Public Accountant, KHT

Corporate Governance

Corporate Governance Statement 2020

Introduction

eQ Plc (the company) is a Finnish public limited liability company the shares of which are listed on Nasdaq Helsinki Ltd (Helsinki Stock Exchange).

This Corporate Governance Statement has been drawn up separately from the report by the Board of Directors. eQ Plc's Board of Directors has reviewed this Corporate Governance Statement on 4 February 2021. This statement and other information that shall be provided in accordance with the Corporate Governance Code as well as the company's financial statements, report by the Board of Directors and auditors' report are available on eQ Plc's website (*www.eQ.fi/en*). The statement is not part of the official financial statements.

In addition to acts and regulations applicable to listed companies, eQ Plc has during 2020 complied with the Finnish Corporate Governance Code 2020 published by the Securities Market Association that entered into force on 1 January 2020. The entire Code is available on the website of the Securities Market Association at *www.cgfinland.fi/en*.

In 2020, eQ Plc complied with the Finnish Corporate Governance Code 2020 without any departures.

Descriptions Concerning Corporate Governance

General Meeting of Shareholders

The General Meeting is eQ Plc's highest decision-making body, at which the shareholders participate in the supervision and control of the company. eQ Plc convenes one Annual General Meeting (AGM) during each financial period. Extraordinary General Meetings may be convened when necessary. Shareholders exercise their right to vote and voice their views at the General Meeting.

eQ Plc provides shareholders with sufficient information about the agenda of the General Meeting in advance. The advance information is provided in the notice of the General Meeting, other releases and on the company website. The General Meeting is organised in such a way that shareholders can effectively exercise their ownership rights. The goal is that the CEO, Chair of the Board, and a sufficient number of directors attend the General Meeting. A person proposed as director for the first time shall participate in the General Meeting that decides on his or her election, unless there are well-founded reasons for the absence.

The Annual General Meeting of eQ Plc was held on 25 March 2020.

Board of Directors

Composition of the Board

The General Meeting elects the directors. The director candidates put forward to the Board shall be mentioned in the notice of the General Meeting if the candidate is supported by shareholders holding at least 10 per cent of the total votes carried by all the shares of the company, provided that the candidate has given his or her consent to the election. The candidates proposed after the delivery of the notice of the meeting will be disclosed separately. In its Corporate Governance Statement, the company states the number of Board meetings held during the financial period as well as the average attendance of the directors. The directors are elected for one year at a time.

The company's Articles of Association do not contain any provisions on the manner of proposing prospective directors. eQ Plc's major shareholders, who as a rule represent at least one half of the number of shares and votes in the company, make a proposal on the number of directors, the directors and their remuneration to the AGM.

A person elected director must have the qualifications required by the work of a director and sufficient time for taking care of the duties. The company facilitates the work of the Board by providing the directors with sufficient information on the company's operations. eQ Plc's Board of Directors consists of 5 to 7 members. The Board of Directors elects the Chair from among its members. It is eQ Plc's AGM solely that ultimately elects the directors and makes preparations for their election.

The company reports the following biographical details and holdings of the directors: name, gender, year of birth, education, main occupation, primary work experience, international experience, date of inception of Board membership, key positions of trust, and shareholdings in the company. In addition, eQ reports the directors' independence of the company or its major shareholders together with the reasoning for determining that a board member is not independent.

The members of eQ's Board of Directors shall provide the Board and the company with sufficient information for the evaluation of their qualifications and independence and notify of any changes in such information.

The Annual General Meeting held on 25 March 2020 elected the following persons to the Board:

Georg Ehrnrooth, born 1966, male, member of the Board since 2011, Chair of the Board, studies in agriculture and forestry
Key positions of trust: Sampo Plc, member of the Board, 2020–; Louise and Göran Ehrnrooth Foundation, Chair of the Board, 2013–; Fennogens Investments S. A, Chair of the Board, 2009–; Anders Wall Foundation, member of the Board, 2008–; Paavo Nurmi Foundation, member of the Board, 2005–.
Primary work experience: Management positions in family owned companies with responsibility for finance and investments, 2008–; eQ Plc and eQ Bank Ltd, CEO, 2005.
Independent of the company, but not independent of its significant shareholders. Georg Ehrnrooth is a significant shareholder of eQ Plc's significant shareholder Fennogens Investments S.A.

Nicolas Berner, born 1972, male, member of the Board since 2013, Master of Laws
Key positions of trust: Berner Ltd, member of the Board, 2006–.
Primary work experience: Berner Ltd, CFO, 2011–; Hannes Snellman Attorneys Ltd, partner, 1998–2011.
Independent of the company and significant shareholders.

Timo Kokkila, born 1979, male, member of the Board since 2016, M.Sc. (Eng.)
Key positions of trust: Ilmarinen Mutual Pension Insurance Company, member of the Board, 2017–; Valmet Automotive Ltd, member of the Board, 2016–; SRV Group Plc, member of the Board, 2010–; LAK Real Estate Oy, Chair of the Board, 2020–; Pontos Ltd, member of the Board, 2007–.
Primary work experience: Pontos Group, CEO, 2016–; Pontos Group, Investment Director, 2011–2015; SRV Group Plc, Manager, Project Development, 2008–2011; SRV Group Plc, Project Development Engineer, 2006–2008; Kampin Keskus Oy, Development Engineer, 2004–2006.
Independent of the company and significant shareholders.

Lotta Kopra, born 1980, female, member of the Board since 2019, M. Sc. (Econ)
Key positions of trust: Solteq Plc, member of the Board, 2018–.
Primary work experience: Spinnova Oy, Chief Commercial Officer, 2019–; Bearing-Point, Executive level, 2015–2018; Magenta Advisory, Founder, Chair of the Board, 2010–2015; Finland and Nordics, Management consultant, 2004–2010.
Independent of the company and significant shareholders.

Tomas von Rettig, born 1980, male, member of the Board since 2019, BBA, CEFA certificate
Key positions of trust: Rettig Group Oy Ab, Chair of the Board, 2019–; Purmo Group Oy Ab, Chair of the Board, 2016–; Terveystalo Oyj, Vice Chair of the Board, 2017–; Rettig Capital Oy Ab, member of the Board, 2014–.
Primary work experience: Rettig Group Oy Ab, CEO, 2016–2019; Rettig Group Oy Ab, vice president business development, vice president corporate finance and development, 2011–2015; Rettig Asset Management Oy Ab, portfolio manager, senior portfolio manager, 2008–2011; Skandinaviska Enskilda Banken, Middle Office, 2006–2008.
Independent of the company, but not independent of its significant shareholders. Tomas von Rettig is a shareholder and member of the Board of Rettig Capital Ltd, an indirect parent company of Anchor Oy, which is a significant shareholder of eQ Plc.

Shares and share-related rights of the Board members and entities that they control in the company at the end of the financial period on 31 December 2020:

Member of the Board	Security	Holding
Nicolas Berner	2015 Option right Share	20,000 60,000
Georg Ehrnrooth	Share	8,018,137
Timo Kokkila	Share	4,142
Lotta Kopra	Share	0
Tomas von Rettig	Share	5,000

Operations of the Board of Directors

eQ Plc's Board of Directors has drawn up a written charter covering its operations. Below is a list of the most important principles and duties presented in the charter. In order to carry out its duties, the Board of Directors:

- confirms the company values and manners of operating and monitors their implementation
- confirms the company's basic strategy and continuously monitors that it is up-to-date
- based on the strategy, approves the annual plan of operation and budget and supervises their outcome
- reviews and approves the interim reports, report by the Board of Directors and financial statements
- defines the company's dividend policy and makes a proposal on dividend distribution to the AGM
- convenes General Meetings
- makes proposals to the General Meeting, when necessary
- decides on major investments, corporate acquisitions and divestments and on investments that exceed two million euros
- confirms the organisation structure
- appoints and dismisses the CEO
- sets personal targets for the CEO annually and assesses their outcome
- appoints and dismisses the members of the Management Team, defines their areas of responsibility and decides on the terms of their employment
- decides on so called unconventional related party transactions that are not conducted in the ordinary course of eQ's operation and which are not made on ordinary commercial terms
- monitors and assesses related party transactions at least once a year
- reviews the Remuneration Policy for Governing Bodies of eQ at least once a year and presents the policy to the General Meeting of the company for consideration at least every four years
- reviews eQ Group's remuneration principles at least once a year
- decides on the incentive schemes and annual bonuses of the CEO and the personnel
- goes through the major risks related to the company's operations and their management at least once a year and gives instructions on them to the CEO, when necessary

- meets the auditors at least once a year
- convenes at least once a year without the executive management
- assesses its own operations at least once a year
- assesses the independence of its members
- confirms its own charter, which is reviewed annually
- handles other matters that the Chair of the Board or the CEO has proposed to the agenda of a Board meeting; the directors also have the right to put matters on the Board agenda by informing the Chair of this.

During the financial period 2020, the Board of Directors of eQ Plc convened nine (9) times, average attendance being 100%.

Attendance at the Board meetings 2020:

Member of the Board	
Nicolas Berner	9/9
Georg Ehrnrooth	9/9
Timo Kokkila	9/9
Lotta Kopra	9/9
Tomas von Rettig	9/9

The majority of the members of eQ Plc's Board of Directors are independent of the company and of the company's significant shareholders. The Board of Directors assesses the independence of the directors and states on the company website which of the directors have been deemed independent. When evaluating independence, the circumstances of private individuals or legal entities regarded as related parties will be taken into consideration in all situations. Companies belonging to the same group as a company are comparable with that company.

Principles on the diversity of the Board of Directors

The Board's aim is to promote, for its part, the diversity of the Board's composition. When assessing diversity, the Board takes into consideration, for instance, the age and gender of the directors, their education and professional experience, personal qualities and experience that is essential with regard to the task and the company operations. Regarding the equal representation of genders on the Board, eQ Plc has defined as its goal that there should always be representatives of both genders on eQ Plc's Board of Directors. The Board aims at reaching this goal and maintaining it primarily by informing eQ Plc's owners actively about it. During the financial period 2020, eQ Plc's Board met the preconditions of diversity set by the company, including the goal of having representatives of both genders on the Board. The directors have versatile experience in sectors that are of importance to the company operations, such as the investment and financial sector and real estate sector. In addition, the work experience and education of the directors as well as their international experience complement each other. The directors are elected by eQ Plc's AGM.

The Board of Directors of the company has monitored the development of the company's diversity during the financial period 2020.

CEO and his duties

The CEO is in charge of the day-to-day administration of the company in accordance with the rules and regulations of the Finnish Limited Liability Companies Act and instructions and orders issued by the Board of Directors. The CEO may take measures that, considering the scope and nature of the operations of the company, are unusual or extensive with the authorisation of the Board. The CEO ensures that the accounting practices of the company comply with the law and that finances are organised in a reliable manner. eQ Plc's Board of Directors appoints the CEO.

Janne Larma, M.Sc. (Econ) (born 1965) was appointed CEO on 16 March 2011. The company discloses the same biographical details and information on the holdings of the CEO as of the directors. The CEO shall not be elected Chair of the Board.

eQ Plc does not have substitute for the CEO.

Shares and share-related rights of the CEO and entities that he controls in eQ Plc at the end of the financial period on 31 December 2020:

Name	Task in the organisation	Security	Holding
Janne Larma	CEO	2018 Option right Share	100,000 6,045,275

Other Management Team members

eQ Group has a Management Team that convenes regularly every month. The status of the Management Team is not based on company law, but in practice it has a significant role in the organisation of the company management. The Management Team consists of the persons heading the company's operative business, the CFO and Group General Counsel. The main duty of the Management Team is to assist the CEO.

eQ Group's Management Team during the financial period 2020:
Janne Larma, born 1965, M.Sc. (Econ), Chair, eQ Plc, CEO
Staffan Jåfs, born 1974, M.Sc. (Econ), eQ Asset Management Ltd, Head of Private Equity
Mikko Koskimies, born 1967, M.Sc. (Econ), eQ Asset Management Ltd, CEO
Antti Lyytikäinen, born 1981, (M.Sc. (Econ), eQ Plc, CFO
Juha Surve, born 1980, Master of Laws, M.Sc. (Econ), eQ Asset Management Ltd, Group General Counsel

Shares and share-related rights of the other Management Team members and entities that they control in eQ Plc at the end of the financial period on 31 December 2020:

Name	Task in the organisation	Security	Holding
Staffan Jåfs	Director, Private Equity, eQ Asset Management Ltd	2015 Option right 2018 Option right Share	50,000 100,000 16,778
Mikko Koskimies	CEO, eQ Asset Management Ltd	2015 Option right 2018 Option right Share	100,000 100,000 4,100,000
Antti Lyytikäinen	CFO, eQ Plc	2018 Option right Share	75,000 25,000
Juha Surve	Group General Counsel, eQ Asset Management Ltd	2015 Option right 2018 Option right Share	15,000 75,000 40,000

Descriptions of Internal Control Procedures and the Main Features of Risk Management Systems

Control and risk management related to the financial reporting process

The objective of the financial reporting process is to produce timely financial information and to ensure that decision-making is based on reliable information. The aim is to ensure that the financial statements and interim reports are prepared according to applicable laws, generally accepted accounting principles and other requirements on listed companies.

The financial reporting process produces eQ Group's monthly and quarterly reports. The Management Team of the Group reviews eQ Group's result and financial performance monthly. The Group management presents the result and financial position of the Group quarterly to the Board of Directors. The Board of Directors of eQ Plc supervises that the financial reporting process produces high-quality financial information. The CEO is responsible for eQ Group's internal risk management.

The Group's subsidiaries report their results monthly to the parent company. The financial administration of the Group takes care of the bookkeeping of the subsidiaries. At Group level, this will make it easier to ensure that the financial reporting of the subsidiaries is reliable. The Group's interim reports and financial statements are prepared in accordance with the IFRS reporting standards. The financial administration of the Group monitors the changes that take place in IFRS standards.

Based on risk assessments, the company has developed measures for controlling the risks pertaining to financial reporting, which make sure that financial reporting is reliable. The companies use various reconciliations, checks and analytical measures, for instance. The financial administration of the Group prepares monthly analyses of income statement and balance sheet items, both at company and segment level. In addition, tasks related to risk-exposed work combinations are separated, and there are appropriate approval procedures and internal guidelines. The reliability of financial reporting is also supported by various system controls in the reporting systems. Other basic principles of control are a clear division of responsibility and clear roles as well as regular reporting routines.

Risk management overview

The purpose of the Group's risk management is to make sure that the risks associated with the company's operations are identified, assessed and that measures are taken regarding them. eQ Plc's Board supervises that the CEO takes care of eQ Plc's day-to-day administration according to the instructions and orders issued by the Board. The Board also supervises that risk management and control are organised in a proper manner. The executive management is responsible for the practical implementation of the risk management process and control.

eQ Group comprises a fully owned subsidiary of eQ Plc, eQ Asset Management Ltd, which is an investment firm. A permanent risk management function is responsible for risk management at eQ Asset Management Ltd. The risk management function, which is independent of the other operations, consists of risk experts and is led by the Chief Risk Officer. eQ Asset Management has a risk management committee, which the Chief Risk Officer convenes regularly. The risk management committee reviews the follow-up reports of risk management-related operations and decides on corrective measures, for instance. It also approves new products, changes made in products and counterparties.

General description of internal control

eQ Plc's Board of Directors is responsible for arranging sufficient and well-functioning internal control. Internal control covers all functions within eQ Group, which means that eQ Plc steers and controls the operations of the subsidiaries in order to make sure that the result of its operations is reliable. The business operations are steered by the Group's operating principles, decision-making powers and company values that cover the entire Group. eQ Plc takes into account the Group structure and the nature and extent of the operations when arranging internal control.

eQ Group's internal control system covers financial and other control. Internal control is carried out by the Board, CEO and other superior management as well as the entire personnel. The aim of internal control is to make sure that the operations of the entire Group are efficient and contribute to the achievement of the goals and targets, reporting is reliable and that the Group follows laws and other regulations. In addition, the aim of internal control is to ensure that information, eQ Plc's assets and client assets are secured in a sufficient manner and that internal procedures and information systems are arranged properly and in order to support operations.

Internal control is above all based on financial reports, management reports, risk reports and reports of internal control. The company's central operations are steered according to internal operating policies and practices.

Other Information to be Provided in the CG Statement

Internal audit

The Group does not have a separate internal audit organisation. The CEO is responsible for the tasks of the internal audit function. The risk management and compliance functions of the Asset Management segment are responsible for the risk management related to the business and the compliance of the operations with rules and regulations. The risk management and compliance functions also carry out sample checks of the operations. The CEO may assign external evaluators to carry out audits on areas that the CEO deems necessary. The CEO reports the observations to the Board of Directors.

Principles concerning related party transactions

eQ's Group Administration is responsible for managing related party matters at Group level and for maintaining the related party register, in accordance with principles on the management of related party matters approved by eQ Plc's Board of Directors. The management of each company that is a member of the Group is responsible for ensuring that any related party transactions at the Group are made in accordance with the approved principles. At eQ Group, all business transactions within the Group and related party transactions are always made on arm's-length terms and as part of the company's normal business operations. Group companies can offer their services to related party individuals or organisations under their control or influence on market terms, and ordinary assignments are implemented in the ordinary course of business of the company. Related party transactions are allowed, provided that they promote the purpose and interest of the company and are commercially justified.

The Board of Directors regularly monitors and evaluates transactions between eQ Plc and the company's related parties, and assesses how contracts and other legal transactions made between the company and its related parties meet the requirements on the ordinary course of business and arm's-length terms. Primarily, all related parties are personally responsible for ensuring that eQ is informed of any related party transactions they make. eQ also monitors related party transactions on a business segment basis, and eQ Plc's CFO is responsible for reporting related party transactions to the Board of Directors annually. Related party transactions that are not conducted in the ordinary course of eQ's operation and which are not made on ordinary commercial terms are "unconventional business transactions". Only eQ Plc's Board of Directors can make decisions on implementation of unconventional business transactions. The Board of eQ Group's parent company always decides on all related party loans to related parties or entities outside the eQ Group.

eQ complies with the obligations of the Finnish Corporate Governance Code 2020 for listed companies and the IFRS standards (IAS 24) on related party disclosures. As required by the standard, eQ discloses, in the consolidated financial statements or separate financial statements, the related party relationships and transactions and outstanding balances of the parent company or an investor with joint control or significant control over the investment target with related parties, which are presented in accordance with the IFRS. eQ also discloses in the company's annual report information to be presented on the basis of the Finnish Limited Liability Companies Act, concerning loans, liabilities and commitments to related parties and the main terms thereof, if the business transactions are material and implemented on unconventional terms.

eQ Plc publishes, by a stock release, related party transactions that are significant for the company's shareholders.

Central procedures of insider administration

In its insider administration, eQ Plc complies with the applicable Finnish and EU legislation (including the Market Abuse Regulation 596/2014), rules and regulations issued by the Finnish Financial Supervisory Authority as well as the Guidelines for Insiders issued by the Helsinki Stock Exchange (insider regulations). eQ Plc has drawn up guidelines on insider issues and trading. The company has informed the company management, insiders and persons covered by the trading restriction of the insider guidelines.

Managers and persons closely associated with them are obliged to inform the company and the Financial Supervisory Authority of their trading in company shares or other financial instruments. The company discloses the information that it has received without delay with a stock exchange release. At eQ, such managers (covered by the disclosure obligation) are the CEO and directors as well at the members of the Management Team appointed by the Board. eQ maintains a list of managers and persons closely associated with them. This list is not an insider list.

The company maintains insider lists required by insider regulations of persons who have access to inside information. These lists are not public. The information on eQ Plc's managers required by regulations and the insider lists are maintained by Euroclear Finland Ltd. The information in the insider lists is available to the Financial Supervisory Authority for the supervision of the securities market.

eQ's permanent insiders are only persons who, due to their tasks or position, have permanent access to all inside information in the listed company and who have the right to make decisions on the company's future development and the arrangement of business. eQ's permanent insiders comprise the directors, CEO and the members of the Group's Management Team appointed by the Board of Directors. In addition to insider lists, eQ maintains a list of persons covered by the so-called extended trading restriction.

eQ Plc's closed period commences 30 days prior to the disclosure of an interim report (first and third quarter), half-yearly report or financial statements report and ends at the end of the day of the disclosure.

The company has informed the company management, insiders and persons covered by the extended trading restriction of the insider guidelines. The company has a designated person in charge of insider issues (Compliance Officer), who carries out tasks related to the management of insider issues, training in insider matters, maintenance of the insider lists and the supervision of trading. The knowledge of other employees about insider matters is maintained and their need of training assessed continuously.

Audit

The proposal for the election of an auditor prepared by the Board of Directors of the company is disclosed in the notice of the General Meeting. If the Board has not arrived at a decision on the prospective auditor by the time the notice is sent, the candidacy will be disclosed separately.

In 2020, the company auditor was KPMG Oy Ab, a firm of authorized public accountants, with Marcus Tötterman, APA, as auditor with main responsibility.

KPMG Oy Ab has acted as eQ Plc's auditor since 2014 and Marcus Tötterman, APA, has acted as auditor with main responsibility since the Annual General Meeting 2019. The decision on continuing with the period of the auditor with main responsibility and the auditing firm is made annually at the AGM, and the auditor with main responsibility and the auditing firm are changed at least in accordance with the valid regulations.

Auditors' fees

The independent auditors have been paid the following fees in 2020: for the audit and closely related services a total of EUR 93,871 (2019: EUR 133,170) and for other services than audit a total of EUR 14,093 (2019: EUR 9,395).

Remuneration Report for Governing Bodies 2020

Introduction

This remuneration report for governing bodies has been drafted in accordance with the instructions concerning remuneration in the Finnish Corporate Governance Code 2020 for Finnish listed companies. In 2020, the remuneration for the Board of Directors and the CEO of eQ Plc was in compliance with the company's remuneration policy for governing bodies.

The remuneration system shall support eQ Group's long-term goals, such as improving the profitability of the business in a long term, sufficient capital adequacy, return on investments and cost efficiency. In eQ Group, the aim of the remuneration system is also to encourage and reward the employees for their personal performance and contribution to the development of eQ Group's profitability and for acting in accordance with eQ Group's strategy. Further, the aim is to commit the employees to act in accordance with the strategy, goals, values and long-term benefits of the eQ Group.

eQ Group's strong financial performance during the last five years is reflected in the remuneration of the CEO, particularly in the increase of the variable remuneration components. The following table presents the remuneration development for the Board of Directors and CEO in comparison to the average remuneration development for the Group's employees and the Group's economic development for the previous five financial years.

Salary and remuneration - EUR	2020	2019	2018	2017	2016
CEO	851,669	784,613	622,314	450,250	359,459
change, %	9%	26%	38%	25%	20%
Board, in total	182,500	158,600	153,600	153,200	137,700
change, %	15%	3%	0%	11%	0%
Employee, in average	185,653	176,637	166,434	151,854	139,578
change, %	5%	6%	10%	9%	8%
Operating profit - MEUR	30.8	26.3	22.4	20.1	16.2
change, %	17%	17%	12%	24%	23%

Remuneration of the Board of Directors

The Annual General Meeting decides upon the remuneration of the Board of Directors. In 2020, the Annual General Meeting decided that the members of the Board of Directors shall receive remuneration according to following: Chair of the Board EUR 4,000 per month and the directors EUR 2,500 per month. The Annual General Meeting also decided that the directors shall be paid EUR 500 for each Board meeting that they attend. In addition, travel and lodging costs shall be compensated in accordance with the company's expense policy. The remuneration is paid in cash. The members of eQ Plc's Board of Directors have no share-related rights, nor are they covered by any other remuneration system.

In 2020, the members of the Board of Directors have been paid remuneration as follows:

Remuneration - EUR	Annual remuneration	Meeting fees in total	Total
Nicolas Berner	28,500	4,000	32,500
Georg Ehrnrooth	46,500	4,500	51,000
Timo Kokkila	28,500	4,500	33,000
Lotta Kopra	28,500	4,500	33,000
Tomas von Rettig	28,500	4,500	33,000
Total	160,500	22,000	182,500

Remuneration of the CEO

The salary of the CEO and other benefits

The Board of Directors appoints the CEO and decides on the CEO's salary, benefits and other terms related to the CEO's service. It is important for the company that the salary of the CEO is competitive, as the commitment of the CEO and sufficient incentives are vital with regard to the company's success.

The remuneration of the CEO consists of a fixed salary in cash (monthly salary and fringe benefits) and an annual performance bonus. The amount of the annual bonus is determined based on achievement of personal goals and the result of eQ Group. eQ Plc's Board decides on the amount and distribution of the annual bonuses taking into consideration, e.g. the above presented main principles of remuneration.

If the variable remuneration component of the CEO exceeds EUR 50,000 annually, 50 per cent of the variable remuneration will be deferred to be paid during the following three years (even payments each year). 50 per cent of the deferred remuneration is linked to the development of eQ Plc's share price during the deferral period. eQ Plc's Board shall annually decide on the interest possibly payable to the remaining part of the deferred remuneration.

In 2020, the CEO was paid the following remuneration:

Renumeration paid during 2020 - EUR

Fixed remuneration		Variable remuneration			
Annual salary (incl. fringe benefits)	Part of the overall remuneration	Annual bonus*	Part of the overall remuneration	Granted share-related rights	Total
491,607	5.7%	360,063	42.3%	0	851,669

* Represents the aggregate amount of bonuses paid in 2020. The earnings periods for the bonuses paid in 2020 are defined in the table below. The annual bonus paid to the CEO is always based on the preceding year's performance.

The table below presents the earnings periods for the variable remuneration paid to the CEO in 2020 (deferred remuneration falling due for the previous years):

Specification of variable remuneration paid during 2020 - EUR

For year 2019*	For year 2018*	For year 2017*	For year 2016*	Total
168,890	82,994	52,506	55,672	360,063

* The annual bonus of the CEO is always based on the preceding year's performance.

The following table presents the remuneration to the CEO falling due (deferred variable remuneration), which has not yet been paid on 31 December 2020. The unpaid deferred variable remuneration for each earnings period:

Deferred variable remuneration* - EUR

For year 2017	For year 2018	For year 2019	Total
64,361	208,099	224,013	496,474

* Including changes in stock prices and dividend consideration.

The variable remuneration to be due of the CEO that has been earned during 2020 and not yet been paid out by the date of this report was EUR 441,857 in aggregate.

The terms of the CEO's service are specified in the CEO's service contract. Both parties may give notice on the CEO's service contract with a period of notice of two months. When notice is given by the company for whatever reason or if the contract is terminated through mutual agreement by the company and the CEO, the CEO is entitled to a severance pay corresponding to his or her overall remuneration for six months preceding the termination of the contract, which is paid on the day when the contract is terminated.

The retirement age and pension of the CEO are determined in accordance with the Finnish Employees Pensions Act. The CEO does not have a supplementary pension scheme.

The CEO's participation in the option programs

eQ Group has two different option programs: option program 2015 and option program 2018. Based on these programs, eQ Group has issued option rights and option subscription rights to key persons, which aim for long-term commitment to the company. The CEO of eQ Plc is covered by both option programs. In accordance with the terms and conditions of the option programs for 2015 and 2018, the options have a three-year retention period after which they are available for subscription. The terms and conditions contain no other special terms related to ownership.

Option program 2015

As part of the engagement system, the CEO has initially received 100,000 option rights based on option program 2015.

Option program 2018

As part of the engagement system, the CEO has initially received 100,000 option rights based on option program 2018.

The share subscription period for the option program 2018 begins on 1 April 2022 and ends on 1 April 2024.

Board of Directors

eQ Plc Board of Directors 31 December 2020

Georg Ehrnrooth
Chairman of the Board
Member of the Board since 2011
Born: 1966

Education:
Studies in agriculture and forestry, Högre Svenska Läroverket, Åbo

Primary working experience:
2008– Management positions in family-owned companies responsible for finance and investments
2005 eQ Corporation and eQ Bank Ltd, Chief Executive Officer

Primary positions of trust:
Sampo Plc, Member of the Board; Paavo Nurmi Foundation, Member of the Board; Anders Wall Foundation, Member of the Board; Louise and Göran Ehrnrooth Foundation, Chairman of the Board; Topsin Investments S.A., Chairman of the Board; Fennogens Investments S.A., Chairman of the Board

Independent of the company, but not independent of its significant shareholders.

Nicolas Berner
Member of the Board since 2013
Born: 1972

Education:
LL.B, University of Helsinki

Primary working experience:
2011– Berner Ltd, Chief Financial Officer
1998–2011 Hannes Snellman Attorneys Ltd, Partner

Primary positions of trust:
Berner Ltd, Member of the Board

Independent of the company and significant shareholders.

Timo Kokkila
Member of the Board since 2016
Born: 1979

Education:
M.Sc. (Eng.), University of Technology, Espoo

Primary working experience:
2016– Pontos Group, CEO
2011–2015 Pontos Group, Investment Director
2008–2011 SRV Group Plc, Manager, Project Development
2006–2008 SRV Group Plc, Project Development Engineer
2004–2006 Kampin Keskus Oy, Development Engineer

Primary positions of trust:
Ilmarinen Mutual Pension Insurance Company, Member of the Board; Valmet Automotive Ltd, Member of the Board; SRV Group Plc, Member of the Board; Pontos Ltd, Member of the Board; LAK Real Estate Ltd, Chairman of the Board

Independent of the company and significant shareholders.

Lotta Kopra
Member of the Board since 2019
Born: 1980

Education:
M.Sc. (Econ.), HSE

Primary working experience:
2019– Spinnova Oy, Chief Commercial Officer
2015–2018 BearingPoint, Executive level
2010–2015 Magenta Advisory, Founder, Chairman of the Board
2004–2010 Finland and Nordics, Management consultant

Primary positions of trust:
Solteq Ltd, Member of the Board

Independent of the company and significant shareholders.

Tomas von Rettig
Member of the Board since 2019
Born: 1980

Education:
BBA (Bachelor of Business Administration), Arcada University of Applied Sciences
CEFA -degree, Hanken Svenska handelshögskolan

Primary working experience:
2016–2019 Rettig Group Oy Ab, CEO
2011–2015 Rettig Group Oy Ab, vice president business development, vice president corporate finance and development
2008–2011 Rettig Asset Management Oy Ab, portfolio manager, senior portfolio manager
2006–2008 Skandinaviska Enskilda Banken, Middle Office function

Primary positions of trust:
Rettig Group Oy Ab, Chairman of the Board; Purmo Group Oy Ab, Chairman of the Board; Terveystalo Oyj, Vice Chairman of the Board; Rettig Capital Oy Ab, Member of the Board

Independent of the company, but not independent of its significant shareholders.

Lotta Kopra Tomas von Rettig Georg Ehrnrooth Timo Kokkila Nicolas Berner

Management Team

eQ Group's Management Team 31 December 2020

Janne Larma, puheenjohtaja
M.Sc. (Econ), (born 1965) is CEO of eQ Plc. Janne founded Advium Corporate Finance Ltd in 2000, prior to which he had gained more than ten years of experience within investment banking. In addition, he has experience in the asset management business, as Board member of the parent company of eQ Asset Management Group and as member of eQ Bank's management team from 2004 to 2009.

Staffan Jåfs
M.Sc. (Econ), (born 1974) is responsible for the private equity asset management and group's own private equity investment operations. Staffan has worked in the private equity business since 2000 and with eQ Plc since 2007. Previously in 2000–2007 he worked at Proventure Ltd as CFO, responsible for the group's financial administration and previous to this as Financial Manager at Kantarellis, a hotel and restaurant chain.

Mikko Koskimies
M.Sc. (Econ), (born 1967) is CEO of eQ Asset Management Ltd. He previously worked as a Managing Director of Pohjola Asset Management Ltd and was a member of the Executive Committee of Pohjola Bank. Mikko Koskimies also worked from 1998 to 2005 as a Managing Director of Alfred Berg Asset Management Ltd. During the years from 1989 to 1997 he worked within the current Nordea Group. From 1993 to 1997 Mikko worked in Private Banking for Merita Bank Luxembourg S.A. in Luxembourg.

Antti Lyytikäinen
M.Sc. (Econ.), (born 1981) is CFO of eQ Group. Antti has worked among financial sector since 2004 and with eQ Plc since 2011. From 2008 to 2011 he worked at Aberdeen Asset Management and was responsible for the financial management of group's property funds. Prior to that he worked as an Auditor e.g. in the Financial Services -division of KPMG.

Juha Surve
LL.M and M.Sc. (Econ.), (born 1980) is Group General Counsel of eQ Plc, and he also acts as a secretary of the Board of eQ Plc. Juha has worked among financial sector and capital markets since 2003 and with eQ Plc since the beginning of year 2012. From 2008 to 2012 he worked at Castrén & Snellman Attorneys Ltd expertising in M&A transactions, capital markets and corporate law. Prior to that he gained over five years' experience in various asset management related duties e.g. in OP-Pohjola Group and Nordea Bank.

Juha Surve Mikko Koskimies Janne Larma Staffan Jåfs Antti Lyytikäinen

Performance Fees of Private Equity Funds Managed by eQ

It is possible for eQ Group to obtain a performance fee based on the return of the fund (carried interest /profit distribution-share return) from the private equity funds that it manages. The performance fee, which is based on fund agreements and belongs to the management company, is not obtained 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. eQ Group begins to recognise a performance fee from a private equity fund belonging to it when the private equity fund has returned the entire required return to investors and the fund has begun to pay a performance fee. The fee is not recognised when the calculated hurdle rate is exceeded, as a significant revenue reversal can still be possible. 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%).

Present funds

Fund	Size of the fund	Vintage year	Hurdle rate	Performance fee	eQ's share of performance fee	Estimate on reaching the hurdle rate (cash flow)			
							Estimated to be reached		
						Will not be reached	2021–2022	2023–2027	After 2027
Amanda III	MEUR 110	2006	6.0%	10.0%	100%	X			
Amanda IV[1]	MEUR 90	2007	8.0%	7.5%	100%		X		
Amanda V	MEUR 50	2011	6.0%	10.0%	100%	X			
eQ PE VI	MEUR 100	2013	7.0%	7.5%	100%			X	
eQ PE VII	MUSD 80	2015	7.0%	7.5%	45%			X	
eQ PE VIII	MEUR 160	2016	7.0%	7.5%	100%			X	
eQ PE IX	MUSD 105	2017	7.0%	7.5%	45%			X	
eQ PE SF II	MEUR 135[2]	2018	10.0%	10.0%	100%			X	
eQ PE X	MEUR 175	2018	7.0%	7.5%	100%				X
eQ PE XI	MUSD 217	2019	7.0%	7.5%	45%				X
eQ PE SF III	MEUR 170[3]	2020	10.0%	10.0%	100%			X	
eQ PE XII	MEUR 205	2020	7.0%	7.5%	100%				X
eQ Residential	MEUR 75[4]	2020	7.0%	20.0%	100%				X

In addition to the above mentioned funds, eQ Group may receive a performance fee from the private equity programmes that it manages.

[1] eQ estimates that the final IRR of the Amanda IV Fund will be about 10% and the return multiple about 1.5x–1.6x (net), provided that the entire present portfolio is held to the end of the period

[2] Capital covered by performance fee MEUR 75

[3] Capital covered by performance fee MEUR 104

[4] eQ Residential is a closed-end real estate fund. Its size was MEUR 75 on 31 December 2020. The raising of means to the fund will continue during the spring of 2021, and the target size is MEUR 100. Deviating from private equity funds, the catch up share of the eQ Residential Fund is 35%.

Previous funds

Fund	Size of the fund	Vintage year	IRR outcome	Return multiple outcome
MaPE I	MEUR 50	2002	13.7%	1.90x

Example of the calculation of a performance fee

Size of the fund	MEUR 100
Hurdle rate	7.0%
Performance fee	7.5%
eQ's share of the performance fee	100%

Performance fee obtained by eQ, MEUR	
Fund return below 7.0% (IRR)	0.00
Fund return above 7.0% (IRR) and return multiple 1.3x*	2.25
Fund return above 7.0% (IRR) and return multiple 1.4x*	3.00
Fund return above 7.0% (IRR) and return multiple 1.5x*	3.75
Fund return above 7.0% (IRR) and return multiple 1.6x*	4.50
Fund return above 7.0% (IRR) and return multiple 1.7x*	5.25

* Return before the performance fee

Information about Capital Adequacy

Capital adequacy management

eQ Group comprises a fully owned subsidiary of eQ Plc, eQ Asset Management Ltd, which is an investment firm. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the CRR/CRD regulations. This section presents information about the capital adequacy management and calculations of eQ Group (Pillar III).

Capital adequacy management is a central part of pillar 2 of the capital adequacy regulations. According to them, investment firms are obliged to consider their capital adequacy in relation to risks in a more extensive manner than just fulfilling the calculated capital adequacy requirements set out in the first pillar regarding the risks defined in the regulations. In the capital adequacy management process, the company builds a motivated view of essential risks and the risk-based capital need required by them, which is not the same as the capital adequacy requirement of pillar 1 and may deviate from it. The capital adequacy management process deals with risks that are not taken into consideration in pillar 1 capital adequacy requirements, including qualitative risks. The capital adequacy management process also takes a stand on the sufficient level of risk management and internal control regarding each separate risk. The capital adequacy management process is carried out at least once a year and a capital plan describing the risk-based capital need, the sufficiency of capital and capital adequacy is drawn up based on the process.

The goals and practises of risk management at eQ Group have been presented in the Notes to the Financial Statements. Information about the corporate governance and remuneration in eQ Group can be found as part of the Annual Report and on eQ's website.

Capital adequacy

The requirement for eQ Group's and eQ Asset Management Ltd's own funds is calculated according to article 95 of EU's Capital Requirements Regulation. The amount of the total risk exposure is calculated as the larger of the following: a) total amount of credit and market risks or b) the total risk based on fixed overheads.

The Group's CET1 (Common Equity Tier 1) and capital adequacy ratio of the own funds was 18.0% at the end of the period (22.2% on 31 Dec. 2019). According to regulations, the absolute minimum requirement for own funds is 8%. At the end of the period, the Group's own funds based on capital adequacy calculations totalled EUR 10.6 million (EUR 11.9 million on 31 Dec. 2019), and the total risk exposure was EUR 58.8 million (EUR 53.5 million). In capital adequacy calculations, the amount of the total risk exposure is based on credit and market risks, as the total risk exposure based on fixed overheads was lower at the end of the period under review. The total risk exposure based on fixed overheads was EUR 52.4 million at the end of the period.

Capital adequacy, EUR 1,000

	CRR 31 Dec. 2020 eQ Group	CRR 31 Dec. 2019 eQ Group
Equity	67,545	65,117
Common equity tier 1 (CET1) before deductions	67,545	65,117
Deductions from CET1		
Intangible assets	-29,761	-29,465
Unconfirmed profit for the period	-24,610	-21,035
Dividend proposal by the Board*	-2,601	-2,715
Common equity tier 1 (CET1)	10,574	11,901
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	10,574	11,901
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	10,574	11,901
Risk-weighted items total – Total risk exposure	58,830	53,499
of which credit risk	54,064	48,183
of which market risk - currency risk	4,766	5,316
of which extra risk due to fixed expenses	-	-
Common equity tier 1 (CET1) / risk weights, %	18.0%	22.2%
Tier 1 (T1) / risk weights, %	18.0%	22.2%
Total capital (TC) / risk weights, %	18.0%	22.2%
Excess of total capital compared with the minimum level (8% capital adequacy ratio)	5,867	7,621
Total capital compared with the target level (10% capital adequacy ratio)	4,691	6,551

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

Capital instruments' main features:

Capital instruments' main features template	CET 1
1. Issuer	eQ Plc
2. Unique identifier	Issuer FI0009009617
3. Governing law(s) of the instrument	Finnish law, EU's CRR regulation 575/2013
Regulatory treatment	
4. Transitional CRR rules	Common equity tier 1 (CET1)
5. Post-transitional CRR rules	Common equity tier 1 (CET1)
6. Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Consolidated
7. Instrument type	CET1 as published in EBA's Annex (article 26(3))
8. Amount recognised in regulatory capital, MEUR	10.6
9. Nominal amount of instrument	N/A
9a. Issue price	N/A
9b. Redemption price	N/A
10. Accounting classification	Shareholders' equity
11. Original issue date	1.11.2000
12. Perpetual or dated	Perpetual
13. Original maturity date	No maturity
14. Issuer call subject to prior supervisory approval	N/A
15. Optional call date, contingent call dates and redemption amount	N/A
16. Subsequent call dates, if applicable	N/A

Capital instruments' main features template	CET 1
Dividends/coupons	
17. Fixed or floating dividend/coupon	Floating
18. Coupon rate and any related index	N/A
19. Existence of a dividend stopper	No
20a. Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b. Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21. Existence of step-up or other incentive to redeem	No
22. Cumulative or non-cumulative	Non-cumulative
23. Convertible or non-convertible	Non-convertible
24. If convertible, conversion trigger(s)	N/A
25. If convertible, fully or partially	N/A
26. If convertible, conversion rate	N/A
27. If convertible, mandatory or optional conversion	N/A
28. If convertible, instrument type convertible into	N/A
29. If convertible, issuer of instrument it converts to	N/A
30. Write-down features	N/A
31. If write-down, write-down trigger(s)	N/A
32. If write-down, full or partial	N/A
33. If write-down, permanent or temporary	N/A
34. If temporary write-down, description of write-up mechanism	N/A
35. Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument)	N/A
36. Non-compliant transitioned features	No
37. If yes, non-compliant features	N/A

Total capital based on transitional provisions, EUR 1,000

31.12.2020	Amount at disclosure date	Relevant article in regulation (EU) no 575/2013
Common equity tier (CET1): capital instruments and funds		
1. Capital instruments and related share premium accounts	11,384	Article 26(1), articles 27, 28 and 29
2. Retained earnings	6,362	Article 26(1)(c)
3. Accumulated other comprehensive income and other funds	25,190	Article 26(1)
5a. Independently reviewed interim profits net of any foreseeable charge or dividend	-2,601	Article 26(2)
6. Common equity tier 1 (CET1) capital before regulatory adjustments	40,335	
Common equity tier 1 (CET1) capital: regulatory adjustments		
8. Intangible assets (net of related tax liability) (negative amount)	-29,761	Article 36(1)(b), article 37
28. Total regulatory adjustments to common equity tier 1 (CET1)	-29,761	
29. Common equity tier 1 (CET1)	10,574	
59. Total capital (TC = T1 + T2)	10,574	
60. Total risk-weighted assets	58,830	
61. Common equity tier 1 (CET1) (as percentage of risk exposure amount)	18.0%	Article 92(2)(a)
62. Tier 1 (T1) (as percentage of risk exposure amount)	18.0%	Article 92(2)(b)
63. Total capital (as percentage of risk exposure amount)	18.0%	Article 92(2)(c)

To the Shareholders

Information to the Shareholders

eQ Plc's share

eQ Plc's share is traded on Nasdaq Helsinki. At the end of 2020, the company had 7,261 shareholders (5,945 shareholders on 31 Dec. 2019). The largest shareholders have been presented in the Report by the Board of Directors.

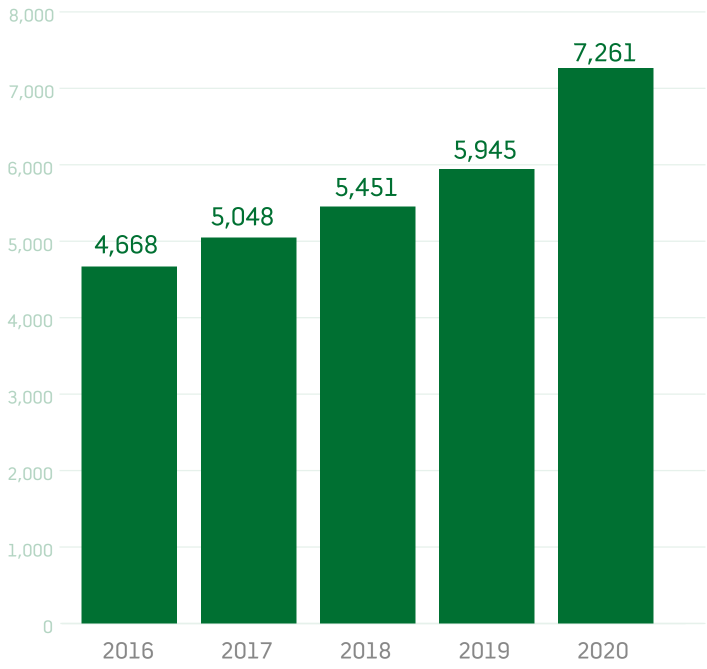
- Symbol: EQV1V
- Sector: Financial Services
- Market capitalisation classification: Mid Cap companies

Why to invest in eQ's share

eQ Group's profit growth has been strong and profitability at a good level during the recent years. eQ aims also in the future in a strong growth, constant cost-efficiency and to pay competitive dividend.

eQ aims at creating value for its shareholders through profitable and high-quality business areas. eQ Asset Management has a strong position as a service provider for the most professional investors in Finland. About 66 per cent of 100 largest institutional investors in Finland use eQ Asset Management's services and eQ has been ranked as No.1 in overall quality by the institutional investors (SFR-survey 2020). eQ Asset Management has an excellent product offering even in the current low interest rate environment. Low interest rates have led to a significant increase in demand for alternative investment products such as real estate and private equity funds in recent years. In the Corporate Finance -segment advisory services are offered by Advium Corporate Finance, which is one of the most experienced and highly esteemed advisors in Finland.

NUMBER OF SHAREHOLDERS



SHARE PRICE DEVELOPMENT 2016 TO 2020

€

eQ also has committed personnel. Personnel owns about 40 per cent of eQ Plc and personnel's satisfaction is at an excellent level according to the personnel surveys. Professional and committed employees are the key to good customer services, investment operations and advisory.

Annual General Meeting

eQ Plc's Annual General Meeting (AGM) will be held on Wednesday 24 March 2021. Detailed information and instructions for participation can be found on the company website at *www.eQ.fi/en*.

Dividend distribution

The Board of Directors proposes to the 2021 Annual General Meeting that a dividend of EUR 0.64 per share be paid out. Additionally, the Board proposes to the AGM that an equity repayment of EUR 0.06 per share be paid out from the reserve of invested unrestricted equity. Record date of the dividend and equity repayment is 26 March 2021 and payment date 6 April 2021.

Analysts following eQ Plc

The analysts mentioned below follow eQ Plc. eQ is not responsible for their comments or assessments.

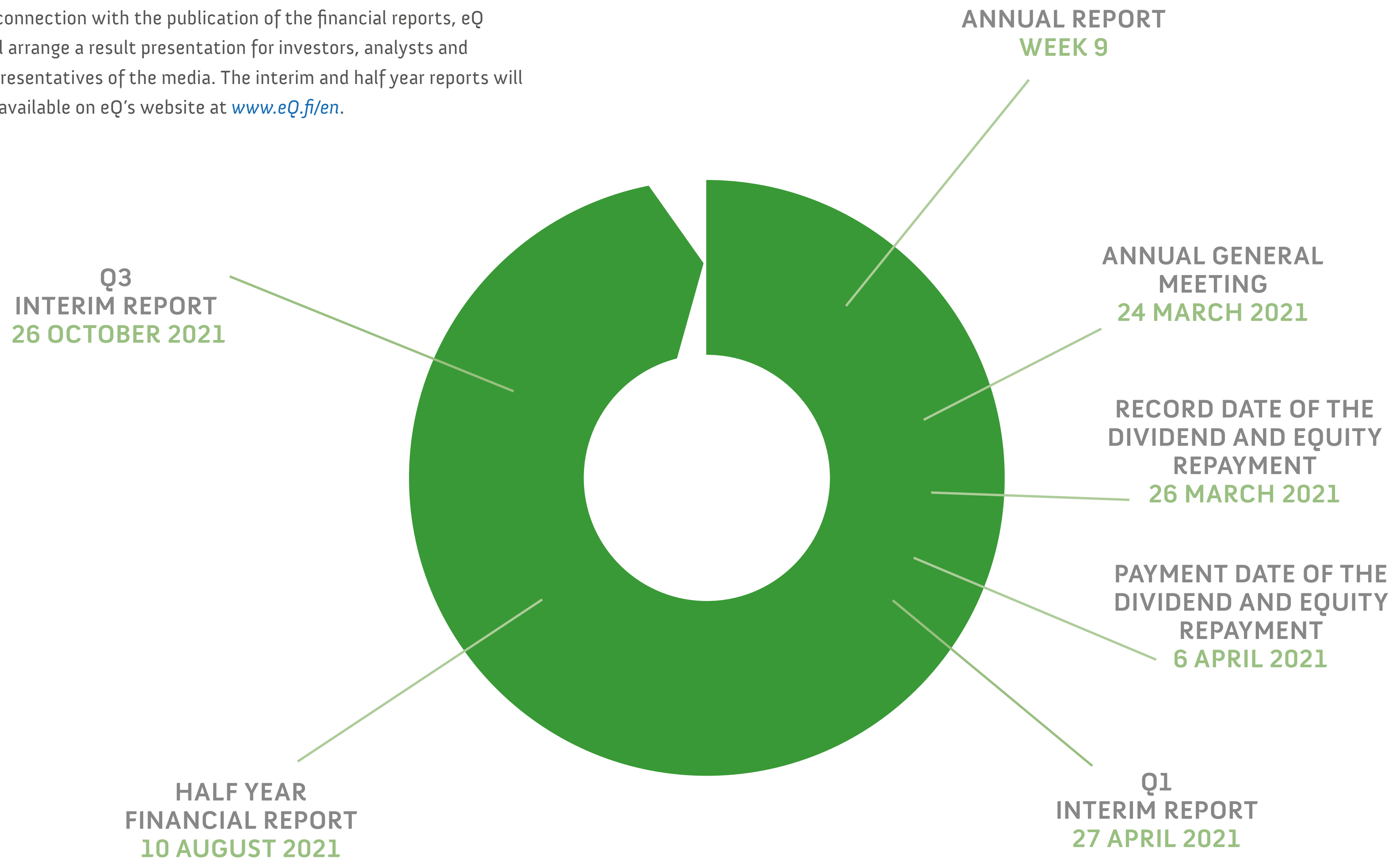
- Inderes Oy, Sauli Vilén, +358 44 025 8908, *sauli.vilen@inderes.fi*
- Inderes Oy, Matias Arola, + 358 40 935 3632, *matias.arola@inderes.fi*
- OP Corporate Bank Plc, Antti Saari, +358 10 252 4359, *antti.saari@op.fi*

Investor relations, contact information

Antti Lyytikäinen, CFO
+358 40 709 2847
antti.lyytikainen@eQ.fi

Calendar in 2021

In connection with the publication of the financial reports, eQ will arrange a result presentation for investors, analysts and representatives of the media. The interim and half year reports will be available on eQ's website at *www.eQ.fi/en*.



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