Annual Report 2021

Contents

eQ in 2021

Key Figures

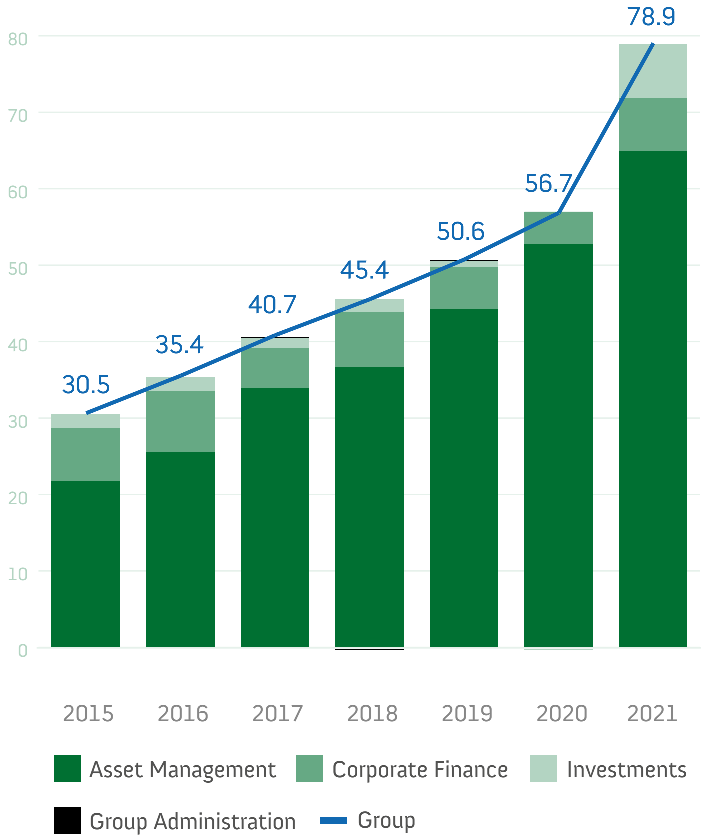
NET REVENUE	OPERATING PROFIT	EARNINGS PER SHARE	COST/INCOME RATIO	ASSETS UNDER MANAGEMENT WITHOUT REPORTING SERVICES
78.9	47.7	0.97	39,5%	9.2
EUR MILLION (2020: 56.7 MEUR)	EUR MILLION (30.8 MEUR)	EUR (0.64 EUR)	(45.6%)	EUR BILLION (7.5 BN EUR)

DIVIDEND AND REPAYMENT OF EQUITY PER SHARE	MARKET CAP	NUMBER OF SHAREHOLDERS	NUMBER OF PERSONNEL	AND IN TOTAL
1.00	1,020.5	7,883	96	11.6
EUR (0.70 EUR)	EUR MILLION (651.1 MEUR)	(7,261)	(94)	EUR BILLION (9.0 BN EUR)

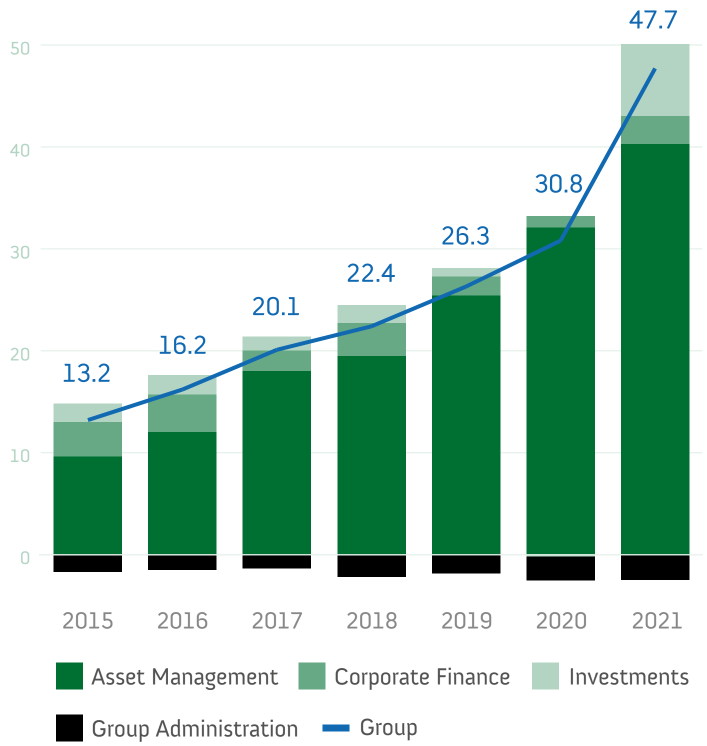
eQ in brief

eQ 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
MEUR



OPERATING PROFIT DEVELOPMENT
MEUR



CEO'S REVIEW

eQ Group's result was excellent in 2021

eQ's growth in 2021 was very strong, and its profit has already grown for 31 consecutive quarters. The net revenue of the Group during the financial period was EUR 78.9 million and the operating profit EUR 47.7 million. Net revenue grew by 39% and operating profit by almost EUR 17 million, which is an increase of 55% on the previous year. The profit for the year was EUR 38.1 million and earnings per share were 97 cents. The Group's cost/income ratio continued to fall and amounted to 39.5%.

All segments of the group grew strongly. Last year, eQ Asset Management's net revenue grew by 23 % and operating profit by 26% to EUR 40.3 million. The cost/income ratio of the Asset Management segment was at an excellent level, 37.7%. The net revenue of Advium grew by 67% from the year before to EUR 6.9 million. The operating profit was EUR 2.7 million, compared with the previous year's EUR 1.1 million. The business operations of the Investments segment consist of private equity and real estate fund investments made from eQ Group's own balance sheet. Its operating profit grew markedly from the year before to EUR 7.1 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 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 third year in a row. SFR interviews the approximately 100 largest Finnish institutional investors annually.

The overall assessment of quality consists of several different criteria, and according to the interviewees, return on investments is the most important of them. Of all eQ funds registered in Finland that eQ manages itself 85% surpassed their benchmark indices in 2021, and during the past three years, the corresponding figure has been 83%. The eQ Europe Dividend Fund won the Lipper Nordics 2021 best "Equity Europe Income Fund" award measured by three and five year returns. The return of the eQ Community Properties Fund since 2012 has been 8.9% annually. Last year, the return of the fund was 8.2%. The eQ Commercial Properties Fund has given an annual return of 8.5% since establishment and 8.9% last year. The returns of the private equity funds and asset management programmes were also excellent in 2021, and as a result of the active M&M market, there were much more capital calls and above all returns than during the previous, quieter year.

The interest in alternative investment products has grown for several years now, both in Finland and internationally. The aim is to increase the portfolio's return expectation and diversify the investment portfolio. eQ Asset Management is the clear market leader in Finland among the providers of alternative investment products.

eQ Care Fund was the first Finnish open real estate fund. It was established in 2012, and last year the name was changed to eQ Community Properties Fund. The eQ Commercial Properties Fund was established in 2014. In 2020, we expanded our real estate investments to housing by establishing the eQ Residential Fund. Net subscriptions in eQ's real estate funds increased markedly in 2021, totalling EUR 353 million. The assets managed under real estate asset management were EUR 2.3 billion at the end of the year, and the real estate assets of the funds totalled almost EUR 3.0 billion.

"eQ Asset Management is the clear market leader in Finland among the providers of alternative investment products."

Mikko Koskimies
CEO

The strong growth of eQ's private equity asset management continued last year. We raise capital yearly to funds investing in Europe and the US, alternately, and in 2021 it was America's turn. In the final closing of the eQ PE XIII US private equity fund, the size of the fund grew to USD 318 million. The total assets raised to the US PE funds since 2015 exceed USD 700 million. The eQ PE XIII US Fund makes investments in private equity funds that invest in unlisted small and mid-sized companies in Northern America. At the end of October, we also established our first eQ VC Fund at EUR 36 million. The eQ VC fund invests in the best venture capital funds in the US. During the first months of 2021, we also launched three new private equity asset management programmes and extended the agreements of three existing programmes and increased the investment amounts. In addition, we held the final closing of our third fund investing in the European private credit market, eQ Private Credit III. Its size grew to EUR 54 million. In all, were raised almost EUR 600 million to our private equity funds and asset management programmes in 2021, and the asset managed under them totalled EUR 3.2 billion at the close of the year.

We increase our efforts in sustainability

Sustainability has for years been one of the cornerstones of our operations and part of all our business operations. 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 already for the fifth 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 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. Each investment team has a person who has deeper knowledge of responsible investment and who supports and co-ordinates the work of portfolio managers and analysts. eQ's Director for Responsible Investment is responsible for the co-ordination and development.

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 process, our concrete engagement activities in the investees and our development initiatives regarding the responsible investment approach. The ratings we have received are excellent.

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 M&A market was active in 2021. The positive development of the equity and bond markets promoted the realisation of transactions planned by both companies and private equity actors.

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

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

Group balance sheet and dividend proposal

The Group has no interest-bearing loans, and its balance sheet is very strong. The profit of the Group was EUR 0.97 per share. Due to the strong balance sheet and capital adequacy, the Board of Directors have decided to propose to the Annual General Meeting a dividend of EUR 1.00, i.e. the entire profit for 2021, and an equity repayment of EUR 0.03 per share be paid out to the shareholders.

Thanks to our clients, personnel and partners

The number of eQ's clients also grew strongly in 2021, and the investment returns of the client portfolios were excellent. I want to thank all our clients for excellent co-operation and the trust that they have shown in our services. Circumstances restricted personal contacts considerably, and I hope that we will be able to meet you much more face to face this year.

2021 was another challenging year for the entire personnel. We have had to adjust to exceptional circumstances, both at work and at leisure due to the COVID-19 situation. People have worked both at home and at the office, and exceptional circumstances still prevail. Despite this, we have succeeded excellently in our business operations. The results of the study on well-being at work, which is conducted twice a year, were excellent in 2021 as well. The study covers the personnel's commitment, well-being at work, satisfaction with the work community and the work of the superior, for instance. On a scale 1 to 5, the personnel gave satisfaction and well-being at work the grade 4.3, which is an excellent level. According to the study, the employees also recommend eQ Group as a working place. The eNPS value that describes this was very high at 44 (on a scale from -100 to +100, where 0 to +20 is good, over 20 excellent and over 40 a top result).

Top performance requires very professional, engaged and motivated people. I want to thank the entire personnel for their excellent achievements in 2021.

In addition to the clients and personnel, my warm thanks go to all our partners.

Outlook for 2022

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

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

Mikko Koskimies
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.

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The aim of eQ Asset Management is to offer its clients good investment returns, innovative asset management services and excellent customer services. 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 23 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 2021, the assets managed by the Group, excluding assets covered by private equity reporting services, were EUR 9,187 million and altogether EUR 11,584 million.

eQ Asset Management is 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 2021, 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 already the third year in a row.

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 2021, eQ Asset Management's net revenue increased by 23% to EUR 64.9 million. Profitability continued to improve, and the operating profit grew by 26% to EUR 40.3 million. Demand continues to be strong among investors, above all for alternative investment products. eQ raised USD 318 million to the eQ PE XIII US private equity fund and USD 36 million to the new eQ VC venture capital fund. The net subscriptions in eQ's real estate funds totalled almost EUR 355 million. Within traditional asset management, 85% of all eQ mutual funds registered in Finland that it manages itself surpassed their benchmark indices in 2021.

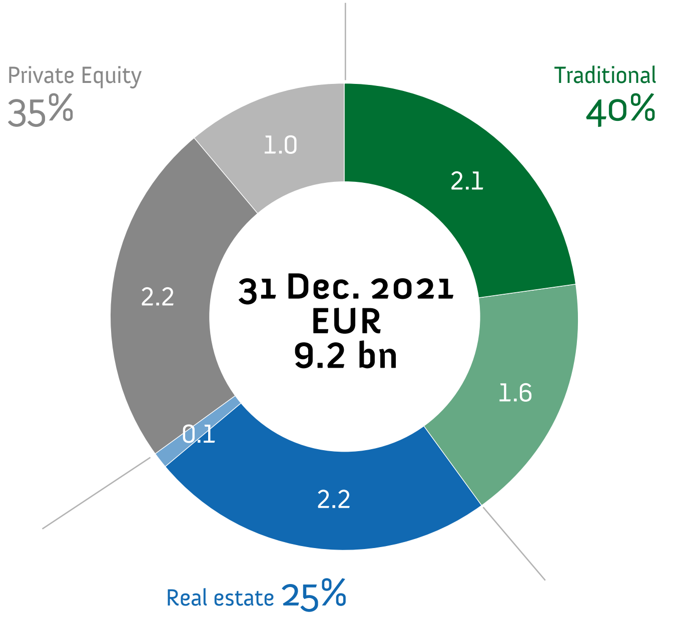
Key figures

Asset Management	1–12/2021	1–12/2020	Change
Net revenue, MEUR	64.9	52.8	23%
Operating profit, MEUR	40.3	32.1	26%
Cost/income ratio, %	37.7	39.0	-3%
Personnel as full-time resources	76	75	1%

Fee and commission income, Asset Management, MEUR	1–12/2021	1–12/2020	Change
Management fees			
Traditional asset management	10.6	8.1	30%
Real estate asset management	29.1	25.6	14%
Private equity asset management	13.9	12.5	11%
Management fees, total	53.6	46.3	16%
Performance fees			
Traditional asset management	2.9	2.7	8%
Real estate asset management	5.4	4.0	34%
Private equity asset management	3.1	-	n/a
Performance fees, total	11.4	6.7	70%
Other fee and commission income	0.5	0.2	93%
Fee and commission income, total	65.4	53.2	23%

eQ'S ASSETS UNDER MANAGEMENT

Without private equity reporting services EUR 9.2 bn and in total EUR 11.6 bn.



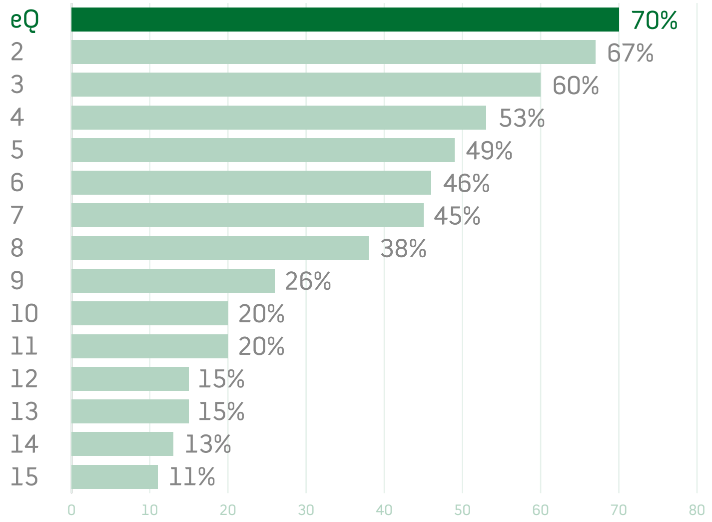
- Traditional asset management mutual funds
- Funds of the partners and other asset management
- Open real estate funds
- Closed real estate funds
- Private equity funds
- Private equity asset management programmes

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 2021. In the annual SFR study, institutional clients regarded eQ Asset Management as the quality-wise best asset manager in Finland, already the third time in a row. The quality assessments cover investment return, ESG, customer services and asset management resources, for instance. The approximately 100 largest institutional investors in Finland are interviewed in SFR's study. eQ Asset Management is also the clearly most commonly used asset manager – no less than 70% of the interviewed institutional investors use eQ Asset Management's services (66% in 2020).

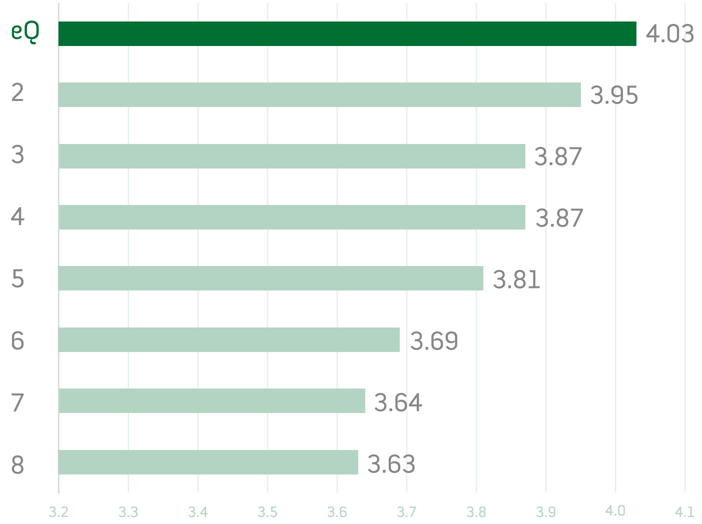
SFR RESEARCH: MOST USED INSTITUTIONAL ASSET MANAGERS

Source: SFR research 2021



SFR RESEARCH: ASSET MANAGEMENT QUALITY REVIEW (1–5)

Source: SFR research 2021



"eQ's real estate funds once more showed their strength in 2021, and the returns were excellent."

"eQ's goal is to build a long-term partnership with TrueBridge and to bring a new eQ VC fund to market every other year."

Strong year for eQ's real estate funds

eQ's real estate funds once more showed their strength in 2021, and the returns were excellent. In 2021, the return of the eQ Commercial Properties Fund was 8.9% and that of the eQ Community Properties Fund 8.2%. The outlook of the funds is strong and net rental income is at a good level. In 2021, we succeeded well both in rental operations and the purchase of new objects.

The eQ Commercial Properties Fund agreed on a EUR 800 million green financing package in August 2021, and the Community Properties Fund on corresponding financing of EUR 700 million in November 2021. These arrangements replace previous financing agreements and enable an extensive future growth potential for the funds.

The situation of the eQ Commercial Properties and Community Properties funds is very good. Active rental operations continue, development and construction projects are taken forward and new projects are being planned. In 2022, eQ will also established another residential fund, eQ Residential II. eQ Residential II will make investments in the Helsinki Metropolitan Area, Tampere and Turku. Unlike the eQ Commercial Properties and eQ Community Properties funds, eQ Residential II is restricted to professional investors only in a closed-end fund structure.

eQ has already raised more than USD 700 million to PE funds in North America

In 2021, eQ Asset Management's fourth private equity fund that makes investments in North America, eQ PE XIII US Fund, raised a record amount of USD 318 million. The size of eQ's previous private equity fund eQ PE XI US fund, which was established in 2019, is UDS 217 million. The funds raised to the US PE funds since 2015 exceed USD 700 million.

The eQ PE XIII US Fund makes investments in private equity funds that make equity capital investments in unlisted small and mid-sized companies located in the US and Canada. The management company of all four US funds is eQ with RCP Advisors in Chicago as advisor. RCP is responsible for the choice of investment objects and enables allocations to the most interesting funds.

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 2022, eQ established a private equity fund that invests in North America, eQ PE XIV North, which held its first closing in January 2022 at EUR 196 million, and eQ also raises funds to the fourth secondary market fund eQ PE SF IV, which held its first closing at EUR 85 million. eQ's private equity funds are only intended for professional investors.

eQ established its first venture capital fund

In 2021, eQ Asset Management established a venture capital fund called eQ VC and raised USD 36 million to the fund in its first closing. In January 2022, the size of the fund grew to USD 56 million in the fund's second closing. The target size of the fund is USD 50–100 million, and the raising of funds will continue in 2022.

eQ VC will invest in early and late stage venture capital funds making equity investments in approximately 200 technology start-up companies predominantly in the US. The fund's investment advisor responsible for fund screening and securing allocation is TrueBridge Capital Partners. TrueBridge is a leading venture capital firm with superior track record. TrueBridge is part of the same group as RCP Advisors, with whom eQ has a strong strategic relationship since 2015 focusing on US lower middle market private equity.

The return dispersion in the venture capital market is very broad and the best start-up founders seek financing from fund managers with a proven track record of backing and rapidly scaling the most successful start-ups historically. Consequently, manager selection is critical in this asset class and a prerequisite for generating outsized returns for investors.

eQ's goal is to build a long-term partnership with TrueBridge and to bring a new eQ VC fund to market every other year. eQ VC is open only to professional clients.

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 230 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 more than EUR 20 billion.

In 2021, Advium acted as advisor in 9 finalised transactions, and its net revenue was EUR 6.9 million and operating profit EUR 2.7 million. During the year, Advium acted as advisor when Nordkalk was sold to SigmaRoc, when Purmo was merged with Virala Acquisition Company (VAC) and when Alma Media acquired Nettix Oy, for instance.

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	1–12/2021	1–12/2020	Change
Net revenue, MEUR	6.9	4.1	67%
Operating profit, MEUR	2.7	1.1	141%
Cost/income ratio, %	60.0	72.3	-17%
Personnel as full-time resources	15	14	7%

SINCE 2000 APPROXIMATELY 230 M&A AND REAL ESTATE TRANSACTIONS – VALUE OVER

20 EUR BN

Advium acted as Rettig Group's advisor in the first de-SPAC transaction in the Nordics

One of Advium's highlights during 2021 was the process leading up to the merger of Purmo Group and Virala Acquisition Company (VAC).

Purmo Group, a leader in sustainable indoor climate comfort solutions in Europe, has been formed during the last 50+ years following Rettig Group's acquisition of Purmo Tuote Oy in 1970. In 2020, the company reported net sales of EUR 671 million and EBITDA of EUR 85 million.

Since the 2010s Rettig Group has been transforming from an industrial conglomerate into a leading investment company. The merger of Purmo Group into VAC and subsequent listing represented a solution that is strategically perfectly aligned, supporting Rettig Group's objective of being an active owner developing best-in-class companies while retaining a 73% ownership position in the company.

The process was navigated by Advium in largely uncharted waters on a tight schedule. In addition to customary due diligence and transaction negotiations, the structure of the de-SPAC transaction required full IPO readiness preparations, clearance of regulatory approvals and the acceptance by VAC's EGM.

The merger was completed on 31 December 2021, and trading of Purmo Group's share on the official list of Nasdaq Helsinki Ltd commenced on 3 January 2022 at a share price of EUR 14.75, some 45% higher than the pre-announcement level.

Going forward, Purmo Group will pursue its organic and M&A-driven growth agenda as a publicly traded company.

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 financial period 2021, the operating profit of the Investments segment totalled EUR 7.1 million, and at the end of the period, the fair value of private equity and real estate fund investments was EUR 18.8 million. The amount of the remaining investment commitments was EUR 7.2 million.

During the financial period 2021, the investment objects returned capital for EUR 3.5 million and distributed a profit of EUR 3.2 million. Capital calls totalled EUR 2.6 million. The net cash flow from the investments during the period was EUR 4.1 million.

In 2021, eQ Plc made a USD 1.0 million investment commitment in the eQ PE XIII US private equity fund and a USD 1.0 million commitment in the eQ VC fund. The considerable increase in the M&A activity of unlisted companies had a positive impact on the portfolio's cash flow, value changes and realised profits in 2021.

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.

Key figures

Investments	1–12/2021	1–12/2020	Change
Operating profit, MEUR	7.1	-0.1	8,860%
Fair value of investments, MEUR	18.8	15.7	20%
Investment commitments, MEUR	7.2	7.1	2%
Net cash flow of investments, MEUR	4.1	0.6	626%

THE VALUE OF PRIVATE EQUITY AND REAL ESTATE FUND INVESTMENTS

18.8 MEUR

Sustainability

Sustainability is a key part of eQ's business operation and corporate culture

We work in a responsible and sustainable manner as eQ Group, and integrate sustainability systematically and practically with eQ Asset Management's investment activity and Advium's corporate finance operation. Our values "honest, open, competent and efficient" are at the core of the Group's work culture. They guide the work of every eQ employee and constitute the foundation for daily co-operation with clients, partners and other key stakeholders.

We have developed sustainability purposefully in recent years. The most important development project in 2021 was the preparation of a sustainability classification for all of eQ's investment products. While working on product classifications at all our investment teams, we also evaluated what various classification requirements mean for the current investment strategies and practices of our products and for ESG reporting, and what we should perhaps develop further.

During the autumn we also updated the Code of Conduct concerning the Group. The Code of Conduct describes joint rules based on eQ's values and the general principles guiding behaviour, decision-making and business operation that every eQ employee must follow.

Customer satisfaction and wellbeing at work are objectives that steer our operation. Despite the prolonged COVID-19 pandemic, the satisfaction of both our clients and employees has remained at an extremely high level, and we are very grateful for this.

We now publish our Sustainability Report for the fifth time as part of the Annual Report. For us it is very important to report about sustainability in our operations to our shareholders, clients and other key stakeholders in a transparent manner. We have also actively and for a long time encouraged our investees to report on corporate responsibility and to develop the contents and quality of their reports.

At present, we look at the year 2022 with great interest. Our own work on sustainability continues by, e.g., bringing changes arising from the EU's Regulation on sustainability-related disclosures and the Taxonomy Regulation to a concrete level in all our areas of investment. In the big picture, amendments to statutes at the EU level are intended to increasingly promote the direction of cash flows toward sustainable development projects. Do we investors currently have enough relevant data at our disposal for making investment decisions which, at the same time, also promote the financing of sustainable development and the green transition? This question undoubtedly gives many people pause for thought, and building a sustainable portfolio requires patience. As the availability and quality of responsibility data improve, the view of investments becomes more diversified. For instance, a company reviewed by Scope 3 emissions may be very different from the sustainability perspective than by data on Scope 1 and Scope 2 emissions alone.

It is time to thank our clients. You challenge us to ponder topical new themes and trends in responsibility and sustainability, and to develop our approach on this basis. We will be happy to meet this challenge going forward.

Let us continue to work together as we have done thus far.

Sanna Pietiläinen
Director, Responsible Investment

Sustainability Report 2021

Sustainability and its reporting in eQ Group

Purpose of sustainability 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 purpose of sustainability reporting is to describe 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, since 2017 the Board of Directors of eQ Plc has decided to voluntarily report on its sustainability to shareholders, clients and other major stakeholders.

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.

Corporate Responsibility Prime RATED BY ISS ESG

eQ Group's responsible operations

Responsible operations are a key part of eQ's entire business. 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's values (below) are at the core of the Group's work culture. They guide the work of each eQ employee and constitute the foundation for daily co-operation with clients, partners and other key stakeholders.

HONEST

We are honest and reliable, true to our word. We act correctly and responsibly. We comply with the regulation of the financial industry and eQ's joint rules.

OPEN

We are easily approachable and discuss all matters openly. We do not cover up mistakes or problems, we learn from them. We rejoice successes together. We also respect dissimilarity.

COMPETENT

We want to understand our clients' needs. We constantly develop our professional skills and procedures. We dare to question matters. We share information, provide assistance and give feedback.

EFFICIENT

We do what we promise briskly and carefully. We do the work, we do not simply talk and plan. We work diligently and with an uncompromising attitude together with our clients, colleagues and partners.

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/en/about-eq-group/sijoittajat/vastuullisuus*).

"As a result of the successful sustainability performance at Group level, eQ Plc has been given the international ISS ESG Prime responsibility rating."

Sustainability themes

eQ has in its business four material subject areas that create the framework for sustainability. The sustainability themes have been approved by eQ Plc's Board of Directors. The section below describes in detail what these four themes mean in practice:

STRONG CORPORATE GOVERNANCE AND HIGH ETHICAL STANDARDS

- Adherence to the law and the company's internal instructions, commitments, policies (such as the policy on conflicts of interest) and Code of Conduct in all operations
- eQ's transparent reporting – the pricing of asset management products, for example, 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 Group's sustainability report

CLIENTS

- An honest, open, competent and efficient partner to eQ's clients
- In-depth understanding of customer needs and meeting these needs
- Monitoring customer satisfaction, e.g. SFR 2021 no. 1 regarding overall quality

THE ENVIRONMENT

- Green electricity in use on eQ's premises (hydropower)
- For example, minimizing the use of plastic, taking recycling into account on the premises, favouring public transport and alternative ways of travelling (Environmentally friendly guidelines to eQ's employees since 2019)
- Training on environmental matters for our employees
- Support for the Baltic Sea Action Group (BSAG) since 2019. The support is channelled through the BSAG share of the eQ Blue Planet Fund, and in 2021 it amounted to almost EUR 160,000

PERSONNEL

- Equal and diverse work community
- Wellbeing at work and work ability – workplace ergonomics, fitness tests, monitoring the quality of indoor air
- Early support programme
- eQ – opportunity for 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. eQ Plc's Board of Directors 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. In 2021 the training was focused on eQ Group's updated version of the Code of Conduct, which is described in detail in section 6.4 of this Report. Upon the launch of the Code of Conduct, eQ also internally deployed the new eQ Whistleblower reporting channel. In its induction programme, eQ commits new employees to comply with and implement eQ's principles and procedures on responsible investing. In 2021 the company organised two induction trainings for new employees related to sustainability.

As a result of the successful sustainability performance at Group level, eQ Plc has been given the international ISS ESG Prime responsibility rating. 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.

eQ Plc is included in the Nasdaq OMX Sustainability Finland index. The index consists of 40 companies ranked best on Nasdaq Helsinki in terms of sustainability criteria. In order to promote openness and transparency eQ has already for four years reported key ESG ratios describing operations based on sustainability reporting to the ESG database maintained by Nasdaq. In recognition of this, Nasdaq has awarded eQ Plc with the "Nasdaq ESG Transparency Partner" certificate.

Responsible and sustainable investing at eQ Asset Management

eQ Asset Management has for several years acted as an active forerunner for responsible investing. eQ signed the UN Principles for Responsible Investment (PRI) in 2010. eQ is an active member of Finnish Venture Capital Association, Invest Europe, Rakli, Finsif (Finland's Sustainable Investment Forum), and Finance Finland. eQ is also a signatory to CDP's Climate Change Programme and encourages companies to specify emission reduction targets for their own operation, based on science, through the Science Based Target Initiative organised by the CDP. eQ is also a member of the GRESB (Global Real Estate Sustainability Benchmark) with regard to the company's real estate investments.

Responsibility and sustainability are a key part of eQ Asset Management's investment activities and processes. The goal is to identify investments that benefit from sustainable operation and their potential for return, and to reduce the risk in investments. Sustainability risks and opportunities are taken into account systematically and practically in the selection, monitoring and reporting of investments in all of eQ's areas of investing. The sustainability risk refers to an event or a circumstance related to the environment, society or governance practices whose realisation could have an actual or potential significant negative impact on the value of the investment. The material nature of sustainability risks varies in different sectors and business models, and investments can also be exposed to sustainability risks through their value chains.

eQ Asset Management's principles for responsible investment form a framework to eQ'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 approved by eQ Asset Management's Board, and they are based on policies on responsible investing specified by the Board. The corporate governance principles of eQ Asset Management Ltd are available on eQ's website.

Everyone who works on investment activity at eQ understands, recognises and takes into account the potential sustainability risks and opportunities pertaining to investments. In addition to sustainability ESG analyses, it is an important part of a portfolio manager's job to have a regular engagement dialogue with the investees. Each investment team also has a dedicated person who has deeper knowledge of sustainable investing. The coordination of work on sustainable investing, its development and training are the responsible of eQ's Director for Responsible Investment.

Implementation of the EU regulation on sustainability-related disclosures was at the centre of such training in 2021. Obligations imposed by regulation have hardly changed eQ Asset Management's vision and practices relating to responsibility and sustainability. Sustainability and its consistent and practical development have been at the core of eQ's operation for a very long time. However, last year all of eQ's investment teams carefully studied and evaluated what various classification requirements mean for the current investment strategies and practices of eQ's products and for ESG reporting, and what should perhaps be developed further. The company also sought lessons and understanding of climate questions by listening to the path to carbon neutrality of Nestlé, the world's largest food and beverage company, in 2050. During the autumn eQ's real estate teams acquired more knowledge and expertise for climate work concerning real estate investments.

eQ Plc's Board of Directors is reported once a year on implementation of sustainability and sustainable investing and on future development activities in all of eQ's areas of investing. eQ Fund Management Company's Board regularly discusses engagement activities with investees. eQ also annually reports to PRI on the company's practices in sustainable investing and on concrete engagement activities in the investees.

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

*The table shows grades received by eQ Asset Management for 2020 PRI reporting. PRI reporting scale E to A+ PRI is reforming the reporting, so the 2021 results are not available yet. In the spring of 2021, however, eQ reported on sustainability.

Training and conversations with clients are a material part of eQ's customer work. We listen to our clients and learn from them. In 2021 eQ organised for its clients two ESG webinars, the first one on the contents of the EU regulation on sustainability-related disclosures and its implementation, in general, in operations by actors in the financial markets. The subject of the other ESG webinar focused on sustainability classification of eQ's products and on observing sustainable development in the choice of companies. eQ's 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.

In the following chapters, eQ briefly presents the most important events concerning ESG matters in 2021 in the various 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.

Equity and fixed income investments

Observing sustainable development in eQ's equity and fixed income investments

Taking into account the risks and opportunities related to responsibility and sustainability, besides the traditional financial indicators, is part of the portfolio manager's day-to-day work. We aim at excellent long-term return. Portfolio managers go through all investments with sustainability indicators specified for each fund. Actively managed equity and fixed income funds promote the reduction of carbon emissions in the companies held.

Corporate emission details and their trends and reporting are some of the environment-related themes monitored. eQ also evaluates how environmental questions are taken into account in business operations and how companies promote sustainable procedures. As an example of this procedure, last year eQ Emerging Dividend fund invested in a Chinese environmental technology company called China Everbright Environment, which focuses on infrastructure construction projects in, e.g. the waste to energy sector and on consultation in environmental resource management. The company co-operates with the government and contributes to the reduction of China's emissions in waste management, in particular. Another example is Kempower, an investment in the eQ Finland fund; eQ participated in its initial public offering last year. The company's efficient electric charging technology enhances the charging of electric vehicles and buses. This facilitates the electrification of both private motoring and public transport and, ultimately, the reduction of emissions.

Funds	Article 6	Article 8	Article 9
		The fund promotes environmental and social characteristics and the companies in which the investments are made follow good	The fund has sustainable investment as its objective
FIXED INCOME FUNDS			
Money Markets			
eQ Euro Short Term		x	
Government Bonds			
eQ Government Bond		x	
Investment Grade Credit			
eQ Euro Floating Rate		x	
eQ Euro Investment Grade		x	
eQ Euro Investment Grade Bond Index (Vanguard)	x		
High Yield Credit			
eQ High Yield		x	
Emerging Markets Credit			
eQ Emerging Markets Corporate Bond HC		x	
eQ Emerging Markets Corporate Bond Local Currency		x	
EQUITY FUNDS			
Finland			
eQ Finland		x	
Europe			
eQ Euroope Dividend		x	
eQ Nordic Small Cap		x	
eQ Europe Active (Fidelity)		x	
eQ Europe Stock Index (Vanguard)	x		
North America			
eQ US Stock Index (Vanguard)	x		
Emerging Markets			
eQ Emerging Dividend		x	
eQ Emerging Markets Small Cap		x	
eQ Frontier Markets		x	
Japan			
eQ Japani Stock Index (Vanguard)	x		
Global			
eQ Blue Planet			x

One governance-related theme to which eQ pays attention is the composition of a company's board of directors. The contents of our funds are monitored quarterly to detect any violations of the UN's Global Compact principles. In fixed income funds, eQ favours reasonably priced ESG loans (incl. green bonds and sustainability-linked bonds). Thus we aim to promote the financing of sustainable development and the green transition in fixed income funds. The share of ESG loans in funds has increased in the past three years. In the eQ Euro Investment Grade and eQ Emerging Markets Corporate Bond funds the share of ESG loans was approximately 25% and in the eQ High Yield fund over 10%.

eQ's portfolio managers have a direct dialogue with companies in both positive and negative questions pertaining to sustainability. One of the most important areas of active influence is promoting the availability of sustainability reporting and improving its contents and quality, and how companies adopt the emission reduction target based on science. Portfolio managers also contact companies in cases of possible violations of norms. During the period 1 Jan. 2021 to 31 Dec. 2021 we carried out altogether 50 engagement activities in our equity and fixed income funds in the following areas: 3 within governance, 14 within social responsibility, 30 regarding the availability of the sustainability report, 1 regarding environmental responsibility and 2 regarding the follow-up of a verified violation of a norm. Periodically, eQ also participates in joint engagement initiatives together with other investors.

The preparation of a sustainability classification for eQ's equity and fixed income funds was an important development project last year. While working on product classifications, we also evaluated what various classification requirements mean for the current investment strategies and practices of eQ's products and for ESG reporting, and what should perhaps be developed further.

Detailed descriptions of the investment processes, methods and indicators of all equity and fixed income funds for monitoring sustainability are available in fund prospectuses on eQ's website. The section below describes in detail what the sustainability classification (Article 9) of eQ Blue Planet equity fund is based.

eQ Blue Planet – aimed at making sustainable investments (financial product according to Article 9)

eQ Blue Planet Fund makes investments globally in companies whose business is centrally linked to smarter use of the Earth's critical resources, sustainable consumption and implementation of social responsibility. The fund's investments should be sectors and companies that represent a considerable leap in sustainability.

The key factor when selecting companies is how significant sustainability is in the company's strategy and, for example, whether it has a climate goal according to the Paris Agreement. It takes into account the company's emissions throughout its production value chain, all the way to final use. A science-based commitment also means that the objectives are assessed by an outside party.

At present, 80 per cent of the weight of the eQ Blue Planet fund is on companies with an ambitious or scientifically accepted emission reduction target. Behind every investment decision there is also at least one other important sustainability criterion.

Real estate investments

Real estate investments have a carbon neutrality target in terms of in-use energy consumption by 2030

Special investment funds eQ Commercial Properties, eQ Community Properties and eQ Residential II fund, which is about to be launched, are classified as financial products according to Article 9 of the EU regulation on sustainability-related disclosures, whose target is to make sustainable investments.

At the end of 2020, a carbon neutrality target in terms of in-use energy consumption was set for all of eQ's real estate investments by 2030. The carbon neutrality target set guides practical actions in eQ's real estate investing concerning both the property purchasing process and development measures promoting responsibility and sustainability in properties during the ownership period. Measures for reaching this target are specified in the low-carbon roadmap concerning eQ's real estate investments. The realisation of the target is monitored and reported to investors annually.

Responsibility and sustainability are part of the due diligence process when properties are purchased. This includes matters related to soil, energy efficiency, background information on the tenant, and availability of public transport. Energy-efficient and eco-friendly choices of materials and design decisions are preferred at new sites. Since early 2018, electricity generated from renewable sources has been used in investments made by real estate funds. In addition, we always evaluate the possibilities of using geothermal, solar energy and green district heating in our new sites.

The construction, maintenance and use of properties emphasises safety, good health and functionality for individuals who work with users, builders and owner services. Responsibilities of clients and socially responsible procedures are considered when acquiring services and materials. All agreements (such as on building contracts and with service providers) include eQ's Code of Conduct for suppliers as an enclosure.

During the ownership period, measures are taken in separate properties in order to promote responsibility and sustainability. Consumption data (energy, water and waste) of all sites is collected, deviations are monitored, and action is taken based on such date. In additions, energy efficiency is improved through measures relating to ventilation, heating and cooling systems, lighting and heat insulation of structures. The carbon footprint (tCO_2) serves as an important indicator in monitoring the realisation of the sustainability objective. The trend in the carbon footprint in relation to the target set is reported annually in the ESG report. The other indicators are energy consumption (MWh), water (m^3) and waste (t).

We use the BREEAM (Building Research Establishment's Environmental Assessment Method) certification to assess the operability of both an individual property and related maintenance functions, identify any shortcomings and select areas of development. The funds intend to apply for a Breeam In-Use certificate for all sites, on the Very Good level at the very least. At the fund level, we utilise the GRESB (Global Real Estate Sustainability Benchmark) in developing operations and in comparing eQ's funds and their performance with other actors and the markets.

Another key aspect is co-operation with significant stakeholders. As examples, we can mention regular customer satisfaction surveys for tenants and recommendations on responsibility in lease agreements.

eQ is committed to constantly developing the responsibility and sustainability of the funds. We look at our operations as a "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 investments. eQ also wants to be make an active contribution to the industry and its practices.

The next section describes the 2021 key sustainability activities in eQ's real estate investments.

GRESB-results

The strong trend in the GRESB results continued. eQ Community Properties and eQ Commercial Properties both received three stars of the maximum five starts (participants in the GRESB assessment since 2019). Both funds saw an improvement of more than ten points. Also, the funds were awarded the GRESB Green Star for the second time already.

eQ Commercial Properties GRESB results

eQ Community Properties GRESB results

Green financing

In July eQ Commercial Properties agreed on a significant financing package (800 MEUR) with a Nordic funding consortium, and in November a similar financing arrangement (700 MEUR) was implemented for the eQ Community Properties special investment fund. Both financing packages are classified as green, responsible funding with regard to the bank loans. In this context, green financing means that at least the number of properties equal to the loan amount must meet a certain level of Breeam In-Use certification.

Identification of climate risks

Climate work at eQ is in progress. Regarding its real estate investments, eQ has already taken several measures to reduce the climate impacts of the real estate funds and to mitigate climate change. eQ has specified for its real estate investments material physical risks (such as storms, rise in average temperature and changes in precipitation) and transitional risks (such as stricter obligations in emissions reporting) and their financial impacts in various climate scenarios.

eQ Residential

A total of 1,408 homes on 20 sites will built for the eQ Residential fund. At the turn of the year the fund owned 17 sites, three of which were completed. All the residential investments will be certified (BREAAM In Use) once they have been completed. A solar power plant will be built on all sites. Two sites under construction will have geothermal energy. All the sites are new and have a good energy classification (energy category B at a minimum). According to current information, 200 of the homes have the best energy category A. The eQ Residential fund under construction and the eQ Residential II fund about to be launched will be included in the GRESB sustainability assessment in 2023 according to the current estimate.

Private equity, private credit and venture capital investments

More ESG indicators used by private equity investors in target companies

Factors associated with sustainability and responsibility are systematically taken into account in private equity investments. The starting point of sustainable investing is the broad integration of ESG into the processes that include fund selection and monitoring, and investor reporting. In Northern European funds (incl. asset management programmes), eQ is responsible for manager selection and holds sustainability conversations with the managers before making an investment decision. In funds that invest in North America and private credit loans, where eQ's partner handles manager/loan selection, eQ requires the partner to meet the sustainability criteria and to make an ESG due diligence report in selecting investments. In late 2021 eQ launched its first venture capital fund in co-operation with TrueBridge Capital from the United States. Although venture capital funds are often pioneers in thinking related to responsibility, it appears that systematic monitoring of responsibility factors is even less frequent that in private equity investments, for example. eQ and TrueBridge jointly monitor and develop procedures on this matter.

Responsibility is always part of an investment decision. As part of the investment process, eQ aims to extensively identify sustainability and sustainability risks and opportunities associated with target funds. In an ESG due diligence report, eQ assesses the sustainability and responsibility of the target fund's management company from the following perspectives, among others:

- the management company's attitude toward responsibility,
- policies, commitments and other guidelines that steer responsible investing,
- how the fund manager handles responsibility matters,
- integration of responsibility into decision-making on investments and monitoring of investees, and the tools and ESG indicators used in support of such monitoring, and
- ESG reporting to investors.

During the due diligence process, eQ specifies for every fund a responsibility assessment and monitors and reports its development on an annual basis. eQ's goal is to include objectives related to sustainability and responsibility in each target fund's legal documentation.

eQ evaluates and monitors the realisation and development of sustainability and responsibility at private equity and private credit investments by, e.g. an annual ESG survey sent to target funds and in conversations with target funds. eQ also actively participates in target funds' annual general meetings and in the work of advisory boards.

The contents of eQ's ESG survey sent out since 2017 has remained mostly unchanged, so the ESG trend can be consistently monitored at management companies and their target funds. If a target fund receives a poor responsibility assessment as a result of the ESG survey and eQ does not see a positive trend in development, the matter is brought up in conversations with the target fund's management company.

The 2020 ESG survey was sent to 104 management companies in January 2021. It covered 160 target funds and an estimated 1,000 target companies. The survey received responses from 97.1% (101) of the management companies. A total of 17 ESG events were observed in eQ's target funds for which the management companies have submitted their explanations. The results of the 2020 survey demonstrate that matters relating to responsibility are increasingly more often included in both ordinary monitoring of target companies and the reporting required. The results showed a very positive trend in ESG matters:

- a positive trend in the responsibility grades of target funds,
- monitoring of ESG indicators at target companies has increased,
- contents of ESG policies have been updated in general,
- main responsibility for ESG has been increasingly dedicated to an individual or a specific ESG committee, and
- Implementation of the EU regulation on sustainability-related disclosures (2019/2088) was in progress or being planned at more than half of the respondents in spring 2021. eQ uses the survey to actively monitor the realisation of diversity at management companies and their portfolio companies.

The ESG survey concerning the year 2021 has already been sent to management companies of target funds for their responses. Climate questions were included as a new theme in the survey. eQ is, first and foremost, interested in hearing how perspective related to climate change are taken into account in investment processes, how common the setting of a carbon neutrality target is, and to which extent emission figures are calculated for investments.

At the outset, eQ classifies all private equity, private credit and venture capital funds as financial products according to Article 6 of the EU regulation on sustainability-related disclosures. Although responsibility has an increasingly important role in target funds, a considerable share of the funds are Article 6 products. eQ already promotes the fulfilment of conditions under Article 8 in target funds. In late 2021 we saw the introduction to the marketplace of several private equity funds under Article 9 and the first ones under Article 9, and the first actors also imposed carbon neutrality goals.

The significance of responsibility in investing by private equity funds is constantly growing, and eQ believes that the managers will lead the development in this field as well.

Besides its own operation, eQ also wants to actively promote the implementation and development of responsible investing practices in the private equity sector. eQ is the chair of the ESG working group and the working group for sustainable financing at the Finnish Venture Capital Association.

Environmental responsibility

Mitigation of climate change is an important theme both in eQ Group and in eQ Asset Management's investment activities. eQ has a significant opportunity to promote sustainable development through responsible investing, in particular.

In recent years eQ has started to pay more and more attention to the environmental impacts of its own operation, and to develop its procedures in an increasingly more sustainable direction. In late 2021, on the basis of the current operating principles, eQ outlined and prepared an environmental policy concerning eQ Group that consists of five themes (1. recycling, sorting and cleaning, 2. movement, 3. food, 4. procurement, and 5. energy and water). The next area of development will be setting indicators and goals for these themes and reporting on them in future sustainability reports.

"Mitigation of climate change is an important theme both in eQ Group and in eQ Asset Management's investment activities."

eQ Group's own business places a relatively minor direct burden on the environment. Energy use is primarily related to the consumption of energy on the premises. Companies in eQ Group have used fully renewable energy in their own electricity consumption since 2018. 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 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 reports the total CO_2 emissions for work-connected flights of our employees and, as a new key ratio, the amount of emissions per person. The CO_2 emissions of the Group's air travel remained at a very low level in 2021, largely due to the COVID-19 pandemic.

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 2021, special attention was paid to reducing the amount of waste and increasing recycling, as in previous years. During the past year, we carried out the measures introduced in 2019 regarding the sorting and recycling of office waste. These measures were:

- drawing up eco-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 reports on the consumption of paper at its premises. Going over to double-sided printing could be seen as a positive trend in the consumption data. In 2021, paper consumption was reduced significantly from the preceding year. eQ has not been engaged in legal proceedings or claims concerning environmental accidents.

Own energy consumption of the organisation

	2021	2020	2019	2018	2017
Electricity consumption, kWh	106,369	89,893	100,396	107,235	106,527
Origin of electricity:					
Share of renewable energy, %	100%	100%	100%	100%	25%
Share of nuclear power, %	0%	0%	0%	0%	42%
Share of fossil fuels, %	0%	0%	0%	0%	33%
Specific carbon dioxide emissions of electricity, g/kWh	0	0	0	0	198
Nuclear fuel used in electricity, mg/kWh	0.0	0.0	0.0	0.0	1.2
Carbon dioxide emissions of electricity, total, kg	0	0	0	0	21,092
Carbon dioxide emissions of electricity per net revenue, g/EUR	0.00	0.00	0.00	0.00	0.52
Electricity consumption per rented office square metre, kWh	64	54	60	64	64
Electricity consumption per person, kWh	1,108	956	1,128	1,254	1,268

Other environmental responsibilities*

	2021	2020	2019	2018	2017
Other indirect greenhouse gas emissions					
Travelling by air, CO_2 emissions, kg	4,669	3,961	42,455	70,396	75,786
Travelling by air, CO_2 emissions, kg per person	49	42	477	823	902
Use of material					
Paper consumption, total, kg	715	1,710	1,985	1,950	1,555
Paper consumption, kg per person	7	18	22	23	19

*The table shows an estimate of carbon dioxide emissions of air travel and paper consumption. Paper consumption is reported based on paper purchased.

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 2021 was still strongly characterised by the COVID-19 pandemic. eQ continued to implement the procedures prepared for the coronavirus situation in the spring of 2020, in order to secure a safe operating environment for eQ's employees, clients and partners and to minimise infections. Similarly to the previous year, eQ purchased masks to all employees and strongly recommended their use as well as social distancing according to the guidelines issued by the Finnish Institute for Health and Welfare. Coronavirus vaccination is part of eQ's occupational health care agreement. Vaccination of occupational health care clients became possible at the Hospital District of Helsinki and Uusimaa (HUS) in late 2021. eQ has encouraged its employees to utilise this opportunity.

The COVID-19 situation has caused challenges for every employee's coping at work. Despite the prolonged COVID-19 pandemic, the Group personnel's commitment and satisfaction have remained at an extremely high level. The results of the biannual study on well-being at work were excellent in 2021 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 (2020: 4.3). According to the study, the employees also recommend eQ Group as employer. The eNPS value that describes this was very high at 44 (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 89.3% (2020: 92.3%). The personnel study is one of eQ's most important tools for developing internal working methods and the quality of managerial work. At team-specific meetings, the results are discussed in detail, and potential development measures and goals are agreed for monitoring them.

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 96 employees at the end of 2021 (2020: 94). When calculating full-time resources, part-time employees and those on parental and study leave have been included. Altogether 102 persons had an employment relationship with eQ (2020: 103), and 11 of them worked part-time (2020: 9). Part-time employees are used in seasonal tasks or projects.

Personnel

	2021	2020	2019	2018	2017
Personnel as full-time resources	96	94	89	86	84
Permanent employment relationship	91	94	88	85	83
Temporary employment relationship	11	9	4	6	6
Employment relationship, total	102	103	92	91	89
Share of temporary employees, %	10.8	8.7%	4.3%	6.6%	6.7%
Full-time, total	93	95	89	86	83
Part-time, total	9	8	3	5	6
Age and gender distribution, no.					
18–30 years total, (F/M)	25 (10/15)	23 (9/14)	15 (4/11)	17 (6/11)	19 (4/15)
31–40 years total, (F/M)	28 (13/15)	31 (13/18)	34 (14/20)	31 (10/21)	30 (11/19)
41–50 years total, (F/M)	22 (8/14)	20 (7/13)	17 (7/10)	19 (8/11)	18 (8/10)
51–60 years total, (F/M)	26 (8/18)	27 (11/16)	25 (14/11)	22 (11/11)	20 (9/11)
61– years total, (F/M)	1 (1/0)	2 (1/1)	1 (-/1)	2 (-/2)	2 (-/2)
Total	102 (40/62)	103 (41/62)	92 (39/53)	91 (35/56)	89 (32/57)
Average age of employees, years	41.2	41.3	41.3	40.9	39.8
Employment relationships based on gender, no. and %					
Female	40 (39%)	41 (40%)	39 (36%)	35 (38%)	32 (36%)
Male	62 (61%)	62 (60%)	53 (64%)	56 (62%)	57 (64%)
Employee turnover (%)	8.7%	4.2%	9.3%	8.8%	8.4%
Sick leaves during the year, day per person	1.7	2.7	2.8	1.9	2.3
Registered accidents	0	0	1	2	1

SATISFACTION AND WELL-BEING AT WORK

4.3

(SCALE 1–5)

NUMBER OF PERSONNEL

96

Of the personnel, 39% were women (2020: 40%) and 61% men (2020: 60%). The average age of the personnel was 41.2 years (2020: 41.3), and the employee turnover in 2021 was 8.7% (2020: 4.2%). In 2021, the average sick leave of the personnel was 1.7 days per person (2020: 2.7) and there were no occupational accidents (2020: 0).

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.

Principles related to human rights violations 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

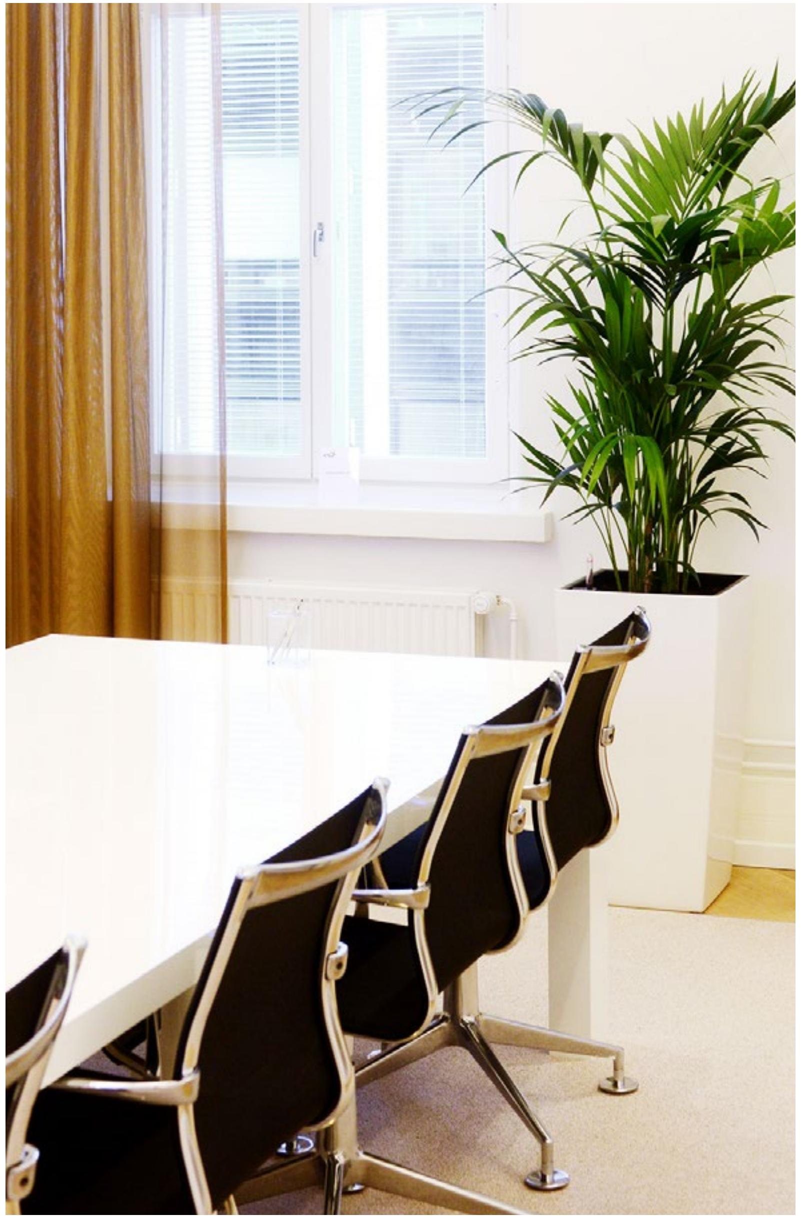
eQ Plc's Board of Directors aims to promote the diversity of the Board's composition for its part. When assessing diversity, the Board takes into consideration, for instance, the age and gender of the directors, their education and professional experience, individual characteristics and experience that 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 2021, 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 2021 from the Annual General Meeting: Janne Larma (Chair) Georg Ehrnrooth (Vice 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 2021.

Diversity of the Board of Directors on 31 December 2021

Directors, total	6	100%
Female	1	17%
Male	5	83%
Board members who are independent of the company	4	67%
Board members who are independent of the major shareholders	3	50%



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/en/about-eq-group*).

eQ's largest shareholders, who as a rule represent at least one-half of the number of shares in the company and the votes these represent, submit a proposal to the Annual General Meeting (AGM) on the number of Board members, the members of the Board of Directors and their remuneration. eQ Plc's Annual General Meeting is ultimately responsible for the election of Board members and preparations for the election. The company's Articles of Association do not include a provision on appointment of Board members in any specific order.

Each person elected as a member of the Board must have the competence required by the task and enough time to handle it. The company contributes to the work of the Board by providing Board members with sufficient information about the company's operation. Five to seven members can be elected to eQ Plc's Board of Directors, and the members of the Board select a chair from among their number. Board members are elected for one year at a time. In 2021 a full-time Chair was appointed for eQ Plc's Board whose duties, besides serving as Chair, include developing eQ's strategy together with the CEO. The appointment of the full-time Chair of the Board took effect on 1 April 2021, after the Annual General Meeting. In the Corporate Governance Report, the company states the number of Board meetings held during the financial period and the members' average attendance at Board meetings.

The company discloses the following personal and ownership information on Board members: name, gender, year of birth, education, main occupation, key work experience, international experience, start date of Board membership, key positions of trust, and shareholdings in the company. The statement also includes any dependency of the company or the company's significant shareholders, and any grounds why the Board member is not deemed to be independent. Members of eQ Plc's Board of Directors must provide the Board and the company with adequate information so their competence and independence can be evaluated, and report any changes in this information.

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/en/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 remuneration systems must also take into account sustainability risks related to eQ Group and its business operations. 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.

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/en/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 2021 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 3 February 2022.

The Remuneration Report regarding the governing bodies accounts for the remuneration paid to the Board 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 remuneration 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/en/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/en/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 Group's Code of Conduct describes joint rules based on eQ's values and the general principles guiding behaviour, decision-making and business operation that every eQ employee must follow. The Code of Conduct also serves as an "umbrella" for eQ's other internal guidelines that contain detailed operational instructions from various sectors. Still, the Code of Conduct cannot cover all situations we encounter, so advice must always be asked in new and unclear situations. By honest, open, competent and efficient action, eQ earns the trust and respect of clients, other stakeholders, the surrounding society and the financial markets.

eQ requires its partners to act in a responsible manner. All agreements in real estate investments (such as on building contracts and with service providers) include eQ's Code of Conduct for suppliers as an enclosure. eQ Group has found other, separate Codes of Conduct concerning subcontractors unnecessary due to the small number of direct subcontractors and their minor significance for the business operation.

eQ Group's Code of Conduct was updated in the autumn of 2021. The previous Code of Conduct was drawn up in 2016. The personnel survey conducted in May served to launch the updating process. The purpose of the survey was to determine, anonymously and on a one-time basis, the practical realisation of the old Code of Conduct regarding any abuses and problems observed by employees, as well as the culture of intervention in these and the appropriate action. Another purpose was to increase awareness of the themes chosen and their importance, and to help employee reflect on their own actions. The survey received responses from 76% of the Group's employees, and its results were discussed at eQ's personnel event and teams.

Contents of the old Code of Conduct were used in updating the new version, and new and topical themes where a need for development had been detected were added. Observations from the personnel survey in the spring were also taken into account in the updating work. The themes of eQ Group's updated Code of Conduct are:

- Complying with regulation and acting correctly
- Clients' interests, eQ's interests, and management of conflicts of interest
- Information security and data protection
- Intervention in abuses and problems
- Trust and confidentiality
- Responsibility and responsible investment activities
- Equality, diversity and respect
- Cooperation with stakeholders
- Reputation management
- Cooperation and development of competence
- Occupational safety and wellbeing at work
- Prevention of financial crimes
- Offering and accepting gifts and hospitality
- Sponsorship, donations and partnerships

The Code of Conduct is available on eQ's website (*www.eq.fi/en/about-eq-group/hallinnointi/code-of-conduct*).

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 2021, the income tax for eQ's taxable profit paid in Finland totalled EUR 9.6 million (2020: EUR 6.2 million). The Group's effective tax rate was 20.1% (2020: 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 2021 totalled EUR 3.3 million (2020: EUR 3.0 million).The withholdings that eQ made from the salaries amounted to EUR 6.5 million (2020: EUR 6.5 million) and the other tax-like charges totalled EUR 1.5 million (2020: EUR 1.4 million).

The value-added tax remitted by eQ Group in 2021 totalled EUR 0.7 million (2020: EUR 0.4 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 2021 totalled EUR 1.2 million (2020: EUR 1.2 million).

eQ has not received any public subsidies for its operations.

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 2021. 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.

Taxes, EUR 1,000	2021	2020	2019	2018	2017
Taxes paid					
Income tax, Finland	9,560	6,209	5,306	4,679	4,220
Effective tax rate	20.1%	20.2%	20.2%	20.8%	20.9%
Charges of tax-like nature payable by the employer (employee pension, social security and unemployment charges)	3,317	2,978	2,960	2,770	2,451
Taxes remitted					
Withdrawal from salaries, Finland	7,102	6,483	5,901	5,267	4,507
Charges of tax-like nature payable by the employee	1,529	1,405	1,308	1,106	884
(employee pension, unemployment charges)					
Value-added tax paid, Finland	658	393	1,503	768	871
Tax withdrawn from dividend and equity repayment, Finland	1,246	1,217	1,061	976	994

Report by the Board of Directors

Report by the Board of Directors 1 January to 31 December 2021

Operating environment

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

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

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

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

Major events during the financial period

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

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

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

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

Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 78.9 million (EUR 56.7 million from 1 Jan. to 31 Dec. 2020). The Group's net fee and commission income was EUR 71.6 million (EUR 56.7 million). The Group's net investment income from own investment operations was EUR 7.3 million (EUR 0.0 million), including the return from private equity and real estate fund investments and liquid fixed income funds.

The Group's expenses and depreciation totalled EUR 31.2 million (EUR 26.0 million). Personnel expenses were EUR 26.7 million (EUR 21.5 million), other administrative expenses EUR 2.1 million (EUR 2.0 million) and the other operating expenses were EUR 1.3 million (EUR 1.4 million). Depreciation was EUR 1.0 million (EUR 1.1 million).

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

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

Business areas

Asset Management

eQ Asset Management offers versatile and innovative asset management services to both institutions and individuals. The Asset Management segment consists of the investment firm eQ Asset Management Ltd and other Group companies engaged in asset management operations, the most important of which is eQ Fund Management Company Ltd.

Mutual funds and asset management

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

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

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

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

Private equity

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

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

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

eQ will begin to accrue the catch up share of private equity funds' performance fee in the income statement in 2022. More information about the estimated returns and performance fees is available in the annual report.

Real estate investments

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

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

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

During the period under review, we made some amendments to the rules of the eQ real estate funds, which entered into force on 15 April 2021. At the same time, we changed the name of the popular eQ Care Fund to eQ Community Properties Fund to better correspond to the use of the properties owned by the fund.

Overall, eQ's real estate funds had real estate property worth almost EUR 3.0 billion at the end of the year, and eQ has become a major Finnish real estate investor.

In 2021, eQ's real estate funds also participated in the GRESB sustainability assessment for the third time. The results improved further and clearly exceed both the average results of companies participating in the GRESB assessment and the results of the funds' peers.

Assets under management and clients

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

Assets under management, EUR million	12/2021	12/2020	Change
eQ mutual funds	4,264	3,439	24%
of which eQ equity, fixed income and balanced funds	2,082	1,651	26%
of which eQ real estate funds	2,182	1,787	22%
Closed-end real estate funds	100	75	34%
Funds of partners and other asset management	1,619	1,252	29%
eQ private equity funds	2,203	1,814	21%
Private equity asset management programmes	1,001	856	17%
Total excl. reporting services	9,187	7,435	24%
Private equity reporting services	2,397	1,538	56%
Total	11,584	8,973	29%

Result of the Asset Management segment

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

Asset Management	1–12/2021	1–12/2020	Change
Net revenue, MEUR	64.9	52.8	23%
Operating profit, MEUR	40.3	32.1	26%
Cost/income ratio, %	37.7	39.0	-3%
Personnel as full-time resources	76	75	1%

Fee and commission income, Asset Management, MEUR	1–12/2021	1–12/2020	Change
Management fees			
Traditional asset management	10.6	8.1	30%
Real estate asset management	29.1	25.6	14%
Private equity asset management	13.9	12.5	11%
Management fees, total	53.6	46.3	16%
Performance fees			
Traditional asset management	2.9	2.7	8%
Real estate asset management	5.4	4.0	34%
Private equity asset management	3.1	-	n/a
Performance fees, total	11.4	6.7	70%
Other fee and commission income	0.5	0.2	93%
Fee and commission income, total	65.4	53.2	23%

Corporate Finance

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

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

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

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

Result of the Corporate Finance segment

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

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

Corporate Finance	1–12/2021	1–12/2020	Change
Net revenue, MEUR	6.9	4.1	67%
Operating profit, MEUR	2.7	1.1	141%
Cost/income ratio, %	60.0	72.3	-17%
Personnel as full-time resources	15	14	7%

Investments

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

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

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

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

Investments	1–12/2021	1–12/2020	Change
Operating profit, MEUR	7.1	-0.1	8,860%
Fair value of investments, MEUR	18.8	15.7	20%
Investment commitments, MEUR	7.2	7.1	2%
Net cash flow of investments, MEUR	4.1	0.6	626%

Balance sheet, financial position and capital adequacy

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

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

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

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

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

Capital adequacy, EUR 1,000

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

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

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

Major risks and uncertainties related to the operations

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, 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 associated with eQ Group's own investment operations 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 of investments is often small. The income from eQ Group's own investment operations is recognised in different quarters due to factors independent of the company, depending on the exits from private equity 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 returns of the own private equity and real estate fund investments.

Board of Directors, Management Team, CEO and auditor

eQ Plc's Annual General Meeting was held on 24 March 2021. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra and Tomas von Rettig were re-elected to the Board. Janne Larma was elected as new member. At its constituent meeting, the Board elected Janne Larma Chair of the Board and George Ehrnrooth Vice Chair of the Board. eQ Plc's Board had ten meetings during the financial period 2021, average attendance being 98%.

On 31 December 2021, eQ Group's Management Team has consisted of the following persons:

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

The CEO of the Group was Janne Larma until 1 April 2021, after this date Mikko Koskimies. The company auditor was KPMG Oy Ab, a firm of authorized public accountants, with Tuomas Ilveskoski, APA, as auditor with main responsibility since the Annual General Meeting.

Personnel

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

The overall salaries paid to the employees of eQ Group during the period totalled EUR 26.7 million (EUR 21.5 million from 1 Jan. to 31 Dec. 2020). The salary expenses increased from the year before above all due to result-related remuneration. The increase was also influenced by the change in postponed share-based bonuses due to the strong increase in the share price (EUR 1.2 million from 1 Jan. to 31 Dec. 2021). Based on regulations that were previously in force in the finance sector, part of the decided bonuses has been postponed and bound to eQ's share price. In future, bonuses will no longer be postponed.

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

The AGM authorised the Board of Directors to decide on a share issue and/or the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, in one or several transactions, comprising a maximum total of 3,500,000 new shares. The amount of the authorisation corresponded to approximately 9,00% of all shares in the company on the date of the notice of the AGM.

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

Shares and share capital

At the end of the period on 31 December 2021, the number of eQ Plc's shares was 39,632,198 and the share capital was EUR 11,383,873.00.

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

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

Option schemes

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

Option scheme 2018

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

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

Own shares

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

Shareholders

Major shareholders	Number of shares	% of votes and shares
Fennogens Investments S.A.	7,953,766	20.07%
Anchor Oy Ab	6,106,706	15.41%
Chilla Capital S.A.	6,055,904	15.28%
Teamet Oy	4,200,000	10.60%
Oy Cevante Ab	1,419,063	3.58%
Fazer Jan	1,302,484	3.29%
Procurator-Holding Oy	793,892	2.00%
Lavventura Oy	700,000	1.77%
Linnalex Ab	631,652	1.59%
Pinomonte Ab	529,981	1.34%
Pohjolan Kiinteistökehitys Oy	475,000	1.20%
Umo Invest Oy	414,240	1.05%
Leppä Jukka-Pekka	325,000	0.82%
Sever Match Oy	290,000	0.73%
Mononen Matti	180,000	0.45%
Leenos Oy	168,772	0.43%
Johansson Ole	150,000	0.38%
Louko Antti Jaakko	150,000	0.38%
Nacawi Ab	150,000	0.38%
Viskari Jyri	150,000	0.38%
Others	7,485,738	18.89%
Total	39,632,198	100.00%

The information is based on the situation in the shareholders' register kept by Euroclear Finland Ltd on 31 December 2021.

Ownership structure by sector on 31 December 2021

	Number of shares	% of votes and shares
Corporations	16,877,123	42.58%
Financial and insurance institutions	867,383	2.19%
Public sector entities	24,392	0.06%
Households	7,472,656	18.86%
Foreign	14,066,597	35.49%
Other [1]	324,047	0.82%
Total	39,632,198	100.00%

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

Ownership structure according to number of shares held

Number of shares per shareholder	Number of shareholders	% of shareholders
1–100	3,754	47.62%
101–500	2,490	31.59%
501–1,000	712	9.03%
1,001–5,000	721	9.15%
5,001–10,000	94	1.19%
10,001–50,000	69	0.88%
50,001–100,000	14	0.18%
100,001–500,000	19	0.24%
500,001–	10	0.13%
Total	7,883	100.00%

Number of shares per shareholder	Number of shares	% of shares
1–100	156,216	0.39%
101–500	643,341	1.62%
501–1,000	551,335	1.39%
1,001–5,000	1,565,803	3.95%
5,001–10,000	689,142	1.74%
10,001–50,000	1,487,106	3.75%
50,001–100,000	1,008,096	2.54%
100,001–500,000	3,837,711	9.68%
500,001–	29,693,448	74.92%
Total	39,632,198	100.00%

Nominee registered shares

Of the company shares, 443,266 were nominee-registered, representing 1.12% 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 2021 totalled EUR 64,090,948.98. The sum consisted of retained earnings of EUR 41,698,740.48 and the means in the reserve of invested unrestricted equity of EUR 22,392,208.50.

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

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

Events after the period

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

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

Outlook

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

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

Helsinki, 3 February 2022

eQ Plc
Board of Directors

Consolidated Key Ratios

EUR 1,000	2021	2020	2019	2018	2017
INCOME STATEMENT					
Fee and commission income, net	71,578	56,734	49,505	43,571	38,938
Net income from financial assets	7,314	32	1,132	1,794	1,738
Net revenue	78,880	56,744	50,614	45,367	40,680
Operating profit (loss)	47,660	30,757	26,292	22,450	20,121
% of net revenue	60.4	54.2	51.9	49.5	49.5
Profit (loss) for the period	38,078	24,610	21,035	17,799	15,922
BALANCE SHEET					
Claims on credit institutions and liquid assets	35,141	21,453	22,375	15,848	14,629
Financial assets	39,760	30,576	26,112	26,777	28,857
Intangible and tangible assets	30,819	31,812	32,159	29,748	29,740
Other assets and receivables	5,123	7,636	4,772	5,837	3,584
Total assets	110,842	91,476	85,418	78,211	76,810
Total equity	79,955	67,545	65,117	62,249	62,661
Liabilities	30,887	23,931	20,301	15,962	14,149
Total liabilities and equity	110,842	91,476	85,418	78,211	76,810

EUR 1,000	2021	2020	2019	2018	2017
PROFITABILITY AND OTHER KEY RATIOS					
Return on investment, ROI % p.a.	50.6	35.9	32.4	28.5	25.0
Return on equity, ROE % p.a.	51.6	37.1	33.0	28.5	25.0
Equity to assets ratio, %	72.1	73.8	76.2	79.6	81.6
Gearing, %	-68.7	-50.8	-45.7	-41.3	-39.4
Cost/income ratio, %					
Group	39.5	45.6	48.1	50.5	50.5
Asset Management	37.7	39.0	42.7	46.9	46.8
Corporate Finance	60.0	72.3	64.1	54.7	61.7
Number of personnel as full-time resources at the end of the period	96	94	89	86	84
Number of personnel as full-time resources, average	95	92	88	85	81

EUR 1,000	2021	2020	2019	2018	2017
SHARE-RELATED KEY RATIOS					
Earnings per average share, EUR	0.97	0.64	0.55	0.47	0.43
Diluted earnings per average share, EUR	0.93	0.60	0.51	0.45	0.40
Equity per share, EUR	2.02	1.74	1.70	1.65	1.67
Equity per average share, EUR[1]	2.03	1.76	1.71	1.66	1.68
Dividend, EUR 1 000[2]	38,443	24,878	21,069	17,722	16,128
Dividend per share[2]	0.97	0.64	0.55	0.47	0.43
Dividend per earnings, %[2]	100.0	100.0	100.0	100.0	100.0
Repayment of equity, EUR 1 000[3]	1,189	2,332	2,682	2,640	2,626
Repayment of equity per share[3]	0.03	0.06	0.07	0.07	0.07
Dividend and repayment of equity, total, EUR 1,000	39,632	27,211	23,750	20,362	18,754
Dividend and repayment of equity, total per share	1.00	0.70	0.62	0.54	0.50
Effective dividend and equity repayment yield, %	3.9	4.2	5.0	7.1	6.0
Price/earnings ratio, P/E	26.5	26.2	22.6	16.2	19.3
Adjusted share price development, EUR					
Average price	23.26	13.43	9.61	8.59	8.12
Highest price	30.65	17.05	13.15	9.36	8.65
Lowest price	16.50	9.54	7.72	7.60	7.42
Closing price	25.75	16.75	12.45	7.60	8.30
Market capitalisation, EUR 1,000	1,020,529	651,109	476,925	286,575	311,310
Share turnover, 1,000 shares	2,090	2,722	1,616	5,444	1,951
% of total number of shares	5.3	7.1	4.2	14.5	5.2
Share turnover, EUR 1,000	48,909	35,793	15,926	45,378	15,836
Adjusted number of shares, 1,000 shares					
Average during the year	39,353	38,448	38,044	37,607	37,289
At the end of the year	39,632	38,872	38,307	37,707	37,507

[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 AND EQUITY REPAYMENT 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 2021

Consolidated Income Statement

EUR 1,000	Note no.	2021	2020
Fee and commission income	5	72,152	57,193
Interest income	6	7	1
Net income from financial assets	7	7,314	32
Operating income, total		79,473	57,226
Fee and commission expenses	8	-574	-459
Interest expenses	9	-19	-23
NET REVENUE		78,880	56,744
Administrative expenses	10		
Personnel expenses		-26,683	-21,523
Other administrative expenses		-2,141	-1,979
Depreciation on tangible and intangible assets	11	-1,050	-1,086
Other operating expenses	12	-1,346	-1,399
OPERATING PROFIT (LOSS)		47,660	30,757
PROFIT (LOSS) BEFORE TAXES		47,660	30,757
Income tax	13	-9,582	-6,148
PROFIT (LOSS) FOR THE PERIOD		38,078	24,610

Consolidated Statement of Comprehensive Income

EUR 1,000	Note no.	2021	2020
Other comprehensive income:		-	-
Other comprehensive income after taxes		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		38,078	24,610
Profit for the period attributable to:			
Equity holders of the parent company		38,078	24,610
Non-controlling interest		-	-
Comprehensive income for the period attributable to:			
Equity holders of the parent company		38,078	24,610
Non-controlling interest		-	-
Earnings per share calculated from the profit of			
equity holders of the parent company:	14		
Earnings per average share, EUR		0,97	0,64
Diluted earnings per average share, EUR		0,93	0,60

Consolidated Balance Sheet

EUR 1,000	Note no.	31.12.2021	31.12.2020
ASSETS			
Liquid assets		71	80
Claims on credit institutions	15	35,069	21,372
Financial assets	16, 26–29		
Financial securities		20,943	14,920
Private equity and real estate fund investments		18,817	15,656
Intangible assets	17		
Fair value and brands		29,212	29,212
Client agreements		208	308
Other intangible assets		131	240
Tangible assets	18		
Right-of-use assets		965	1,703
Other tangible assets		301	349
Other assets	19	4,525	6,969
Accruals and prepaid expenditure	20	502	544
Income tax receivables		52	55
Deferred tax assets	21	44	66
TOTAL ASSETS		110,842	91,476

EUR 1,000	Note no.	31.12.2021	31.12.2020
LIABILITIES AND EQUITY			
LIABILITIES			
Other liabilities	22	6,348	5,218
Accruals and deferred income	23	19,103	14,956
Lease liabilities	24	1,187	2,035
Income tax liabilities		4,249	1,722
TOTAL LIABILITIES		30,887	23,931
EQUITY	30		
Attributable to equity holders of the parent company:			
Share capital		11,384	11,384
Reserve for invested unrestricted equity		24,247	25,190
Retained earnings		6,247	6,362
Profit (loss) for the period		38,078	24,610
TOTAL EQUITY		79,955	67,545
TOTAL LIABILITIES AND EQUITY		110,842	91,476

Consolidated Cash Flow Statement

EUR 1,000	2021	2020
Cash flow from operations		
Operating profit	47,660	30,757
Depreciation and impairment	1,050	1,086
Interest income and expenses	13	22
Transactions with no related payment transactions	-3,894	389
Financial assets - private equity funds	910	243
Change in working capital		
Business receivables, increase (-) / decrease (+)	2,500	-2,776
Interest-free debt, increase (+) / decrease (-)	3,555	2,506
Change in working capital, total	6,055	-270
Cash flow from operations before financial items and taxes	51,794	32,227
Interests received	7	1
Interests paid	-19	-23
Income taxes	-5,321	-4,542
Cash flow from operations	46,460	27,663
Cash flow from investments		
Investments in tangible and intangible assets	-70	-739
Investments in other investments - liquid mutual funds	-6,018	-4,916
Cash flow from investments	-6,088	-5,655
Cash flow from financing		
Dividends/equity repayments	-27,242	-23,750
Option issue with a subscription price	-	-18
Subscription of new shares	1,392	1,407
Deduction of lease liability capital	-834	-568
Cash flow from financing	-26,685	-22,930
Increase/decrease in liquid assets	13,688	-922
Liquid assets on 1 Jan.	21,453	22,375
Liquid assets on 31 Dec.	35,141	21,453

Change in Consolidated Shareholders' Equity

EUR 1,000	Equity attributable to equity holders of the parent company				
	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2021	11,384	25,190	30,972	67,545	67,545
Comprehensive income					
Profit (loss) for the period			38,078	38,078	38,078
Other comprehensive income			-	-	-
Total comprehensive income			38,078	38,078	38,078
Dividends/equity repayments		-2,335	-24,907	-27,242	-27,242
Subscription of new shares		1,392		1,392	1,392
Options granted			182	182	182
Shareholders' equity on 31 Dec. 2021	11,384	24,247	44,325	79,955	79,955
Shareholders' equity on 1 Jan. 2020	11,384	26,482	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			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	30,972	67,545	67,545

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, Finland.

The consolidated financial statements have been prepared for the 12-month period 1 January to 31 December 2021. The Board of Directors of eQ Plc has approved the consolidated financial statements for publication on 3 February 2022. 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 2021 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 date 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 2021. The amendments have not had any essential impact on the 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 on 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 the 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 fund investments have been classified at level 3 in 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 Residential 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 accrued 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.

It is possible for eQ Group to obtain a performance fee (carried interest) based on the return of the fund from the private equity funds that it manages. The performance fee, which is based of 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. 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). After the catch up stage, the cash flows distributed by the fund will be divided between the management company and investors according to the fund agreement (e.g. 7.5% / 92.5%). eQ Group will begin to accrue performance fees from private equity funds belonging to the management company, when the Group has assessed that it will not be necessary to later make any considerable cancellation in the accrued and booked income. 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 on 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 IFRS 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 on 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 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 on 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 on 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 years
- Software and other intangible rights 3 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 IFR 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. 2021				decrease in value against the euro	
	Currency	Euro	%	10%	20%
EUR million	13.8	13.8	73.4%		
USD million	5.6	5.0	26.5%	-0.5	-1.0
		18.8			

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			

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 2021, a 10% change in the market value of the private equity and real estate fund portfolio corresponded to a change of EUR 1.5 million in the sharehold-ers' equity (EUR 1.3 million on 31 Dec. 2020).

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 sur-plus 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.

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

Maturity distribution of debts, EUR 1,000

31 Dec. 2021	less than 1 year	1–5 years	over 5 years	total
Loans from financial Institutions	-	-	-	-
Accounts payable and other liabilities	214	-	-	214
Lease liabilities	897	302	-	1,199
Total	1,112	302	-	1,413

31 Dec. 2020	less than 1 year	1–5 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

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.

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, for instance. 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 asset management services and mutual funds to its clients, including 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 2021, the shareholders' equity amounted to EUR 80.0 million and the equity to assets ratio was 72.1% The main source of financing is the positive cash flow of operations. 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	2021	2020
Interest-bearing financial liabilities (incl. lease liability)	1,187	2,035
Financial securities	20,943	14,920
Liquid assets	35,141	21,453
Net debt	-54,897	-34,337
Total shareholders' equity	79,955	67,545
Net gearing, %	-68.7%	-50.8%

The sufficiency of capital is assessed by comparing the available capital with the capital needed for covering risks. The starting point of capital planning consists of the assessments of the future development of business and the possible impacts of the risks associated with the operations on the operations. The plans take into consideration the viewpoints of different stakeholders, e.g. authorities, creditors and owners.

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

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

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	2021	2020
Finland	78,880	56,744
Other countries	-	-
Total	78,880	56,744

External net revenue is presented based on domicile.

Notes to the Income Statement

5 Fee and commission income

EUR 1,000	2021	2020
Asset management fees		
Management fees		
Traditional asset management	10,591	8,118
Real estate asset management	29,112	25,615
Private equity asset management	13,722	12,375
Management fees, total	53,425	46,108
Performance fees		
Traditional asset management	2,922	2,717
Real estate asset management	5,385	4,014
Private equity asset management	3,104	-
Performance fees, total	11,410	6,731
Other fee and commission income	458	238
Asset management fees, total	65,293	53,076
Corporate finance fees	6,859	4,117
Total	72,152	57,193

6 Interest income

EUR 1,000	2021	2020
Other interest income	7	1
Total	7	1

7 Net income from financial assets

EUR 1,000	2021	2020
Private equity and real estate fund investments		
Profit distribution from funds	3,220	326
Changes in fair value and losses	4,068	-257
Total	7,288	69
Other investment operations		
Changes in fair value	8	48
Sales profits/losses	18	-84
Total	26	-36
Total	7,314	32

8 Fee and commission expenses

EUR 1,000	2021	2020
Custody fees	-570	-451
Other fees	-4	-8
Total	-574	-459

9 Interest expenses

EUR 1,000	2021	2020
To credit institutions	-	0
Other interest expenses	-3	-2
Interest expenses of lease liabilities	-16	-21
Total	-19	-23

10 Administrative expenses

EUR 1,000	2021	2020
Expenses related to employee benefits		
Short-term employee benefits		
Salaries and remuneration	-22,357	-18,143
Other indirect employee costs	-633	-679
Share-related payments	-182	-180
Benefits after end of employment		
Pension costs - defined contribution plans	-3,510	-2,521
Total	-26,683	-21,523
Other administrative expenses		
Other personnel expenses	-475	-417
IT and connection expenses	-1,081	-971
Other administrative expenses	-585	-592
Total	-2,141	-1,979
Total	-28,824	-23,502

11 Depreciation

EUR 1,000	2021	2020
Depreciation on tangible assets	-98	-119
Depreciation on right-of-use assets - leased premises	-724	-730
Depreciation on intangible assets		
Depreciation on client agreements	-100	-92
Depreciation on other intangible assets	-128	-145
Total	-1,050	-1,086

Leases with a low value have not been entered in the balance sheet and no depreciation is recorded on them. A total of EUR 39 thousand of low-value leases is included in the administrative expenses of the income statement.

12 Other operating expenses

EUR 1,000	2021	2020
Expert fees	-15	-31
Audit fees		
Audit fees	-48	-94
Other services	-8	-14
Total	-56	-108
Other expenses		
Premises	-257	-249
Other expenses	-1,018	-1,012
Total	-1,275	-1,261
Total	-1,346	-1,399

13 Income tax

EUR 1,000	2021	2020
Direct taxes for the financial period	-9,560	-6,209
Changes in deferred taxes	-22	61
Total	-9,582	-6,148
Tax reconciliation		
Profit (loss) before taxes	47,660	30,757
Taxes calculated with the parent company's tax rate	-9,532	-6,151
Income not subject to tax	0	0
Non-deductible expenses	-18	-19
Taxes for previous financial periods	7	66
Consolidations and eliminations	-39	-44
Taxes in income statement	-9,582	-6,148

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

14 Earnings per share

EUR 1,000	2021	2020
Earnings per share attributable to equity holders of the parent company	38,078	24,610
Shares, 1,000 shares*	39,632	38,448
Earnings per share calculated from the profit of equity holders of the parent company:		
Earnings per share, EUR	0,97	0.64
Diluted earnings per share, EUR	0,93	0.60

* Calculated using the weighted average number of shares.

Notes to the Consolidated Balance Sheet

15 Claims on credit institutions

EUR 1,000	2021	2020
Repayable on demand		
From domestic credit institutions	35,069	21,372
Total	35,069	21,372

16 Shares and participations

EUR 1,000	2021	2020
Financial assets		
Private equity and real estate fund investments		
Book value on 1 Jan.	15,656	16,156
Increases	2,622	1,567
Decreases	-3,530	-1,809
Value adjustment	4,068	41
Permanent impairment	-	-298
Book value on 31. Dec.	18,817	15,656
Financial securities		
Book value on 1 Jan.	14,920	9,956
Increases	10,000	9,000
Decreases	-4,002	-4,000
Value adjustment	8	48
Sales profit (loss)	18	-84
Book value on 31 Dec.	20,943	14,920

17 Intangible assets

EUR 1,000	2021	2020
Other intangible assets		
Other intangible assets, acquisition cost on 1 Jan.	2,265	2,132
Increases	20	133
Decreases	-	-
Other intangible assets, acquisition cost on 31 Dec.	2,285	2,265
Accumulated depreciation and impairment on 1 Jan.	-2,025	-1,880
Depreciation for the period	-128	-145
Accumulated depreciation and impairment on 31 Dec.	-2,153	-2,025
Other intangible assets on 31 Dec.	131	240
Client agreements		
Client agreements, acquisition cost on 1 Jan.	400	-
Increases/decreases	-	400
Client agreements, acquisition cost on 31 Dec.	400	400
Accumulated depreciation and impairment on 1 Jan.	-92	-
Depreciation for the period	-100	-92
Accumulated depreciation and impairment on 31 Dec.	-192	-92
Client agreements on 31 Dec.	208	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. 2021	31 Dec. 2020
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. 2021	31 Dec. 2020
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 2021, the discount rate was 7.6% (7.4% in 2020).

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 77% lower than in 2021 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 2021 goodwill test by EUR 26.2 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	2021	2020
Right-of-use assets - leased premises		
Right-of-use assets on 1 Jan.	1,703	2,433
Increases	6	0
Decreases	-20	0
Depreciation for the period	-724	-730
Right-of-use assets on 31 Dec.	965	1,703
Other intangible assets		
Machinery and equipment, acquisition cost on 1 Jan.	1,333	1,126
Increases	50	207
Decreases	-	-
Machinery and equipment, acquisition cost on 31 Dec.	1,383	1,333
Accumulated depreciation and impairment on 1 Jan.	-992	-874
Depreciation for the period	-98	-119
Accumulated depreciation and impairment on 31 Dec.	-1,090	-992
Machinery and equipment on 31 Dec.	293	340
Other tangible assets on 1 Jan.	8	8
Other tangible assets on 31 Dec.	8	8
Other tangible assets, book value on 31 Dec.	301	349

19 Other assets

EUR 1,000	2021	2020
Sales receivables	1,023	1,378
Management fee receivables	3,214	4,543
Other receivables	288	1,049
Total	4,525	6,969

Age distribution of sales receivables:
Sales receivables EUR 64 thousand, age distribution: not due
Sales receivables EUR 959 thousand, age distribution: fallen due for less than 1 month

20 Accruals and prepaid expenditure

EUR 1,000	2021	2020
Other accruals	131	155
Other prepaid expenditure	370	389
Total	502	544

21 Deferred tax assets and liabilities

EUR 1,000	2021	2020
Deferred tax assets		
Temporary differences in leases	44	66
Deferred tax assets	44	66
Deferred tax liabilities	0	0
Deferred tax assets (-) / tax liabilities (+), net	-44	-66

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	2021	2020
Accounts payable	214	139
Fee repayment liabilities	5,619	4,453
Other liabilities	514	626
Total	6,348	5,218

23 Accruals and deferred income

EUR 1,000	2021	2020
Holiday pay	1,210	1,108
Other accruals	17,893	13,848
Total	19,103	14,956

24 Lease liabilities

EUR 1,000	2021	2020
Lease liabilities - premises	1,187	2,035

The amount of lease liabilities related to low-value leases was EUR 8 thousand at the end of the year. Low-value lease liabilities have not been entered in the balance sheet.

eQ has concluded a follow-up agreement on the rented premises and an agreement on the expansion of premises, which are conditional. If the prerequisites associated with the conditional agreements are full-filled, the amount of the lease liability will increase by about EUR 5 million in 2022.

25 Balance sheet items denominated in domestic and foreign currencies

31 Dec. 2021 EUR 1,000	Other than EUR	EUR	Total
Balance sheet items			
Claims on credit institutions	-	35,069	35,069
Other assets	4,984	70,789	75,773
Total	4,984	105,858	110,842
Other liabilities	-	30,887	30,887
Total	-	30,887	30,887

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

26 Financial assets and liabilities

EUR 1,000	2021 Book value	Interest income and expenses	Profits and losses	Impairment loss	Dividend income
Financial assets					
Financial assets at fair value through profit or loss	39,760	5	7,314	-	-
Financial assets valued at periodised acquisition cost					
Sales receivables and other receivables	1,023	-	-	-	-
Liquid assets	35,141	1	-	-	-
Total	75,923	7	7,314	-	-
Financial liabilities					
Accounts payable and other liabilities	214	-3	-	-	-
Lease liabilities	1,187	-16	-	-	-
Total	1,401	-19	-	-	-

EUR 1,000	2020 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	-	-	-

27 Fair values

	2021		2020	
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	18,817	18,817	15,656	15,656
Financial securities	20,943	20,943	14,920	14,920
Sales receivables and other receivables	1,023	1,023	1,378	1,378
Liquid assets	35,141	35,141	21,453	21,453
Total	75,923	75,923	53,406	53,406
Financial liabilities				
Accounts payable and other liabilities	214	214	139	139
Lease liabilities	1,187	1,187	2,035	2,035
Total	1,401	1,401	2,174	2,174

The table 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. 2021	
EUR 1,000	Level 1	Level 3
Financial assets at fair value through profit or loss		
Private equity and real estate fund investments	-	18,817
Financial securities	20,943	-
Total	20,943	18,817

Level 3 reconciliation:

At fair value through profit or loss	Private equity and real estate funds
Opening balance	15,656
Calls	2,622
Returns	-3,530
Change in fair value	4,068
Closing balance	18,817

	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

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	2021	2020	2021	2020
Funds managed by eQ:				
Funds of funds:				
eQ VC	0	0	883	0
eQ PE XIII US	38	0	835	0
eQ PE XII North	336	22	635	980
eQ PE XI US	349	87	573	711
eQ PE X North	521	282	427	638
eQ PE IX US	986	565	228	400
eQ PE VIII North	2,430	1,980	501	736
eQ PE VII US	2,517	1,903	263	424
eQ PE VI North	1,946	2,161	534	477
Amanda V East	3,639	4,296	663	645
Amanda IV West	599	697	427	427
Amanda III Eastern PE	1,321	1,830	273	348
Total	14,683	13,823	6,243	5,786
Real estate funds:				
eQ Residential	383	43	650	950

	Market value		Remaining investment commitment	
EUR 1,000	2021	2020	2021	2020
Funds managed by others:				
Large buyout funds	1,848	754	132	132
Midmarket funds	808	378	211	211
Venture funds	1,094	658	0	0
Total	18,817	15,656	7,235	7,079

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. 2021	38,872,198	11,383,873
Decreases	-	-
Increases	760,000	-
31 Dec. 2021	39,632,198	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 45,000 shares on 18 March 2021 and by 715,000 shares on 17 May 2021.

Each share in eQ Plc holds one vote, and all shares have equal rights. The shares 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 2021, 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	2021	2020
Remaining investment commitments in private equity and real estate funds	7,235	7,079
Other liabilities - less than one year	0	0
Other liabilities - exceeding one year but less than five years	0	0
Total	7,235	7,079

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	2021	2020
Salaries and remuneration, Janne Larma, CEO (1 Jan. to 31 March 2021)	575	852
Salaries and remuneration, Mikko Koskimies, CEO (1 April 2021-)	460	-
Salaries and remuneration of other members of the Management Team	2,090	2,018

During the financial period 2021, Janne Larma was CEO of eQ Plc from 1 Jan. To 31 March. From 1 April onwards, Mikko Koskimies was CEO.

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	2021	2020
Statutory pension of Janne Larma, CEO	94	129
Statutory pension of Mikko Koskimies, CEO	77	
Statutory pensions of other members of the Management Team	347	319

The Group executives have been granted 350,000 rights to subscribe for options in the 2018 option scheme with a subscription price, of which 100,000 to Mikko Koskimies, CEO. Janne Larma, full-time Chair of the Board, has been granted 100,000 rights to subscribe for options in the 2018 option scheme with a subscription price.

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

The AGM held on 24 March 2021 decided that the directors be paid the following remuneration:

Chair of the Board EUR 5,000, Vice Chair of the Board EUR 4,000 and the other directors EUR 3,000 per month. In addition, the directors are paid of fee of EUR 500 for each Board meeting that they attend.

In addition, Janne Larma, full-time Chair of the Board, is paid a monthly salary of EUR 50,000 per month from 1 April 2021 based on an agreement on chairing the Board of Directors.

Transactions with related parties and receivables from related parties

Other transactions with related parties:*

EUR 1,000	2021	2020
Sales	593	468
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. 2021:

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, %
Janne Larma	6,055,904	15.28%
Georg Ehrnrooth*	8,028,766	20.26%
Nicolas Berner	80,000	0.20%
Timo Kokkila	4,142	0.01%
Lotta Kopra	0	0.00%
Tomas von Rettig	5,000	0.01%
Mikko Koskimies	4,200,000	10.60%
Staffan Jåfs	66,778	0.17%
Antti Lyytikäinen	25,000	0.06%
Juha Surve	41,500	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 Residential 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. eQGroup's shares in structured entities that are not consolidated as subsidiaries had a total market value of EUR 15.1 million on 31 December 2021 (EUR 13.9 million on 31 Dec. 2020). In 2021, the Group received from said funds management fees totalling EUR 12.9 million (EUR 8.3 million 1 Jan. to 31 Dec. 2020) and a profit distribution from own investments totalling EUR 3.1 million (EUR 0.1 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. 2021	Size of the fund	eQ's original commitment	Market value of eQ's investment	eQ's remaining commitment
eQ VC	31,768	883	0	883
eQ PE XIII US	281,182	880	38	835
eQ Residential	100,278	1,000	383	650
eQ PE XII North	205,000	1,000	336	635
eQ PE XI US	191,859	871	349	573
eQ PE X North	175,000	1,000	521	427
eQ PE IX US	92,707	953	986	228
eQ PE VIII North	160,000	3,000	2,430	501
eQ PE VII US	70,811	2,609	2,517	263
eQ PE VI North	100,000	3,000	1,946	534
Amanda V East	50,000	5,000	3,639	663
Amanda IV West	90,000	5,000	599	427
Amanda III Eastern PE	110,200	10,000	1,321	273
Total	1,658,805	35,196	15,066	6,893

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

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

The option scheme 2015 has ended during the financial period 2021, and all outstanding options of the option scheme 2015 at the beginning of the financial period were exercised as a result of share subscriptions.

	2021	2020
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	1,575,000	815,000
Number of outstanding options	0	760,000
Exercisable options at the end of the period	0	760,000

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 2021 was EUR 6.02.

	2021	2020
Number of issued options at the beginning of the period	1,775,000	1,800,000
Options subscribed for during the period	-	-
Options returned during the period	-	25,000
Number of issued options at the end of the period	1,775,000	1,775,000
Exercised options by the end of the period	-	-
Number of outstanding options	1,775,000	1,775,000
Exercisable options at the end of the period	0	0

Parent Company Income Statement (FAS)

EUR	Note no.	2021	2020
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		4,093,990.85	-293,421.34
Income from equity investments	4		
From Group undertakings		2,000,000.00	162,690.05
From other companies		3,220,152.02	325,716.04
Interest income	5	4,477.99	54.87
INVESTMENT FIRM INCOME		9,395,420.86	271,839.62
Fee and commission expenses	6	-153,999.96	-157,999.92
Interest expenses	7	-17,116.97	-18,984.48
Administrative expenses			
Personnel expenses	8		
Salaries and remuneration		-1,635,082.20	-1,509,921.26
Indirect employee costs			
Pension costs		-224,171.96	-169,935.82
Other indirect employee costs		-32,535.89	-18,558.55
Other administrative expenses	9	-319,235.71	-290,191.10
Depreciation and impairment on tangible and intangible assets	10	-21,360.60	-23,885.95
Other operating expenses	11	-379,215.90	-354,536.26
Fair value losses of other financial assets	12	-	-15,233.47
OPERATING PROFIT (LOSS)		6,612,701.67	-2,287,407.19
Appropriations	13	43,019,671.11	33,473,706.71
Income tax	14	-9,521,767.70	-6,177,800.38
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		40,110,605.08	25,008,499.14

Parent Company Balance Sheet (FAS)

EUR	Note no.	31 Dec. 2021	31 Dec. 2020
ASSETS			
Liquid assets		6,780.00	6,540.00
Claims on credit institutions			
Repayable on demand	15	7,542,201.95	1,915,871.59
Shares and participations	16, 24	39,747,537.37	30,563,532.79
Shares and participations in Group undertakings	16	29,149,321.94	29,149,321.94
Intangible assets	17		
Other intangible assets		4,847.32	20,625.18
Tangible assets	17		
Other tangible assets		23,602.43	28,666.91
Other assets	18	5,173,493.33	2,976,250.27
Accruals and prepaid expenditure	19	55,929.89	47,331.86
TOTAL ASSETS		81,703,714.23	64,708,140.54
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		4,348,516.30	1,822,889.80
Accruals and deferred income	21	880,375.95	670,905.74
TOTAL LIABILITIES		6,228,892.25	3,493,795.54
EQUITY	25		
Share capital		11,383,873.00	11,383,873.00
Unrestricted equity			
Reserve for invested unrestricted equity		22,392,208.50	23,335,340.38
Retained earnings		1,588,135.40	1,486,632.48
Profit (loss) for the period		40,110,605.08	25,008,499.14
TOTAL EQUITY		75,474,821.98	61,214,345.00
TOTAL LIABILITIES AND EQUITY		81,703,714.23	64,708,140.54

Parent Company Cash Flow Statement (FAS)

EUR 1,000	2021	2020
Cash flow from operations		
Operating profit	49,632	31,186
Adjustments:		
Depreciation and impairment	21	337
Interests received	-4	0
Interests paid	17	19
Dividends received	-2,000	-163
Transactions with no related payment transactions	-4,076	-89
Financial assets - private equity and real estate funds	908	243
Change in working capital		
Business receivables, increase (-) decrease (+)	-2,206	751
Interest-free liabilities, increase (+) decrease (-)	-1,506	-487
Total change in working capital	-3,711	264
Cash flow from operations before financial items and taxes	40,787	31,797
Interests received	4	0
Interests paid	-17	-19
Dividends received	2,000	163
Taxes	-5,281	-4,457
Cash flow from operations	37,493	27,484

EUR 1,000	2021	2020
Cash flow of investments		
Investing activities in tangible and intangible assets	-1	-7
Investing activities in investments	2	-5
Investing activities in other investments - liquid mutual funds	-6,018	-4,916
Cash flow from investments	-6,016	-4,928
Cash flow from financing		
Dividends paid	-27,242	-23,750
Subscription of new shares	1,392	1,407
Option issue with a subscription price	-	-18
Cash flow from financing	-25,850	-22,362
Increase/decrease in liquid assets	5,627	195
Liquid assets on 1 Jan.	1,922	1,728
Liquid assets on 31 Dec.	7,549	1,922

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 5 years and that of machinery and equipment 3 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	2021	2020
From other operations	77	77

3 Net gains on trading in securities and foreign currencies

EUR 1,000	2021	2020
Net gains on trading in securities		
From financial assets/liabilities entered at fair value through profit or loss		
Changes in fair value	4,076	89
Sales profits/ losses	18	-382
Total	4,094	-293

4 Income from equity investments

EUR 1,000	2021	2020
Dividend income from Group undertakings	2,000	163
Profit shares from financial assets valued at fair value	3,220	326
Total	5,220	488

5 Interest income

EUR 1,000	2021	2020
Other interest income	4	0
Total	4	0

6 Fee and commission expenses

EUR 1,000	2021	2020
Other fees - management of investments eQ Asset Management	-150	-150
Limit fees	-4	-8
Total	-154	-158

7 Interest expenses

EUR 1,000	2021	2020
To Group undertakings	-15	-17
To credit institutions	-	-1
Other interest expenses	-3	0
Total	-17	-19

8 Personnel expenses

EUR 1,000	2021	2020
Salaries and remuneration	-1,635	-1,510
Pension costs	-224	-170
Other indirect employee costs	-33	-19
Total	-1,892	-1,698
Average number of personnel during the period - permanent	5	5
Change during the financial period	-	-

9 Other administrative expenses

EUR 1,000	2021	2020
Other personnel expenses	-67	-25
IT and connection costs	-77	-88
Other administrative expenses	-176	-178
Total	-319	-290

10 Depreciation and impairment

EUR 1,000	2021	2020
Depreciation on intangible and tangible assets	-21	-24

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

11 Other operating expenses

EUR 1,000	2021	2020
Expert fees	-7	-23
Fees to the auditor		
Audit fees	-12	-22
Other services	-	-4
Total	-12	-26
Leases on premises and other rental expenses	-121	-91
Other expenses	-240	-214
Total	-379	-355

12 Impairment losses from other financial assets

EUR 1,000	2021	2020
Group shares	-	-15

13 Appropriations

EUR 1,000	2021	2020
Group subsidies received	43,020	33,475
Group subsidies issued	0	-1
Total	43,020	33,474

14 Income tax

EUR 1,000	2021	2020
Income tax for the period		
Income tax for operations	-5,281	-4,457
Deferred taxes	-4,241	-1,721
Total	-9,522	-6,178

15 Claims on credit institutions

EUR 1,000	2021	2020
Repayable on demand		
From domestic credit institutions	7,542	1,916

16 Shares and participations

EUR 1,000	2021	2020
Shares and participations		
Financial assets: Private equity and real estate fund investments	18,817	15,656
Financial assets: Units in mutual funds	20,901	14,875
Other participations	30	32
Shares and participations in Group undertakings	29,149	29,149
Total	68,897	59,713
- of which at acquisition cost	29,179	29,182

17 Intangible and tangible assets

EUR 1,000	2021	2020
Other intangible assets		
Acquisition cost on 1 Jan.	236	232
Increases	1	5
Acquisition cost on 31 Dec.	237	236
Accumulated depreciation on 1 Jan.	-215	-198
Depreciation for the period	-16	-17
Accumulated depreciation on 31 Dec.	-232	-215
Book value on 31 Dec.	5	21
Other tangible assets		
Acquisition cost on 1 Jan.	242	239
Increases	-	3
Acquisition cost on 31 Dec.	242	242
Accumulated depreciation on 1 Jan.	-213	-206
Depreciation for the period	-5	-7
Accumulated depreciation on 31 Dec.	-218	-213
Book value on 31 Dec.	24	29

18 Other assets

EUR 1,000	2021	2020
Receivables from Group undertakings	5,120	2,975
Other receivables	53	1
Total	5,173	2,976

19 Accruals and prepaid expenditure

EUR 1,000	2021	2020
Other accruals	56	47
Total	56	47

20 Other liabilities

EUR 1,000	2021	2020
Accounts payable	60	48
Liabilities to Group undertakings	0	11
Income tax liabilities	4,241	1,721
Other liabilities	47	43
Total	4,349	1,823

21 Accruals

EUR 1,000	2021	2020
Other accruals	880	671

22 Items denominated in domestic and foreign currencies and Group items

31 Dec. 2021 EUR 1,000	EUR	Other than EUR	Total	From Group undertakings
Balance sheet items				
Claims on credit institutions	7,542	-	7,542	-
Other assets	69,178	4,984	74,162	34,269
Total	76,720	4,984	81,704	34,269
Liabilities to the public and public sector entities	1,000	-	1,000	1,000
Other liabilities	5,229	-	5,229	
Total	6,229	-	6,229	1,000

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

23 Fair values of financial assets and liabilities

	2021		2020	
EUR 1,000	Fair value	Book value	Fair value	Book value
Financial assets				
Claims on credit institutions	7,542	7,542	1,916	1,916
Shares and participations	39,748	39,748	30,564	30,564
Shares and participations in Group undertakings	29,149	29,149	29,149	29,149
Total	76,439	76,439	61,629	61,629
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. 2021	
EUR 1,000	Level 1	Level 3
Financial assets at fair value through profit or loss		
Private equity and real estate fund investments	-	18,817
Financial securities	20,931	-
Total	20,931	18,817

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

	Private equity and real estate
Opening balance	15,656
Calls and returns	-908
Impairment loss	4,068
Closing balance	18,817

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

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

The fair values of level 3 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	2021	2020
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.	23,335	24,628
Increases/decreases	-943	-1,293
Reserve for invested unrestricted equity on 31 Dec.	22,392	23,335
Retained earnings		
Retained earnings on 1 Jan.	26,495	22,556
Dividend	-24,907	-21,069
Other changes	0	0
Retained earnings on 31 Dec.	1,588	1,487
Profit (loss) for the period	40,111	25,008
Non-restricted equity, total	64,091	49,830
Equity on 31 Dec.	75,475	61,214
Calculation of distributable assets on 31 Dec.		
Retained earnings	1,588	1,487
Profit for the period	40,111	25,008
Reserve for invested unrestricted equity	22,392	23,335
Distributable assets	64,091	49,830

The share capital of the company consists of 39,632,198 shares. All shares carry one vote.

Other notes

26 Pledges, mortgages and obligations

EUR 1,000	2021	2020
eQ Plc's investment commitments in private equity funds, remaining commitment	7,235	7,079
Leasing agreements and leases less than one year	878	861
Leasing agreements and leases exceeding one year but less than five years	295	1,163
Total	8,409	9,103

Proposal for the distribution of profits

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

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.97 per share be paid out. The proposal corresponds to a dividend totalling EUR 38,443,232.06 calculated with the number of shares at the end of the financial year. Additionally, the Board proposes to the AGM that a repayment of equity of EUR 0.03 per share be paid out from the reserve of invested unrestricted equity. The proposal corresponds to a repayment of equity totalling EUR 1,188,965.94 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 25 March 2022. The Board proposes 1 April 2022 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, 3 February 2022

Janne Larma
Chair of the Board

Georg Ehrnrooth
Vice Chair of the Board

Nicolas Berner

Timo Kokkila

Lotta Kopra

Tomas von Rettig

Mikko Koskimies
CEO

Auditor's note

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

Helsinki, 3 February 2022

KPMG Oy Ab
Firm of Authorised Public Accountants

Tuomas Ilveskoski
APA

Auditor’s Report

This document is an English translation of the Finnish auditor’s report. Only the Finnish version of the report is legally binding.

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, 2021. 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.
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 8 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, 3 February, 2022

KPMG OY AB

Tuomas Ilveskoski
Authorised Public Accountant, KHT

Corporate Governance

Corporate Governance Statement 2021

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 3 February 2022 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 2021 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 2021, 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 share-holders 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 24 March 2021.

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. A full-time Chair of the Board was appointed to eQ Plc's Board of Directors in 2021. The full-time Chair of the Board's duties include, in addition to being the Chair of the Board, for example, developing eQ's strategy together with the CEO. The appointment of the full-time Chair of the Board begun on 1 April 2021. 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 independ-ence and notify of any changes in such information.

The Annual General Meeting held on 24 March 2021 elected the following persons to the Board:

Janne Larma, born 1965, male, member of the Board since 2021, Chair of the Board since 24 March 2021, M. Sc. (Econ)
Key positions of trust: Notalar Oy, Chair of the Board of Directors, 1995–; Inkoo Shipping Oy, Member of the Board, 2014–; Rettig Group Oy Ab, Member of the Board, 2020–; Svenska handelshögskolan, Member of the Board, 2019–; Meripuolustussäätiö SR, Member of the Board, 2017–.
Primary work experience: eQ Plc, CEO, 2011–2021; eQ Pankki Oy, Member of Management Team, 2004–2009; Advium Corporate Finance Oy, Managing Director, 2000–; Enskilda Securities, management position in investment banking, 1998–2000; Alfred Berg, investment banking, 1993–1998; Kansallis-Osake-Pankki, investment banking, 1988–1992.
Janne Larma is not independent of the company, as he is the full-time Chair of the Board, has been the company's CEO since 2011 until 1 April 2021, and is also involved in the same stock option program as the company's current management. Janne Larma is not independent of the company's major shareholder Chilla Capital S.A., where he is a significant shareholder.

Georg Ehrnrooth, born 1966, male, member of the Board since 2011, Chair of the Board until 24 March 2021 and Vice Chair of the Board from 24 March 2021, 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.
Georg Ehrnrooth is not independent of the company on the basis that he has served for more than ten consecutive years on the Board of the company, including six years as Chair and one year as the Vice Chair. In addition, Georg Ehrnrooth is not independent of the company's major shareholder Fennogens Investments S.A, where he is a significant shareholder.

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, Vice Chair of the Board, 2021–, and member of the Board, 2010–; 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: Nightingale Health Plc, member of the Board, 2021–; Solteq Plc, member of the Board, 2018–.
Primary work experience: Spinnova Oy, Chief Commercial Officer, 2019–; BearingPoint, 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 Oy Ab, 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 2021:

Member of the Board	Security	Holding
Nicolas Berner	Share	80,000
Georg Ehrnrooth	Share	8,028,766
Timo Kokkila	Share	4,142
Lotta Kopra	Share	0
Janne Larma	2018 Option right Share	100,000 6,055,904
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 2021, the Board of Directors of eQ Plc convened ten (10) times, average attendance being 98%. Attendance at the Board meetings 2021:

Member of the Board	
Nicolas Berner	10/10
Georg Ehrnrooth	10/10
Timo Kokkila	10/10
Lotta Kopra	9/10
Janne Larma	6/6
Tomas von Rettig	10/10

The majority of the members of eQ Plc's Board of Directors are independent of the company and half of the members of the Board are independent 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 2021, 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 2021.

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.

Mikko Koskimies, M.Sc. (Econ) (born 1967) was appointed the CEO of eQ Plc on 1 April 2021 and he has been the CEO of eQ Asset Management Ltd since 2012.
Key positions of trust: St1 Nordic Corporation, member of the Board, 2007–; Urlus-Säätiö Sr, Chair of the Board, 2012–.
Primary work experience: eQ Asset Management Ltd, CEO, 2012–; Pohjola Bank, member of the Executive Committee and Executive Director responsible for asset management business unit and Pohjola Asset Management Ltd, Managing Director, 2005–2012; Alfred Berg Asset Management Ltd, Managing Director, 1998-2005; Nordea Group, several positions in senior management, 1989–1997, of which Merita Bank Luxembourg S.A., 1993–1997.

Prior to 1 April 2021, the CEO of the Company was the company's current full-time Chair of Board Janne Larma. The company discloses the same biographical details and information on the holdings of the CEO as of the directors.

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 2021:

Name	Task in the organisation	Security	Holding
Mikko Koskimies	CEO	2018 Option right Share	100,000 4,200,000

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 on 31 December 2021:
Mikko Koskimies, born 1967, M.Sc. (Econ), Chair, eQ Plc, CEO (from 1 April 2021) and eQ Asset Management Ltd, CEO
Staffan Jåfs, born 1974, M.Sc. (Econ), eQ Asset Management Ltd, Head of Private Equity
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 2021:

Name	Task in the organisation	Security	Holding
Staffan Jåfs	Director, Private Equity, eQ Asset Management Ltd	2018 Option right Share	100,000 66,778
Antti Lyytikäinen	CFO, eQ Plc	2018 Option right Share	75,000 25,000
Juha Surve	Group General Counsel, eQ Asset Management Ltd	2018 Option right Share	75,000 41,500

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.

eQ Group has a notification channel through which an employee can report misdemeanors or other misconduct within the eQ Group anonymously and confidentially (eQ Whistleblower). Authorized persons process notifications and only they have access to the information in the notifications. The notification channel was improved during 2021 so that the channel is now entirely on a server outside the company and allows for discussions with an anonymous notifier.

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 together with the heads of the business units, is responsible for the day-to-day supervision of the company's operational business in the first line, and the Risk Management and Compliance unit, which is independent of the business, oversees the operations in the second line and reports directly to the Board, if necessary. 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

Election of the Auditors

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.

The Board of eQ Plc organized a statutory audit firm appointment procedure in accordance with the EU Audit Regulation (537/2014) for the audit of the financial year 2021. Following a comprehensive assessment based on selection criteria, KPMG Oy Ab was the Board's primary recommendation for an auditor for a term ending at the end of the Annual General Meeting 2022. The company's Annual General Meeting elected KPMG Oy Ab as auditor in accordance with the Board's recommendation.

In 2021, the company auditor was KPMG Oy Ab, a firm of authorized public accountants, with Tuomas Ilveskoski, APA, as auditor with main responsibility.

KPMG Oy Ab has acted as eQ Plc's auditor since 2014 and Tuomas Ilveskoski, APA, has acted as auditor with main responsibility since the Annual General Meeting 2021. 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 2021: for the audit and closely related services a total of EUR 47,600 (2020: EUR 93,871) and for other services than audit a total of EUR 8,200 (2020: EUR 14,093).

Remuneration Report for Governing Bodies 2021

Introduction

This remuneration report for governing bodies has been drafted in accordance with the instructions concerning remuneration in the Finnish Corporate Governance Code 2021 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	2021	2020	2019	2018	2017
CEO	1,034,689*	851,669	784,613	622,314	450,250
change, %	21%	9%	26%	38%	25%
Chair of the Board	549,489**	51,000	46,200	44,800	45,200
change, %	977%	10%	3%	-1%	8%
Other Board members	199,500***	131,500	112,400	108,800	108,000
change, %	52%	17%	3%	1%	13%
Board, in total	748,989	182,500	158,600	153,600	153,200
change, %	310%	15%	3%	0%	11%
Employee, in average	218,726	185,653	176,637	166,434	151,854
change, %	18%	5%	6%	10%	9%
Operating profit - MEUR	47.7	30.8	26.3	22.4	20.1
change, %	55%	17%	17%	12%	24%

* includes CEO Janne Larma from 1 January to 31 March 2021 and CEO Mikko Koskimies from 1 April to 31 December 2021

** includes, in addition to the remuneration paid on the basis of Board membership, the salary based on the service contract of Janne Larma, the full-time Chair of the Board, as of 1 April 2021

*** The number of Board members increased by one in 2021

Remuneration of the Board of Directors

Compensation and remuneration of the Board

The Annual General Meeting decides upon the remuneration of the Board of Directors. In 2021, the Annual General Meeting decided that the members of the Board of Directors shall receive remuneration according to following: Chair of the Board 5,000 euros per month, Vice Chair of the Board of Directors receives 4,000 euros per month and the directors 3,000 euros per month. The Annual General Meeting also decided that the directors shall be paid EUR 500 for each Board meeting that they attend. The travel and lodging costs of the Board members shall be compensated in accordance with the company's expense policy. The remuneration is paid in cash. The full-time Chair of the Board has entered into a service contract with the company and is paid a fixed salary in cash (monthly salary and fringe benefits) in addition to the remuneration paid on the basis of the Board's membership. The full-time Chair of the Board is not covered by the eQ Group's performance-based annual bonus scheme.

In 2021, the members of the Board of Directors have been paid remuneration as follows:

Remuneration - EUR	Annual remuneration	Meeting fees in total	Other compensation	Total
Nicolas Berner	34,500	5,500	-	40,000
Georg Ehrnrooth	48,000	5,500	-	53,500
Timo Kokkila	34,500	5,500	-	40,000
Lotta Kopra	34,500	5,500	-	40,000
Janne Larma*	45,000	3,000	487,489**	535,489
Tomas von Rettig	34,500	5,500	-	40,000
Total	231,000	30,500	487,489	748,989

* Full-time Chair of the Board as of 1 April 2021, Remuneration paid to Janne Larma from 1 January to 31 March 2021 is shown in more detail below under the CEO's remuneration information.

** Salary paid to the full-time Chair of the Board as of 1 April 2021

The full-time Chair of the Board's participation in the option programs

Based on the service contract, the full-time Chair of the Board may be granted shares, options or other share-based rights as part of the long-term commitment scheme. The other members of eQ Plc's Board of Directors have no share-related rights, nor are they covered by any other remuneration system.

The eQ Group has an option program 2018, on the basis of which eQ Group has issued option rights and option subscription rights to key persons, which aim for long-term commitment to the company. In accordance with the terms and conditions of the option program for 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.

The full-time Chair of eQ Plc's Board of Directors is covered by the 2018 option program and has initially received 100,000 option rights as part of the commitment plan.

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

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.

According to the regulations in force at the time of payment of the variable remuneration accrued in 2020 and paid in 2021, if the variable remuneration component of the CEO has exceeded EUR 50,000 annually, 50 per cent of the variable remuneration has been deferred to be paid during the following three years (even payments each year). 50 per cent of the deferred remuneration has been 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. With the change in the remuneration regulations, the part of the variable remuneration in excess of EUR 50,000 for variable remuneration accrued in 2021 and to be paid in 2022 will no longer be deferred to be paid during the following three years.

In 2021, the CEOs were paid the following salaries and other remuneration:

Remuneration paid during 2021 - 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
CEO Janne Larma 1 Jan – 31 Mar	120,551	21%	454,320	79%	-	574,871
CEO Mikko Koskimies 1 Apr – 31 Dec	459,818	100%	-	0%	-	459,818
Total	580,369	56.1%	454,320	43.9%	-	1,034,689

* Represents the aggregate amount of bonuses paid in 2021. The earnings periods for the bonuses paid in 2021 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 Janne Larma in 2021 (deferred remuneration falling due for the previous years):

Specification of variable remuneration paid during 2021 - EUR

For year 2020*	For year 2019*	For year 2018*	For year 2017*	Total
211,238	74,671	104,050	64,361	454,320

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

The following table presents the remuneration to the CEO Janne Larma falling due (including deferred variable remuneration), which has not yet been paid on 31 December 2021. The unpaid deferred variable remuneration for each earnings period:

Deferred variable remuneration* - EUR

For year 2018	For year 2019	For year 2020	Total
302,642	201,089	145,435	649,166

* Including changes in stock prices and dividend consideration.

The variable remuneration to be due of the CEO Mikko Koskimies that has been earned during 2021 and not yet been paid out by the date of this report was EUR 789,758 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 six 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 option program 2018, based on which, eQ Group has issued option rights and option subscription rights to key persons, which aim for long-term commitment to the company. In accordance with the terms and conditions of the option program 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.

As part of the engagement system, the CEO is covered by the option program and 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 2021:

Janne Larma
Chair of the Board
Member of the Board since 2021
Born: 1965

Education:
M.Sc. (Econ.), Hanken Svenska handelshögskolan

Primary working experience:
2011–2021 eQ Plc, CEO
2004–2009 eQ Bank, Member of Management Team
2000– Advium Corporate Finance Ltd, Managing Director
1998–2000 Enskilda Securities, management position in investment banking
1993–1998 Alfred Berg, investment banking
1988–1992 Kansallis-Osake-Pankki, investment banking

Primary positions of trust:
Notalar Oy, Chair of the Board of Directors; Inkoo Shipping Oy, Member of the Board; Rettig Group Oy Ab, Member of the Board; Svenska handelshögskolan, Member of the Board; Meripuolustussäätiö SR, Member of the Board

Not independent of the company and not independent of its significant shareholders.

Georg Ehrnrooth
Vice Chair 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, Chair of the Board; Topsin Investments S.A., Chair of the Board; Fennogens Investments S.A., Chair of the Board

Not independent of the company and 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, Vice Chair of the Board; Pontos Ltd, Member 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, Chair of the board
2004–2010 Finland and Nordics, Management consultant

Primary positions of trust:
Solteq Ltd, Member of the Board; Nightingale Health Plc, 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, Chair of the Board; Purmo Group Oy Ab, Chair of the Board; Terveystalo Oyj, Vice Chair of the Board; Rettig Capital Oy Ab, Member of the Board

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

Management Team

eQ Group's Management Team 31 December 2021:

Mikko Koskimies, Chair

Mikko Koskimies, M.Sc. (Econ), (born 1967) is CEO of eQ Plc and eQ Asset Management Ltd and has worked with eQ since 2012. 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.

Staffan Jåfs

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 since 2007. Previously in 2000-2007 he worked at Proventure Ltd as CFO, responsible for the group's financial administration.

Antti Lyytikäinen

Antti Lyytikäinen, M.Sc. (Econ.), (born 1981) is CFO of eQ Group. Antti has worked among financial sector since 2004 and with eQ 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

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 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.

Performance based fees of private equity funds managed by eQ

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

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

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

Funds – 31 December 2021

Fund	Fund size	Vintage year	Hurdle rate	Performance fee	eQ's share of the performance fee	Present TVPI	Estimated TVPI	Estimate on reaching the hurdle rate (cash flow)	Estimated catch up share, total MEUR	Estimated future performance fees, total MEUR	Performance fees accrued presently in the fund's value, MEUR [1]
Amanda III	MEUR 110	2006	6.0%	10.0%	100%	1.2x	1.2x	Will not reach	n/a	n/a	n/a
Amanda IV	MEUR 90	2007	8.0%	7.5%	100%	1.5x	1.5x	Has reached	n/a	0.9	0.9
Amanda V	MEUR 50	2011	6.0%	10.0%	100%	1.4x	1.6x	2023	2.4	3.7	2.9
eQ PE VI	MEUR 100	2013	7.0%	7.5%	100%	1.4x	2.0x	2023	1.9	8.2	3.3
eQ PE VII	MUSD 80	2015	7.0%	7.5%	45%	1.4x	1.9x	2024	0.7	2.6	1.1
eQ PE VIII	MEUR 160	2016	7.0%	7.5%	100%	1.4x	1.9x	2023	2.7	14.0	5.1
eQ PE IX	MUSD 105	2017	7.0%	7.5%	45%	1.4x	1.9x	2026	0.8	3.5	1.4
eQ PE X	MEUR 175	2018	7.0%	7.5%	100%	1.1x	1.7x	After 2026	n/a	12.1	1.3
eQ PE XI	MUSD 217	2019	7.0%	7.5%	45%	1.0x	1.8x	After 2026	n/a	6.1	0.3
eQ PE XII	MEUR 205	2020	7.0%	7.5%	100%	1.1x	1.7x	After 2026	n/a	13.3	0.3
eQ PE XIII	MUSD 318	2021	7.0%	7.5%	45%	n/a	1.8x	After 2026	n/a	9.3	n/a
eQ PE SF II	MEUR 135 [2]	2018	10.0%	10.0%	100%	1.2x	1.5x	2024	2.4	4.1	1.8
eQ PE SF III	MEUR 170 [3]	2020	10.0%	10.0%	100%	1.4x	1.6x	After 2026	n/a	7.0	1.4
PE programmes	MEUR 198	2013–16	8–12%	7.5–12%	100%	n/a	n/a	2023 – after 2026	4.0	23.9	7.5
eQ VC	36 MUSD [4]	2021	7.0%	7.5%	45%	n/a	n/a	After 2026	n/a	n/a	n/a
Total									15.0	108.7	27.5
of which covered by the catch up accrual									15.0	48.0	21.0
of which accrual for 2022									7.2		

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

[1] The amount of the performance fee that eQ would receive, if the investments of the funds were sold at present market value.

[2] Capital covered by the performance fee MEUR 75.

[3] Capital covered by the performance fee MEUR 104.

[4] First closing.

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 new IFD/IFR regime for investments firms which entered into force on 26 June 2021. 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. 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 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

According to the IFR-regulations, the most restrictive capital requirement for eQ at the end of the financial period is defined on the basis of fixed overheads. The minimum capital requirement based on fixed overheads was EUR 4.7 million. At the end of the period, the Group's own funds based on capital adequacy calculations totalled EUR 10.8 million. Detailed information on the Group's capital adequacy can be found in the following section.

Capital adequacy, EUR 1,000

	IFR 31 Dec. 2021 eQ Group	CRR 31 Dec. 2020 eQ Group
Equity	79,955	67,545
Common equity tier 1 (CET1) before deductions	79,955	67,545
Deductions from CET1		
Intangible assets	-29,552	-29,761
Unconfirmed profit for the period	-38,078	-24,610
Dividend proposal by the Board*	-1,554	-2,601
Common equity tier 1 (CET1)	10,771	10,574
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	10,771	10,574
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	10,771	10,574
Own funds requirement according to the most restrictive requirement (IFR)	4,696	-
Fixed overhead requirement	4,696	-
K-factor requirement	331	-
Absolute minimum requirement	150	-

	IFR 31 Dec. 2021 eQ Group	CRR 31 Dec. 2020 eQ Group
Risk-weighted items total – Total risk exposure	58,697	58,830
Risk-weights, total (CRR)	-	58,830
of which credit risk	-	54,064
of which market risk - currency risk	-	4,766
of which fixed overhead risk	-	-
Common equity tier (CET1) / own funds requirement, %	229.4%	-
Tier 1 (T1) / own funds requirement, %	229.4%	-
Total capital (TC) / own funds requirement, %	229.4%	-
Common equity tier 1 (CET1) / risk weights, %	18.3%	18.0%
Tier 1 (T1) / risk weights, %	18.3%	18.0%
Total capital (TC) / risk weights, %	18.3%	18.0%
Excess of total capital compared with the minimum level	6,075	5,867
Total capital compared with the target level (incl. a 25% risk buffer for the requirement)	4,901	4,691

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

A new IFD/IFR regime for investments firms entered into force on 26 June 2021. The comparison information on capital adequacy has been presented according to the previous regulations (CRD/CRR).

Composition of regulatory own funds (EU IF CC1), 1,000 EUR

		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Own funds	10,771	
2	Tier 1 capital	10,771	
3	Common equity tier 1 capital	41,877	
4	Paid up capital instruments	11,384	Row 23, CC2
6	Retained earnings	6,247	Row 25, CC2
8	Other reserves	24,247	Row 24, CC2
11	(-) Total deductions from common equity tier 1	-31,106	
17	(-) Goodwill	-25,212	Row 7, CC2
18	(-) Other intangible assets	-4,340	Rows 7, 8 and 9, CC2
25	(-) Other deductions	-1,554	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements (EU IF CC2)

		(a) Balance sheet as in audited financial statements	(b) Under regulatory scope of consolidation	(c) Cross reference to EU IFCC 1
		As at period end, 1,000 EUR	As at period end, 1,000 EUR	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Liquid assets	71		
2	Claims on credit institutions	35,069		
3	Financial assets			
4	Financial securities	20,943		
5	Private equity and real estate fund investments	18,817		
6	Intangible assets			
7	Fair value and brands	29,212		Row 17, CC1
8	Client agreements	208		Row 17 and 18, CC1
9	Other intangible assets	131		Row 17 and 18, CC1
10	Tangible assets			
11	Right-of-use assets	965		
12	Tangible assets	301		
13	Other assets	4,525		
14	Accruals and prepaid expenditure	502		
15	Income tax receivables	52		
16	Deferred tax assets	44		
17	Total Assets	110,842		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
18	Other liabilities	6,348		
19	Accruals and deferred income	19,103		
20	Lease liabilities	1,187		
21	Income tax liabilities	4,249		
22	Total Liabilities	30,887		
Shareholders' Equity				
23	Share capital	11,384		Row 4, CC1
24	Reserve for invested unrestricted equity	24,247		Row 8, CC1
25	Retained earnings	6,247		Row 6, CC1
26	Profit (loss) for the period	38,078		
27	Total Shareholders' equity	79,955		

Audited consolidated balance sheet and regulatory own funds under regulatory scope of consolidation are equal.

Own funds: main features of own instruments (EU IF CCA)

1	Issuer	eQ Plc
2	Unique identifier	ISIN: FI0009009617
3	Public or private placement	Public
4	Governing law(s) of the instrument	Finnish law, EU's IFR regulation 2019/2033, EU's CRR regulation 575/2013
5	Instrument type	CET1
6	Amount recognised in regulatory capital (MEUR)	11,4
7	Nominal amount of instrument	n/a
8	Issue price	n/a
9	Redemption price	n/a
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1 Nov 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
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Existence of step up or other incentive to redeem	No
23	Noncumulative or cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	n/a
26	If convertible, fully or partially	n/a
27	If convertible, conversion rate	n/a
28	If convertible, mandatory or optional conversion	n/a
29	If convertible, specify instrument type convertible into	n/a
30	If convertible, specify issuer of instrument it converts into	n/a
31	Write-down features	n/a
32	If write-down, write-down trigger(s)	n/a
33	If write-down, full or partial	n/a
34	If write-down, permanent or temporary	n/a
35	If temporary write-down, description of write-up mechanism	n/a
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	n/a
38	Link to the full term and conditions of the instrument (signposting)	See equity note of the consolidated financial statement

To the Shareholders

Information to the shareholders

eQ Plc's share

eQ Plc's share is traded on Nasdaq Helsinki. At the end of 2021, the company had had 7,883 shareholders (7,261 shareholders on 31 Dec. 2020). The largest shareholders have been presented in the Report by the Board of Directors.

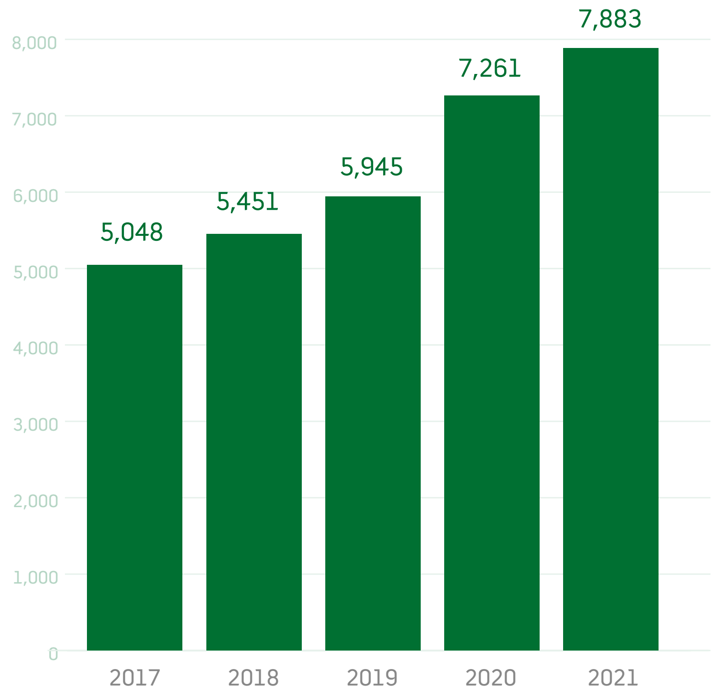
- Symbol: EQV1V
- Sector: Financial Services
- Market capitalisation classification: Mid Cap companies

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 futuWre in a strong growth, constant cost-efficiency and to pay competitive dividend.

eQ aims at creating value for its shareholders through profitable and growing business areas. eQ Asset Management has a strong position as a service provider for the most professional investors in Finland. About 70 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 (SFR-survey 2021). eQ Asset Management has an excellent product offering. 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 2017 TO 2021
EUR

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 23 March 2022. 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 2022 Annual General Meeting that a dividend of EUR 0.97 per share be paid out. Additionally, the Board proposes to the AGM that an equity repayment of EUR 0.03 per share be paid out from the reserve of invested unrestricted equity. Record date of the dividend and equity repayment is 25 March 2022 and payment date 1 April 2022.

Analysts following eQ Plc

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

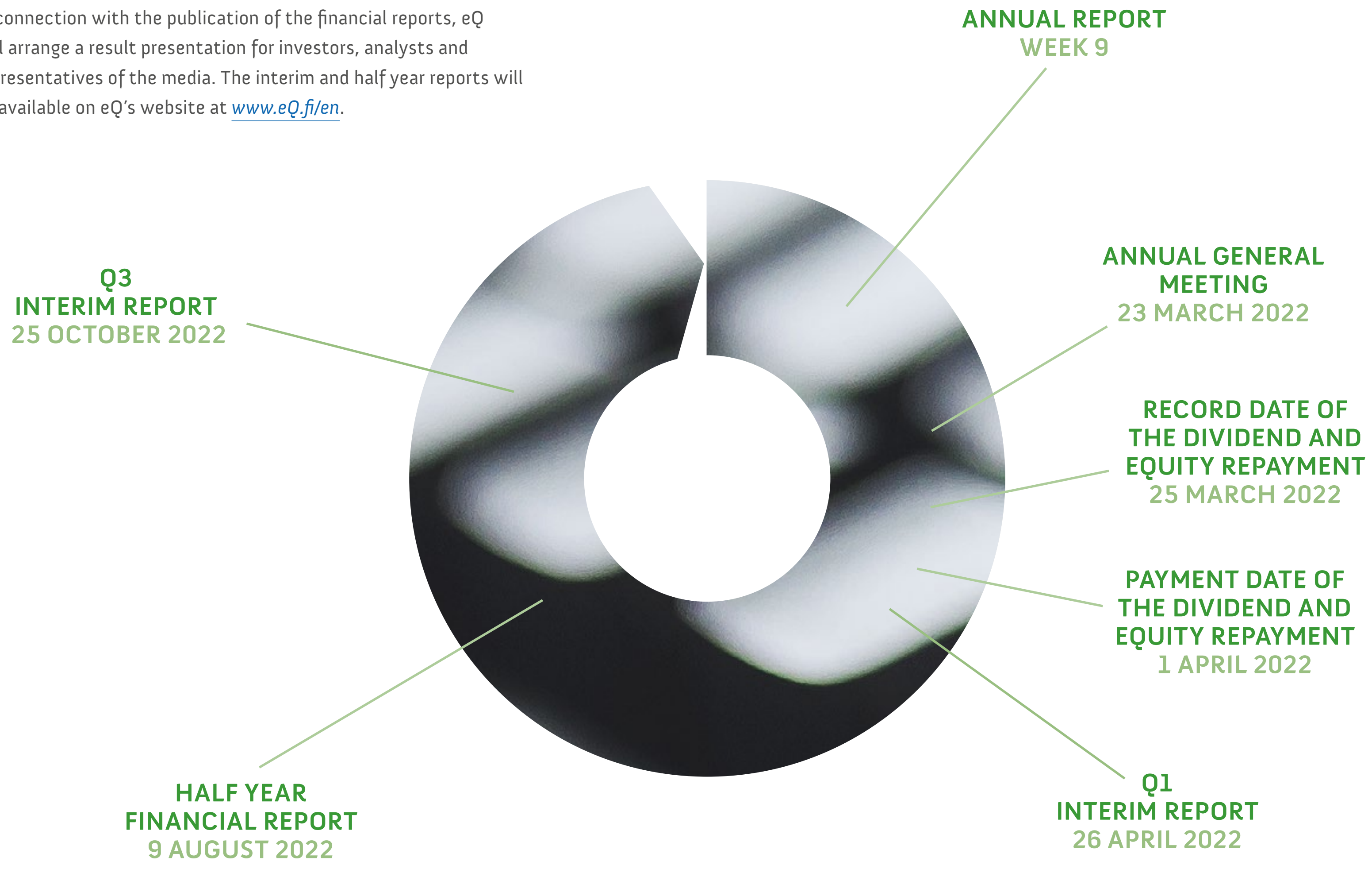
- Inderes Oy, Sauli Vilén, +358 44 025 8908, *sauli.vilen@inderes.fi*
- Inderes Oy, Matias Arola, + 358 40 935 3632, *matias.arola@inderes.fi*
- OP Corporate Bank Plc, Antti Saari, +358 10 252 4359, *antti.saari@op.fi*

Investor relations, contact information

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

Calendar in 2022

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*.



eQ Plc
Aleksanterinkatu 19, 5th fl
00100 Helsinki
Finland

Tel. +358 9 6817 8777
asiakaspalvelu@eQ.fi
www.eQ.fi/en