ANNUAL REPORT

22

Contents

eQ in 2022

01

Key Figures

NET REVENUE
77.8
EUR MILLION
(2021: 78.9 MEUR)

OPERATING PROFIT
45.7
EUR MILLION
(47.7 MEUR)

EARNINGS PER SHARE
0.91
EUR
(0.97 EUR)

COST/INCOME RATIO
41.1%
(39.5%)

ASSETS UNDER MANAGEMENT WITHOUT REPORTING SERVICES
9.7
EUR BILLION
(9.2 BN EUR)

AND IN TOTAL
12.6
EUR BILLION
(11.6 BN EUR)

DIVIDEND AND REPAYMENT OF EQUITY PER SHARE
1.00
(1.00 EUR)

MARKET CAP
1,028.9
EUR MILLION
(1,020.5 MEUR)

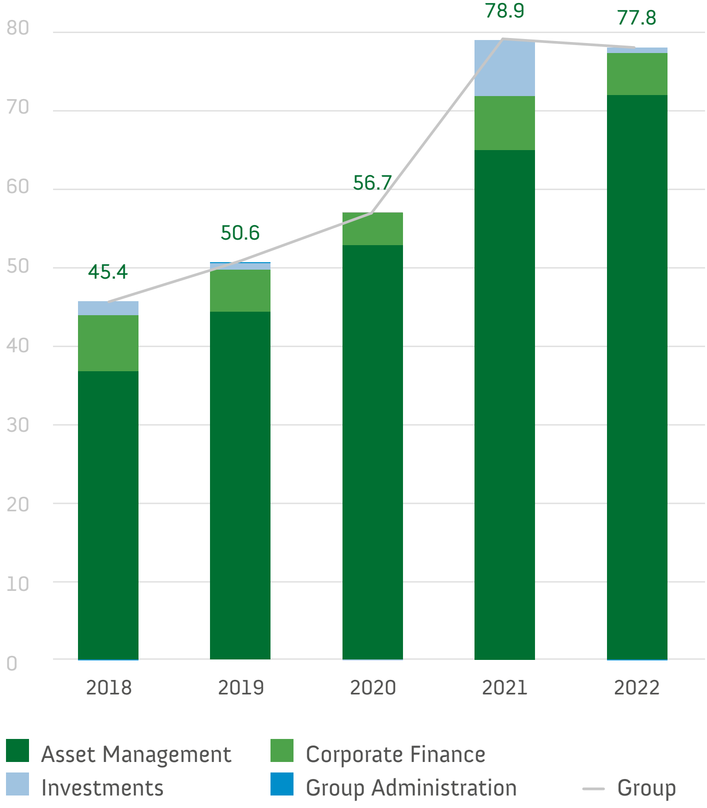
NUMBER OF SHAREHOLDERS
8,277
(7,883)

NUMBER OF PERSONNEL
94
(96)

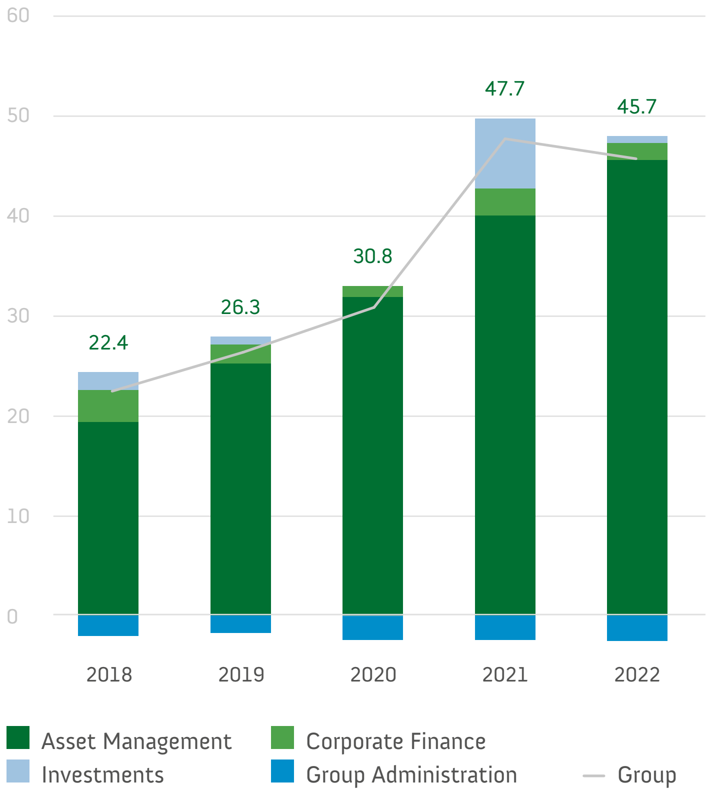
eQ in Brief

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 good in 2022

Institutional investors regarded eQ as the best company in their quality assessments the forth year in a row.

eQ's result for the financial year was good despite the challenging operating environment. The net revenue of the Group during the period under review was EUR 77.8 million and the operating profit EUR 45.7 million. Operating profit fell by 4 per cent from the previous year. The profit for the year was EUR 36.3 million and the earnings per share were 91 cents. The Group's cost/income ratio was at an excellent level of 41.1 per cent.

eQ Asset Management's growth continued. Last year, eQ Asset Management's net revenue grew by 11 per cent and operating profit by 14 per cent to EUR 45.9 million. The cost/income ratio of the Asset Management segment continued to improve and was 36.0 per cent. The net revenue of Advium fell by 22 per cent from the year before to EUR 5.4 million. Operating profit was EUR 1.7 million, compared with the previous year's EUR 2.7 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. The result of the Investments segment fell considerably from the exceptionally strong year 2021. The operating profit of the segment was EUR 0.7 million, compared with previous year's EUR 7.1 million.

eQ Asset Management is the leading institutional asset manager in Finland

According to a study made by SFR last year, eQ is the second most used institutional asset manager in Finland. 66 per cent of the respondents tell that they use eQ's services. What is best, investors regarded eQ as the quality-wise best asset manager already the fourth time in a row. The overall assessment of quality consists of several different criteria, the return on the investments being the most important of them according to the interviewees. In the 2022 study, eQ Asset Management was ranked number one in 7 categories of 11. SFR interviews the approximately 100 largest Finnish institutional investors annually. In addition, the clients assessed the overall quality of eQ Asset Management as the best in Finland in 2022 in Kantar Prospera's "External Asset Management Finland" study.

As for traditional investments, the returns of client portfolios were negative in 2022 in line with the market. Of the funds that eQ manages itself, 23 per cent surpassed their benchmark indices, and during a three-year period

> The returns of real estate and private equity funds were excellent in 2022, supporting very well the overall returns of most of our clients.
>
> **Mikko Koskimies**
> CEO

the corresponding figure was 77 per cent. The eQ Europe Dividend Fund won the Lipper Nordics 2021 best "Equity Europe Income Fund" award for the second time in a row. The award is based on the fund's 3 and 5-year risk-adjusted returns. The real estate and private equity returns were excellent in 2022, supporting very well the annual overall returns of most of our clients. Since 2012, the return of the eQ Community Properties Fund has been 8.9 per cent annually. Last year, the return of the fund was 8.2 per cent. The eQ Commercial Properties Fund has given an annual return of 8.4 per cent since establishment and 7.6 per cent last year. The returns of the private equity funds and asset management programmes were also excellent in 2022.

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.

The eQ Care Fund was the first Finnish open real estate fund. It was established in 2012, and in 2021 its 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 and last year we already established our second residential fund, eQ Residential II. Investment commitments totalling EUR 53 million was raised in it last year. Net subscriptions in eQ's open real estate funds totalled EUR 165 million. At the end of the year, the assets under management were EUR 2.7 billion and the real estate assets of the funds totalled EUR 3.6 billion.

The strong growth of eQ's private equity asset management continued last year and we raised a record amount of about EUR 500 million to our private equity and VC funds. We raise capital yearly to funds investing in Europe and the US, alternately, and in 2022 it was Europe's turn. The first closing of the new eQ PE XIV North private equity fund was held at the end of January 2022 at EUR 196 million. In the final closing of the fund at the end of 2022, the size of the fund grew to EUR 288 million. The eQ PE XIV North Fund makes investments in private equity funds that invest in unlisted, small and mid-sized companies in Northern Europe. At the same time, eQ established its fourth secondary market fund eQ PE SF IV, the size of which grew to EUR 151 million in the final closing. In addition, the size of the eQ VC Fund, established at the end of October 2021, grew to USD 77 million in the final closing. The eQ VC Fund invests in the best venture capital funds in the US. The assets managed under the private equity funds and asset management programmes totalled EUR 3.7 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 sixth 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. eQ's Director for Responsible Investment is responsible the co-ordination and development.

We draw up an ESG report on all equity and fixed-income 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's operating environment slowed down towards the end of the year

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

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

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

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 91 cents per share in 2022. Due to the strong balance sheet and capital adequacy, the Board of Directors have decided to propose to the Annual General Meeting that a dividend of EUR 1.00, i.e. the entire profit for the year, and an equity repayment of EUR 0.09 per share be paid out to the shareholders.

Thanks to our clients, personnel and partners

I wish to thank all our clients for excellent co-operation and the trust you have shown in our services. After the easing of COVID-19 restrictions, it was great to also be able to meet you face to face more often than in recent years.

The personnel was able to adapt excellently to returning to the office. The results of the study on well-being at work, which is conducted twice a year, were excellent in 2022 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 from 1 to 5, the employees gave job 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 48 (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 2022.

In addition to the clients and personnel, my warm thanks go to all our partners for good co-operation.

Outlook for 2023

As for sales, the year 2022 was very good for eQ Asset Management. In January 2023, the eQ PE XV US private equity fund raised a record amount of assets in the first closing of the fund, i.e. almost USD 180 million, which is 35 per cent more than our previous fund investing in the US. This strengthens our view that the demand for alternative investment products continues to be strong among investors and the increase in fixed management fees will continue. The returns of real estate funds are linked to the development of the yields and their possible performance fees for 2023 involve uncertainty. The performance fees of private equity funds will, on the other hand, be at the same level due to the catch up accrual.

Consequently, we expect the net revenue and operating profit of the Asset Management segment to be at the same level as last year or to grow in 2023. In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent on factors that are not dependent on the company. Therefore, their operating profits may vary considerably and are difficult to foresee.

Mikko Koskimies
CEO

02

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.

The aim of eQ Asset Management is to offer its clients good investment returns, innovative asset management services and excellent customer service. Through its own organisation and international partners, eQ can offer its clients an extensive and international range of investment solutions.

eQ 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 of our international partners, covering all major investment categories and markets. At the end of the financial period 2022, the assets managed by the Group, excluding assets covered by private equity reporting services, were EUR 9,678 million and altogether EUR 12,564 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 2022, investors regarded eQ as the best asset manager in the market in their quality assessments already the fourth year in a row. According to the study, eQ is the second most used institutional asset manager in Finland.

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 2022, eQ Asset Management's net revenue increased by 11 per cent to EUR 71.8 million. Profitability continued to improve, and the operating profit grew by 14 per cent to EUR 45.9 million. The demand for alternative investment products among investors continued to be strong. eQ raised altogether almost EUR 440 million to the eQ PE XIV North and eQ PE SF IV private equity funds. In addition, the size of the eQ VC Fund grew to EUR 77 million in the final closing. The net subscriptions in the eQ Community Properties and Commercial Properties funds were EUR 165 million, and the size of the eQ Residential II Fund grew to EUR 53 million.

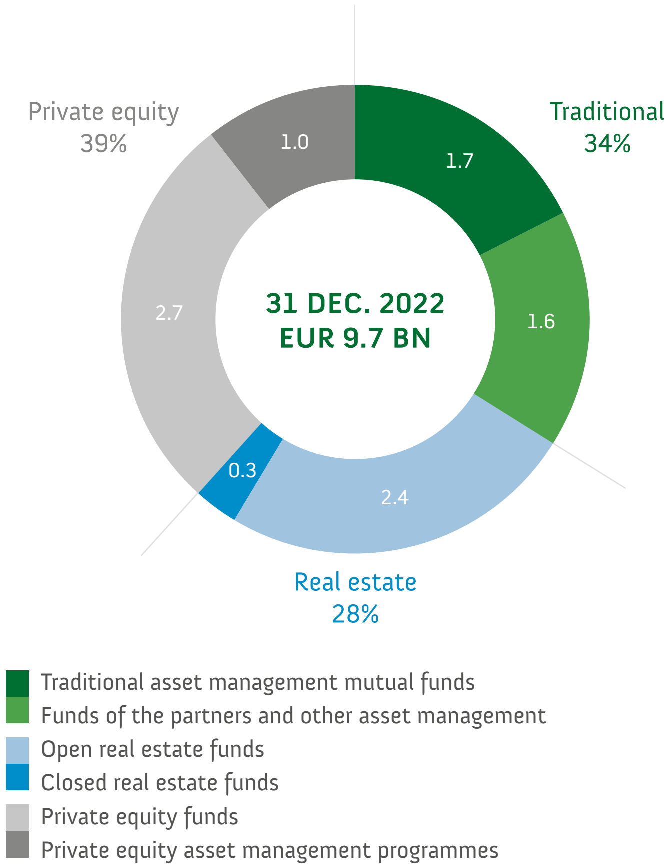
Key figures

Asset Management	1–12/2022	1–12/2021	Change
Net revenue, MEUR	71.8	64.9	11%
Operating profit, MEUR	45.9	40.3	14%
Cost/income ratio, %	36.0	37.7	-5%
Personnel as full-time resources	76	76	0%

Fee and commission income, Asset Management, MEUR	1–12/2022	1–12/2021	Change
Management fees			
Traditional asset management	9.4	10.6	-11%
Real estate asset management	35.1	29.1	21%
Private equity asset management	16.9	13.9	22%
Management fees, total	61.5	53.6	15%
Performance fees			
Traditional asset management	0.0	2.9	-100%
Real estate asset management	4.3	5.4	-19%
Private equity asset management	6.5	3.1	108%
Performance fees, total	10.8	11.4	-5%
Other fee and commission income	0.1	0.5	-68%
Fee and commission income, total	72.4	65.4	11%

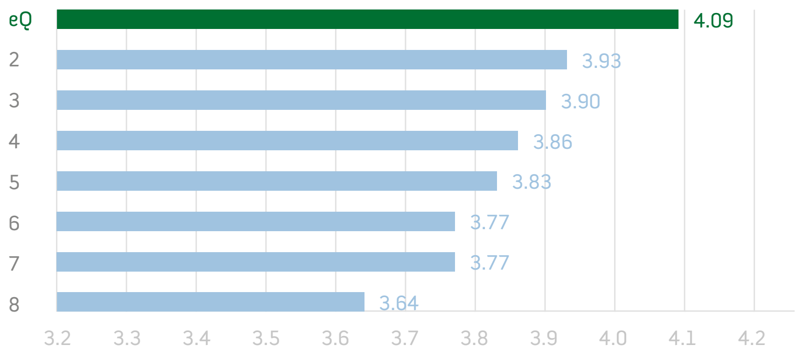
eQ'S ASSETS UNDER MANAGEMENT

Without private equity reporting services EUR 9.7 bn and in total EUR 12.6 bn.



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

Source: SFR research 2022



eQ Asset Management is the quality-wise best institutional asset manager in Finland

In the annual SFR study, institutional investors regarded eQ as the quality-wise best asset manager in Finland, already the fourth time in a row. The study covers the approximately 100 largest institutional investors in Finland and it was conducted in the autumn of 2022.

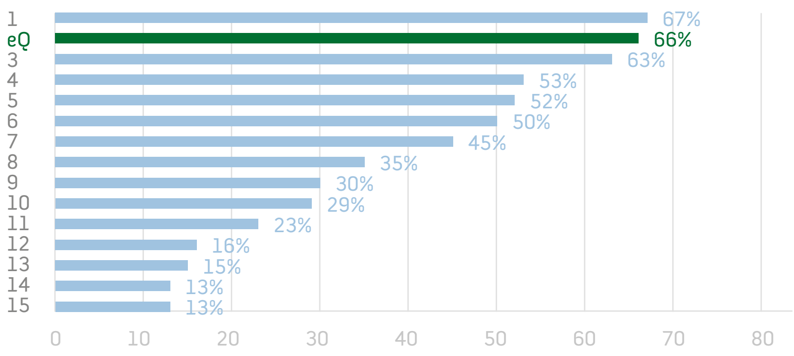
eQ Asset Management was ranked number one in 7 categories of 11.

1. Investment performance 3 years
2. Ability to take a market view
3. Resources
4. Clarity of investment process
5. Client servicing
6. Reporting services
7. Investment performance 12-months

In the same study, eQ Asset Management was the second most used institutional asset manager in Finland. No less than 66 per cent of the interviewees told that they used eQ's services.

SFR RESEARCH: MOST USED INSTITUTIONAL ASSET MANAGERS

Source: SFR research 2022



The outlook of eQ's real estate funds remains good

The returns of eQ's real estate funds were good in 2022. The return of the eQ Community Properties Fund was 8.2 per cent and that of the eQ Commercial Properties Fund 7.6 per cent in 2022. The outlook of the funds continues to be good: the initial rental yield is at a good level (eQ Community Properties 5.5 per cent and eQ Commercial Properties 6.0 per cent) and the demand for the rental premises is good. Rents have gone up in most of the premises in line with the cost-of-living index at the turn of 2022 and 2023. In addition, eQ's real estate team has in both funds development projects the purpose of which is to increase the value of the properties and create a new, strong rental cash flow. The fact that high-quality resources are now better available than previously in the construction industry facilitates the development work. The price of financing increases alongside with rising interest rates, but this will translate to eQ's funds rather slowly. The financing of the funds consists of several facilities and maturities, and a considerable part of it is interest rate hedged.

The value of the real estate assets in eQ's real estate funds exceeds EUR 3.5 billion, and the rental area is more than one million square meters. Most of the properties are located in the Helsinki metropolitan area.

> eQ has supported the Baltic Sea Action Group (BSAG) since 2019. The support is channelled through the BSAG share of the eQ Blue Planet Fund, and in 2022 it amounted to more than EUR 170,000.

BALTIC SEA ACTION GROUP'S EFFECTIVENESS FIGURES 2022

- Thanks to BSAG's Ship *Waste Action initiative*, the way in which marine traffic operates has changed, both on land and at sea. The actors within shipping and waste management participating in the initiative steer the waste from the vessels to circular economy instead of the Baltic Sea. After Ship Waste Action was launched, it has become markedly more common to discharge wastewater in harbours along Finland's coasts. For example in the HaminaKotka harbour, the number of cargo ships that discharged wastewater in the harbour increased from three to 49 in 2022.
- BSAG promotes regenerative farming, which improves soil health, mitigates climate change, and supports biodiversity. In 2022, 1,000 new farmers registered with the *E-college for Regenerative Farming*. Altogether 2,210 persons have joined this extensive web course. In addition, more than 3,800 farmers participated in field days and webinars for regenerative farming. More than 100 new members joined the *Carbon Action Club*, an open network of farmers, in 2022.
- In 2022, 4,800 hectares of valuable marine nature was protected in *Gullkrona*. BSAG took the initiative for establishing a marine conservation area and brought the landowners together. The work for establishing the largest private conservation area in the Archipelago Sea will facilitate the protection of other privately owned valuable areas of marine nature in future.

eQ raised a total of about EUR 500 million to private equity and VC funds

Despite the difficult operating environment, eQ had a record year of raising funds within private equity asset management. eQ raised altogether about EUR 500 million to private equity and VC funds. The returns of the eQ PE funds remained excellent. Our investment focus lies in the SME segment, in which value creation and valuations are based on companies' operative development and profit growth. The correlation to the listed market is low.

The final closing of the eQ PE XIV North Fund, which makes investments in Northern Europe, took place at the end of 2022 at EUR 288 million. The fund was more than 40 per cent larger than its predecessor. The final closings of the secondary market fund eQ PE SF IV at EUR 151 million and the eQ VC Fund at USD 77 million were held at the same time.

eQ VC is eQ's first venture capital fund, and it mainly makes investments in early and late stage venture capital funds in the US. In VC investments, eQ's partner is TrueBridge from the US. TrueBridge is one of the world's best and most experienced VC investors with a long and excellent track record. eQ VC represents a new strategy and shows that eQ is able to introduce new investment products that complement the clients' investment portfolios. eQ builds up the VC product area on a longer term and will establish its next VC fund in Q3/2023.

In 2023, funds will also be raised to the eQ PE XV US Fund, which is a private equity fund investing in North America. The first closing of the fund was held in January at USD 177 million. The fund is our fifth US fund together with the long-term partner RCP, and it is only intended for professional investors. The four previous US funds have raised more than USD 700 million of client assets.

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 240 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 exceeded EUR 20 billion.

In 2022, Advium acted as advisor in five M&A transactions and five published real estate transactions. In M&A transactions, Advium acted as advisor to a consortium led by Bain in the public cash tender offer for Caverion and in the acquisition of Raksystems to Trillimpact, for instance. In real estate transactions, Advium acted as advisor in the divestment of Espoo Hospital and the fire station portfolio owned by the city of Espoo, for instance.

In 2022, Advium's net revenue was EUR 5.4 million and operating profit EUR 1.7 million. 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	1–12/2022	1–12/2021	Change
Net revenue, MEUR	5.4	6.9	-22%
Operating profit, MEUR	1.7	2.7	-37%
Cost/income ratio, %	67.7	60.0	13%
Personnel as full-time resources	13	15	-13%

Investments

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

During the financial period 2022, the operating profit of the Investments segment was EUR 0.7 million. At the end of the year, the fair value of the investments was EUR 16.8 million and the amount of the remaining investment commitments was EUR 7.5 million. During the financial period, eQ Plc made a EUR 1.0 million investment commitment in the eQ PE XIV North private equity fund and a EUR 1.0 million commitment in the eQ Residential II Fund.

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

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	1–12/2022	1–12/2021	Change
Operating profit, MEUR	0.7	7.1	91%
Fair value of investments, MEUR	16.8	18.8	-11%
Investment commitments, MEUR	7.5	7.2	3%
Net cash flow of investments, MEUR	2.8	4.1	-32%

THE VALUE OF PRIVATE EQUITY AND REAL ESTATE FUND INVESTMENTS

16.8 MEUR

03

Sustainability

Continuous dialogue improves eQ's sustainability

"Our values guide the work of every eQ employee and constitute the foundation for daily co-operation with key stakeholders.

We now publish our Sustainability Report for the sixth time as part of the Annual Report. For us as a Group, it is very important to report on the realisation of sustainability in our business operation transparently. 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.

Our values "honest, open, competent and efficient" guide the work of every eQ employee and constitute the foundation for daily co-operation with clients, partners and other key stakeholders. Although the year 2022 was exceptional in many ways, satisfaction among our clients and employees has remained at an extremely high level.

From the perspective of business operation, we also find it very important that every eQ employee has good competence in sustainability matters and up-to-date information on them. Subjects on the training agenda in 2022 included an updating review of the EU Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation, the PRI results achieved by eQ Asset Management (the UN Principles for Responsible Investment), the success of eQ's real estate funds in the GRESB assessment, and reformed ESG reports on equity and fixed income investments.

Sustainability at eQ Group is at an excellent level. As a result of the successful sustainability performance at Group level, eQ Plc has been awarded the international ISS ESG Prime responsibility rating. eQ Plc is also included in the Nasdaq OMX Sustainability Finland index.

In the autumn of 2022 eQ Asset Management once again achieved excellent results in PRI's 2021 assessment. We succeeded much better than the median in all areas the company reported. The grade of eQ's private equity investments has been among the best (five stars) for several years now. Real estate investments climbed to the best category for the first time. As a new area in the PRI assessment we included corporate bonds that also scored good results.

The reform of eQ Asset Management's sustainability reporting on equity and fixed income investments was the most significant development project in 2022. We also started reporting PAI indicators on equity and fixed income investments back in the summer of 2022, as one of the first asset managers. The results of real estate investments were excellent in GRESB sustainability reporting, and in addition, the number of Breeam In Use certifications (Very Good level) at our individual properties continued to grow. In the future, eQ's real estate funds classified according to Article 9 must also report the share of properties which meet the taxonomy criteria in the funds. Taxonomy compliance assessment was one of the key development projects in real estate investments last year, and this work still continues. The target funds at eQ's private equity funds are in full flow with consideration and development of sustainability. We describe this in detail in the paragraph on private equity funds in this Report.

We look at the year 2023 with great interest. Our own work on sustainability continues by, e.g., bringing changes arising from the EU's Sustainable Finance Disclosure Regulation and the Taxonomy Regulation to a concrete level in all our asset classes. In the spring of 2023, we will officially report adverse sustainability impacts ("PAI indicators") on all of our investments. For the first time, we will now collect emission data on target funds at eQ's private equity funds.

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.

We hope that you enjoy reading our 2022 Sustainability Report.

Sanna Pietiläinen
Director, Responsible Investment

Sustainability Report 2022

Sustainability and its reporting in eQ Group

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 the main board of Nasdaq Helsinki.

Sustainability reporting describes eQ Group's role as a responsible actor in relation to its stakeholders and society at large. eQ wishes to ensure the transparency and openness of its operations by reporting on its sustainability work and its development regularly and extensively. 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. eQ Group's 2022 Sustainability Report has been approved by the eQ Plc's Board of Directors, and it is published as part of the 2022 Annual Report.

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.

eQ Group's values

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 provide transparent stakeholder information and develop their 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 (*https://www.eq.fi/en/about-eq-group/sijoittajat/vastuullisuus*).

Sustainability themes

eQ has in its own business four essential 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.

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.

GOOD GOVERNANCE

- 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 open and 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 Plc publishes a 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

THE ENVIRONMENT

- We use green electricity in our own property (hydropower)
- We have minimised the use of plastic materials, we recycle in our premises and prefer public transports and alternative ways of travelling (Guidelines for environmentally friendly operation to eQ's employees since 2019, updated in the autumn of 2022)
- 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 2022 it amounted to more than EUR 170,000

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 – enabler of professional development
- Monitoring job satisfaction

Training related to sustainability

eQ provides its employees with continuous training in sustainability matters. Subjects on the training agenda in 2022 included a review of the EU Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation from eQ's perspective, the PRI results achieved by eQ Asset Management (the UN Principles for Responsible Investment), the success of the real estate finds in the GRESB assessment, and eQ Group's updated guidelines for environmentally friendly operation.

In its induction programme, eQ commits new employees to comply with and implement eQ's principles and procedures on responsible investing. In 2022 the company organised two induction trainings for new employees related to sustainability. New employees complete e-learning on the Code of Conduct as part of their induction.

Sustainability within the Group is at an excellent level

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 investment at eQ Asset Management

eQ Asset Management has for several years acted as an active forerunner for responsible investment. eQ signed the United Nations' Principles for Responsible Investment (PRI) in 2010 and has accordingly undertaken to incorporate ESG factors (the environment, social responsibility and governance) as part of the investment process, to be an active owner and to promote the development of responsible investing practices in the industry. eQ is also an active member of Finsif (Finland's Sustainable Investment Forum), and Finance Finland.

Furthermore, eQ promotes the implementation of sustainability in private equity funds at the Finnish Venture Capital Association (as the chairman of the ESG Committee) and Invest Europe and, correspondingly for real estate investments, at Finnish Property Owners Rakli and in the GRESB (Global Real Estate Sustainability Benchmark) assessment. In equity and fixed income investments eQ has signed CDP's Climate Change programme and encourages businesses to specify emission reduction targets for their own operation, based on science, through the Science Based Target Initiative (SBTi) organised by the CDP.

Responsibility and sustainability are a key part of eQ Asset Management's investment activities and processes. eQ Asset Management's principles for responsible investment form a framework for all of eQ's investment operations and their processes. 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 ownership policy of eQ Asset Management Ltd are available on eQ's website.

Sustainability risks and opportunities (ESG, sustainability factors associated with the environment, society and governance) are integrated systematically and practically in the selection, monitoring and reporting of investments in all of eQ's investment areas. eQ's goal in responsible and sustainable investing is to identify investments that benefit from sustainable operation and their potential for return, and to reduce the risk in investments. For the past two years, the development of the ESG approach has been for its part steered by the EU Sustainable Finance Disclosure Regulation (SFDR) that took effect in March 2021 and its implementation in investment activities.

All those working on investment activity at eQ systematically take into account sustainability factors pertaining to investments in their own work. In addition to the sustainability analysis, monitoring investments regularly and ownership practices applied by companies as necessary are also an important part of a portfolio manager's job. Influence is exerted via direct engagement dialogue with businesses, by attending corporate meetings when needed and by impacting companies through engagement initiatives, either alone or jointly with other investors. The coordination of work on responsible investing, its development and training are the responsible of eQ's Director for Responsible Investment.

ESG training of eQ's investment teams in 2022

Implementation of the Sustainable Finance Disclosure Regulation, review of PRI results, and planning of the upcoming PAI indicator reporting were on the agenda for training of eQ's investment teams in 2022. eQ's equity and fixed income investment team also selected a new ESG data supplier and reformed the ESG report. The private equity investment team prepared the eQ PE ESG handbook that serves as a concrete tool for team members. During the autumn, the real estate investment team acquired more information and competence for evaluating the taxonomy compliance of buildings, carefully discussed the 2022 GRESB results concerning real estate funds, and heard how real estate financiers take account of sustainability in their funding decisions. The sales team was trained on the amendment to the MiFID II Directive that entered into force in August 2022 and which adds integration of clients' sustainability preferences into investment advice.

Clients

Conversations with clients and training them when necessary are a material part of eQ's customer work. We listen to our clients and learn from them.

In 2022 eQ organised two ESG webinars for its clients, the first one on an update to the situation with the EU's regulation on sustainable financing, with general talk on whether asset managers have relevant responsibility data at their disposal. The second ESG webinar was a discussion of what ESG looks like from a Finnish institutional investor's perspective.

In accordance with the MiFID II amendment that took effect in August 2022, sustainability preferences have been enquired from clients (except for online customers) as part of their suitability assessment. Investment service providers must determine their clients' own sustainability preferences, which are used to specify the most suitable investments for the organisation from the sustainability perspective also.

During the past year eQ's ESG experts were also active in several Finnish and international forums and ESG surveys, promoting the distribution of information based on best practices.

Reporting on responsible investing

eQ Plc's Board of Directors is reported once a year on implementation of responsibility and responsible investment 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 responsible investing and on concrete engagement activities in the investees.

eQ Asset Management once again achieved excellent results in the 2021 PRI (the UN Principles for Responsible Investment) assessment. The information that was evaluated pertains to the year 2020. PRI did not publish the results until September 2022, due to reforms in their reporting.

eQ succeeded much better than the median in all six areas the company reported. The grade of eQ's private equity investments has been among the best (five stars) for several years now. Real estate investments climbed to the best category for the first time. As a new area in the PRI assessment eQ included corporate loans that also scored good results.

In the following chapters, eQ briefly presents the most important events concerning ESG matters in 2022 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.

eQ's sustainable investment work can be seen as an excellent result in PRI reporting

Reported areas 2021	Score (max. 100%)	Star grade*	Median score %	Median grade
Investment & Stewardship Policy	85%	★★★★☆	60%	★★★☆☆
Private Equity (fund of funds)	90%	★★★★★	63%	★★★☆☆
Real Estate	93%	★★★★★	69%	★★★★☆
Listed Equity – ESG Incorporation	99%	★★★★★	71%	★★★★☆
Listed Equity – Voting	57%	★★★☆☆	54%	★★★☆☆
Fixed Income – Corporate	78%	★★★★☆	62%	★★★☆☆

* PRI's new rating scale is based on a star grade (1 star "poor" -> 5 stars "best").

PRI signatory since 2010

eQ PRI results 2021 (data per 2020)
- eQ performs better than the median in all reported areas
- The ESG rating of private equity has remained among the best for several years
- Real estate has risen to the highest star grade
- eQ has included corporate bonds as a new area in the PRI assessment – good results too

Equity and fixed income investments

Significant reforms to sustainability reporting of equity and fixed income investments

The reform of eQ Asset Management's sustainability reporting on equity and fixed income investments was a key development project in 2022. Besides reforming the report, eQ also carefully evaluated what kind of ESG information the company needs in support of investment decisions, influencing and reporting now and in the future.

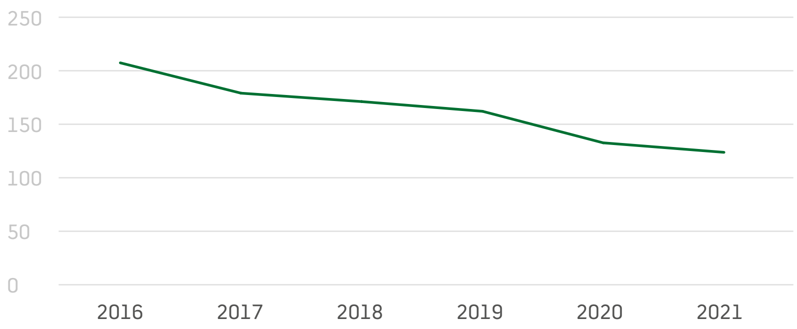
eQ Asset Management has cooperated with ISS ESG and CDP for a long time. ISS ESG monitors eQ's equity and fixed income funds for any violations of the UN's Global Compact principles on a quarterly basis. In addition to eQ's engagement concerning its own investees, ISS ESG also conducts frequent engagement conversations with the businesses it analyses. eQ also influences enterprises directly and by participating in engagement initiatives with other investors. eQ encourages businesses to specify emission reduction targets for their own operation, based on science, through the Science Based Target Initiative (SBTi) organised by the CDP. In summer 2022 eQ selected as its third partner MSCI, which assesses the sustainability of portfolio companies regarding environmental and social responsibility and provides ESG data on investees. Regulation associated with sustainability factors and the rapid development of disclosure requirements create pressure for the demand for diversified ESG data. In 2022, thirty per cent of the research budget of eQ's equity and fixed income funds was spent on ESG research. One should, however, understand that it is still difficult to obtain ESG information or that the data received is incomplete regarding small businesses and emerging markets, in particular.

What the new report says of the level of sustainability in investments

MSCI specifies for all of eQ's equity and fixed income funds an ESG Quality Score that is published on each fund's ESG report. The ESG quality score takes note of the weighted average of ESG scores of the companies in the fund, their industry and the trend in the scores. The MSCI ESG score a fund receives is a "second opinion" for the portfolio manager's own ESG assessment of investees. The current sustainability score of eQ's actively managed equity and fixed income funds is very good, "AA".

Portfolio managers of eQ funds monitor the realisation of environmental and social characteristics by means of, e.g., the volume of emissions by target companies, the trend in carbon intensity, commitment to emission reduction targets (the Science Based Target Initiative, SBTi), assessment of adverse sustainability impacts (PAI indicators), and businesses' capabilities for managing risks and opportunities in the transition to low carbon. Portfolio managers also study the number of violations of norms at target companies and continue to

CARBON INTENSITY: LEVEL 1+2, (tCO_2e/COMPANY'S TURNOVER MEUR)



The fund's carbon intensity is the weighted average of the carbon intensity of its current target companies. The carbon intensity takes into account the companies Scope 1 and Scope 2 emissions (tCO_2e) in proportion to the company's turnover (MEUR) (source: MSCI).

Examples of monitored ESG indicators in eQ's equity and fixed income funds per 31 December 2022

	Equities	Fixed income
MSCI ESG Quality Score (avg.)*	AA	AA
The share of EU taxonomy eligibility activities	60%	64%
The share of EU taxonomy alignment activities	8%	7%
Science-based emission reduction target (SBTi) set	19%	9%
SBTi commitment	4%	9%
No science-based emission reduction target (SBTi)	76%	82%
Readiness to manage the risks and opportunities associated with the transition to low-carbon: Neutral	46%	49%
Readiness to manage the risks and opportunities associated with the transition to low-carbon: Solutions	9%	4%
Readiness to manage the risks and opportunities associated with the transition to low-carbon: Operational Transition	4%	6%
Readiness to manage the risks and opportunities associated with the transition to low-carbon: Product Transition	5%	6%
Readiness to manage the risks and opportunities associated with the transition to low-carbon: Asset Stranding	0%	0%
Readiness to manage the risks and opportunities associated with the transition to low-carbon: No information	36%	35%
Total number of norm based violations in funds pcs (exc. Index funds)	0	0
Implied Temperature Rice (°C)	1.96	2.60

* MSCI ESG Rating Scale: "AAA" (Excellent), "AA" (Very Good), "A" (Good), "BBB" (Average), "BB" (Satisfactory). Source: MSCI.

Source: MSCI, ISS ESG and eQ per 31.12.2022.

monitor the implementation of corporate responsibility reporting at businesses. Sources of ESG information include MSCI, ISS ESG and sustainability data published by investees.

A company's commitment to the Science Based Target Initiative (SBTi) contributes to how its climate measures support the goal of the Paris Agreement on climate change to keep the rise in mean global temperature to well below 2 °C by 2050. For a fund's portfolio manager, this is a concrete indicator for understanding and measuring the development of a company's climate action in its business operation. Of the investees in eQ's equity funds, on average 20% already have a science-based emission reduction target and around 4% of the businesses are committed to the initiative (there is no target yet). In fixed income funds the figures are slightly lower (an average of 9%). The figures are high in the Article 9 classified eQ Blue Planet Fund: An SBTi emission reduction target has already been specified by 57% of the investees, and 12% are committed to the SBTi initiative. In summary, we can state that large corporations have set more SBTi emission reduction targets than small companies. These figures are higher in the developed markets than in emerging markets. European businesses are forerunners in setting these targets compared with the United States.

eQ has monitored the trends in setting SBTi emission reduction targets for a few years now, and also through the joint engagement initiative organised by the CDP. It is estimated that at the end of 2022, more than 4,000 enterprises had either undertaken to set a target or had already accepted a target. These companies account for more than a third of the value of the global equity markets. When eQ joined the campaign in 2019, the number of businesses was 495. Since then that figure has grown by more than 100% per year. According to CDP's 2021 report, more than 80% of the corporate targets are below the warming curve of 1.5 °C. Today almost all business have also set their target for the Scope 3 emission level. The Scope 3 category includes emissions generated by purchased goods and services, i.e., all indirect emissions.

The figure on the left shows the carbon intensity trend of the eQ Global Fund, which is the weighted average of carbon intensity at its current target companies. Carbon intensity takes account of the companies' Scope 1 and Scope 2 emissions (tCO_2e) proportioned to the company's net turnover (MEUR). Carbon intensity at the fund's current investments has decreased in the long term. (Source: MSCI).

eQ's fixed income funds also actively invest in ESG loans (incl. green loans and loans linked to sustainability). Thus eQ aims 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 at the end of 2022 was approximately 30% and in the eQ High Yield Fund over 15%.

For eQ's equity and fixed income funds: SFDR classifications, reporting of PAI indicators, and the MSCI ESG rating 31 Dec. 2022

Funds	Article 6	Article 8	Article 9	Reporting of PAI indicators	MSCI ESG rating*
FIXED INCOME FUNDS					
Money Markets					
eQ Euro Short Term		x		x	AA
Government Bonds					
eQ Government Bond		x		x	BBB
Investment Grade Credit					
eQ Euro Floating Rate		x		x	AA
eQ Euro Investment Grade		x		x	AAA
eQ Euro Investment Grade Bond Index (Vanguard)	x			x	AA
High Yield Credit					
eQ High Yield		x		x	A
Emerging Markets Credit					
eQ Emerging Markets Corporate Bond HC		x		x	A
eQ Emerging Markets Corporate Bond Local Currency		x		x	A
EQUITY FUNDS					
Finland					
eQ Finland		x		x	AAA
Europe					
eQ Euroope Dividend		x		x	AA
eQ Nordic Small Cap		x		x	A
eQ Europe Active (Fidelity)		x		x	AAA
eQ Europe Stock Index (Vanguard)	x			x	AAA
North America					
eQ US Stock Index (Vanguard)	x			x	AA
Emerging Markets					
eQ Emerging Dividend		x		x	BB
eQ Emerging Markets Small Cap		x		x	BBB
eQ Frontier Markets		x		x	A
eQ Euro Investment Grade Bond Index Fund	x	x		x	BBB
Japan					
eQ Japani Stock Index (Vanguard)	x			x	AAA
Global					
eQ Blue Planet			x	x	AAA

* MSCI ESG Rating Scale: "AAA" (Excellent), "AA" (Very Good), "A" (Good), "BBB" (Average), "BB" (Satisfactory). Source: MSCI.

In summary, we can state that investments provide quantitative date in support of investment decisions, engagement and reporting. The availability and quality of ESG data remain inadequate but improvements occur all the time. eQ was one of the first asset managers to start reporting PAI indicators on equity and fixed income investments in the summer of 2022. Reported PAI indicators are available in fund-specific ESG reports on eQ's website (*https://www.eq.fi/en/funds/fund-values*).

Real estate investments

eQ's real estate funds according to Article 9 have a broader impact on the development of ESG within the whole industry

All of eQ's real estate funds are sustainable financial products according to Article 9. eQ is a responsible property owner who wants sustainability measures to lead to concrete and positive development in the energy efficiency of the properties owned and in questions of environmental and social responsibility. eQ has set a tough but realistic carbon neutrality target for in-use energy consumption by 2030.

Consideration of ESG is also evaluated by means of outside ESG assessments. Real estate investments climbed to the best category (five stars) in the PRI 2021 assessment for the first time.

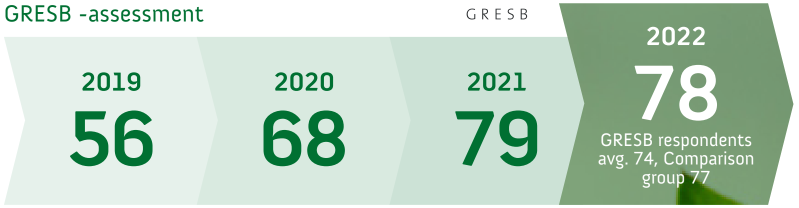
GRESB is a global sustainability comparison used for measuring and comparing the sustainability of real estate investment companies and funds in the management of their real estate portfolios. The annual assessment provides diversified coverage of sustainability in real estate management in terms of environmental matters, sustainable management and practices. Results obtained from the sustainability assessment are used as a tool for monitoring and developing sustainability in eQ's real estate investments. This year 1,820 businesses and funds from 74 countries took part in the assessment.

eQ's real estate funds participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment in the real estate sector for the fourth consecutive year. In the 2022 assessment, where the data came from the year 2021, both eQ Community Properties and eQ Commercial Properties achieved three stars out of five and a Green Star recognition for their sustainable work. Although the GRESB assessment was made more strict, both funds' results were better than the whole group of respondents and eQ's comparison group. eQ's real estate funds scored full points for setting of carbon neutrality and certification targets, cooperation with tenants and for management of sustainability (incl. policies, practical measures and reporting on sustainability). According to the assessment, eQ's real estate funds still have room for improvement in the coverage of consumption data on properties, for example.

The Building Research Establishment's Environmental Assessment Method (BREEAM) In Use certification is used to assess the operability of an individual property and related maintenance functions, identify any shortcomings and select areas of development. eQ's real estate funds intend to obtain a Breeam In Use certificate for all sites, with the Very Good level as their goal.

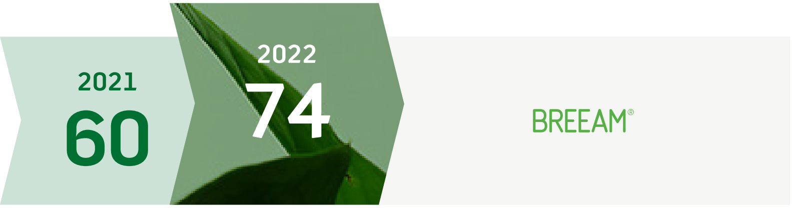
In the future, eQ's real estate funds classified according to Article 9 must also report the share of properties which meet the taxonomy criteria in the funds. Taxonomy compliance assessment was one of the key development projects last year, and this work still continues. Specific taxonomy criteria have been defined for properties built before 31 December 2020 and after that date. Last year eQ focused on reviewing properties built prior to 2020. By a rough estimate, the eQ Community Properties fund has 19 taxonomy compliant properties that meet the basic criteria (high energy category A or even B, depending on the type of property) and the eQ Commercial Properties fund has five of them. These properties need to undergo a review of climate risks which means evaluating, for instance, what kinds of physical climate risks the properties may face in the future relating to temperature (temperature variation), wind (changes in wind conditions), water (changes to rain conditions, such as precipitation and snow, rising sea levels, floods, etc.) or soil (deterioration of the soil, landslide, rising sea levels, etc.). The guidelines such properties have for managing potential risks are also assessed. In the next stage eQ will go through properties built since 31 December 2020. One should note that the taxonomy criteria leave plenty of room for interpretation, and the interpretations made now can still change and become more precise, so eQ wants to carry out a taxonomy compliance assessment on properties carefully and by taking its time.

eQ Commercial Properties
GRESB -assessment



eQ Community Properties
GRESB -assessment

eQ Commercial Properties BREEAM -sertificate target*



eQ Community Properties BREEAM -sertificate target*

* % of the value of fund's assets at the end of year. The target is to have assets certified with a level of "Very Good".

> eQ has set carbon neutrality target for in-use energy consumption by 2030.

Responsibility and sustainable energy solutions are systematically implemented in the eQ Residential and eQ Residential II funds as well. All investees are certified with "Very Good" as the targeted level for BREEAM In Use. The first certifications will be made in early 2023. A GRESB assessment is conducted for the first time after the sites in the fund have been completed. All sites have solar power plants. The eQ Residential fund has one site using geothermal energy already finished and two under construction. One site is also being built with heating that utilises an air/water heat pump. All other sites use green district heating. Green electricity is used at all sites in addition to solar power. The buildings are new and have a good energy classification (energy category B at least). All sites in the eQ Residential II fund boast the best energy category A.

In terms of real estate investing, eQ deems it important that the real estate team has an excellent level of ESG expertise and practical competence. This is supported by sustainability trainings started in 2022 concerning the real estate team and its partners. The themes of the training were focused on comprehending the taxonomy and how financiers of properties consider sustainability in their funding decisions.

In the latter part of the year eQ's real estate funds were accepted as a member of the Green Building Council Finland (FIGBC). Membership enables eQ's real estate funds to contribute to the development of the real estate and construction sector and to network among the actors in the industry. The biggest value of the membership for eQ is that the company can engage in regular discussions with other operators in the sector, seek best practices and develop ESG-related matters. Constantly learning new lessons and sharing information does not benefit eQ alone, instead the company can genuinely have a broader impact on the development of the entire real estate sector.

Private equity, private credit and venture capital investments

Private equity funds are in full flow with consideration and development of sustainability

eQ has monitored the development of sustainability at private equity funds since 2017 by means of an annual ESG survey sent to target funds, for instance.

The response rate to the 2021 ESG survey was 100% (comprising 111 managers/funds with more than 1,000 target companies in their portfolios). Results analysed in spring 2022 show that ESG practices among European managers are beginning to be at a good level. North American managers still lag behind their European counterparts in attitudes toward ESG (no sustainability-related regulation as in Europe), and there is considerable polarization between managers. A major improvement regarding ESG practices was witnessed regarding some North American managers in 2021, while many others were only taking their first steps in terms of ESG perspectives. In spring 2022 eQ initiated a comprehensive ESG cooperation project with its partner RCP. In the course of the year, RCP among other things organised seminars on ESG topics for eQ's fund managers and proactively contacted them on the coaching perspective relating to ESG. We can already see that this work has contributed to how managers are starting to look more positively at ESG. eQ believes that in the next few years North American managers will take significant leaps forward as far as ESG is concerned.

eQ is committed to considering adverse sustainability impacts ("PAI indicators") in its own investment activities and to report on them starting in 2022. These mandatory PAI indicators are reported annually to the extent appropriate information is available. In early autumn 2022 eQ proactively enquired its managers' capability to report sustainability indicator data to eQ as early as spring 2023. It was delightful to notice that pacesetting managers already work in Europe who develop investees' capacity for reporting by including these indicators in corporate business operations. eQ acknowledges that the coverage of PAI indicators regarding private equity investments will probably be low in the first few years, as small and medium-sized businesses tend to have inadequate reporting resources and some managers (such as in North America and the UK) are outside of regulation.

The EU Sustainable Finance Disclosure Regulation, which entered into force in March 2021, has certainly served as a key driver in sharpening the ESG approach among European private equity funds, in particular. In 2022 many private equity funds that accumulated assets were Article 8 funds, and among them were funds that had invested in very small enterprises (a company with 10 employees that was only beginning to develop its financial reporting capability). Managers who decided to classify their fund according to Article 6 in 2022 often justified their decision with the desire to ascertain that they would be able to fulfil the reporting obligation required by regulation and avoid "greenwashing".

In principle, every one of these managers believes that the next fund will be compliant with Article 8 (promoting environmental or social characteristics).

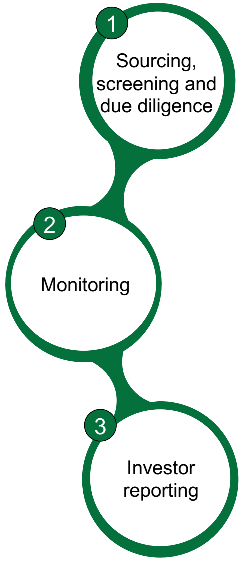
In June 2022 the company organised the eQ GP Day on ESG that was attended by 30 European private equity fund managers. At the event, the representative of Invest Europe reported the latest news on regulation of sustainable financing, and eQ presented the key observations on its annual ESG survey. Case presentations by two managers were also found to be very interesting and concrete. Feedback received from the event inspired eQ to continue this systematic work every year. eQ's role at the core of the manager field enables wide sharing of best practices.

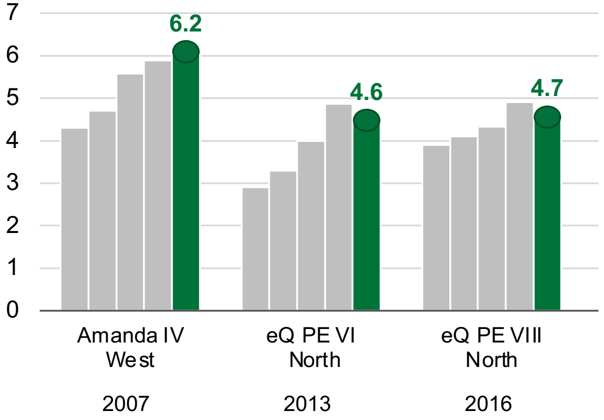
In late 2022 the company prepared the eQ PE ESG handbook that serves as a concrete tool for whole private equity team. This ensures that eQ's private equity team is a forerunner that wants to further improve its operation.

All in all, 2022 was an active year from the perspective of ESG activities and a great deal of concrete development work was completed. Still, it is clear that the standards are rising constantly and that the bar for eQ's own work has already been raised to the next height.

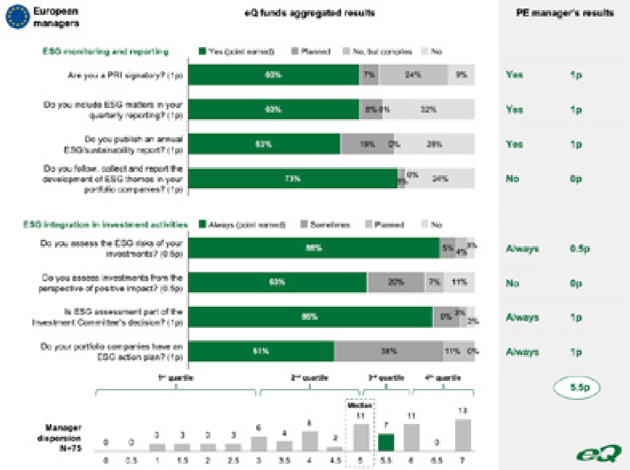
Sustainability in eQ's private equity investment activity

2017–2021 / ESG INTEGRATED INTO INVESTMENT PROCESS AND MONITORING





2022– / TARGETING BROAD APPLICATION OF ART. 8 IN EUROPEAN LOWER MIDDLE AND MIDDLE MARKET



Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions				
		Scope 2 GHG emissions				
		Scope 3 GHG emissions				
		Total GHG emissions				
	2. Carbon footprint	Carbon footprint				
	3. GHG intensity of investee companies	GHG intensity of investee companies				
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector				
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources				

ESG due diligence and manager communication

Annual ESG Survey

- ESG report once a year
- ESG development of tar
- Trends from several years
- Current themes

Enhanced dialogue and cooperation with managers & eQ GP Event

- "...improvement challenge accepted
- " the feedback is encouraging
- ".. refreshing and a helpful guidance
- " we highly appreciate the ESG rating by eQ

Continuous development

- ESG action plan for North American managers with RCP
- ESG coaching with European "support students"
- Coaching and supporting PAI reporting readiness
- Chairman of FVCA's ESG Committee and other networking

SME sector has inherently less resources available, but there is an even greater opportunity to influence and every step counts.

Realisation of environmental responsibility at eQ Group

Mitigation of climate change is an important theme both at eQ Group and in eQ Asset Management's investment operation. 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. On the other hand, eQ has an opportunity to promote sustainable development through eQ Asset Management's investment activities.

Although eQ does not operate in an "emitting industry", the company pays more and more attention to the environmental impacts of its own operation and develops its procedures in an increasingly sustainable direction. In 2021, on the basis of earlier 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/refreshments, 4. procurement, and 5. energy and water. In 2022 the company discussed indicators of themes on environmental responsibility and the need to update eQ Group's guidelines for environmentally friendly operation.

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. Employees are offered a travel ticket as employee benefit and part of the overall salary, and they also have access to eQ's joint public

MANAGEMENT
Improving continuously environmental matters. Internal working group

RECYCLING, SORTING AND CLEANING
Improving recycling and guidance as well as using environmentally friendly cleaning products

ENERGY AND WATER
Reducing electricity consumption and using renewable energy sources (hydropower)

MOVEMENT
Public transport ticket supported by the employer and using a remote connection (TEAMS etc.) when reducing unnecessary travel

PROCUREMENT
Giving up plastic bottled mineral water, favouring environmentally friendly and durable products (including Fair Trade products, bubble water tap) and reducing paper consumption

FOOD/CATERING
Salads, organic packaging as well as favouring other local food products

COMMUNICATION AND ENGAGEMENT
Communicating sustainable practices in the work community and training in key environmental matters as well as monitoring and reporting the development of these themes with the eQ Group's sustainability report

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. As the COVID-19 pandemic began to dissipate in early 2022, CO_2 emissions from the Group's air travel have returned to the 2019 levels. The reason for rising air travel emissions is the normalization of business operations regarding face-to-face meetings and events with potential and current investees and partners.

eQ takes care of the sorting and recycling of the office waste produced on its premises. The lessor of the premises used by eQ is responsible for waste management. In 2022, special attention was paid to reducing the amount of waste and increasing recycling, as in previous years. During the previous year the company updated eQ Group's guidelines for environmentally friendly operation and communicated them to all eQ employees. eQ also continued the implementation of measures on the sorting and recycling of office waste introduced in 2019. These measures included:

- drawing up guidelines for environmentally friendly operation to eQ's employees and arranging training on them,
- 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 guidelines for environmentally friendly operation are always presented when new employees are being trained. eQ also reports on the consumption of paper at its premises. Switching to double-sided printing a couple of years ago is manifested as a positive trend in the consumption data. The general reduction in the use of paper printouts is another positive trend in the figures. Paper consumption by eQ continued to decrease in 2022. eQ has not been engaged in legal proceedings or claims concerning environmental accidents.

Own energy consumption of the organisation

	2022	2021	2020	2019	2018
Electricity consumption, kWh	103,960	106,369	89,893	100,396	107,235
Origin of electricity:					
Share of renewable energy, %	100%	100%	100%	100%	100%
Share of nuclear power, %	0%	0%	0%	0%	0%
Share of fossil fuels, %	0%	0%	0%	0%	0%
Specific carbon dioxide emissions of electricity, g/kWh	0	0	0	0	0
Nuclear fuel used in electricity, mg/kWh	0.0	0.0	0.0	0.0	0.0
Carbon dioxide emissions of electricity, total, kg	0	0	0	0	0
Carbon dioxide emissions of electricity per net revenue, g/EUR	0.00	0.00	0.00	0.00	0.00
Electricity consumption per rented office square metre, kWh	55	64	54	60	64
Electricity consumption per person, kWh	1,106	1,108	956	1,128	1,254

Other environmental responsibilities*

	2022	2021	2020	2019	2018
Other indirect greenhouse gas emissions					
Travelling by air, CO_2 emissions, kg	51,879	4,669	3,961	42,455	70,396
Travelling by air, CO_2 emissions, kg per person	552	49	42	477	823
Use of material					
Paper consumption, total, kg	631	715	1,710	1,985	1,950
Paper consumption, kg per person	7	7	18	22	23

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

Realisation of social responsibility at eQ Group

eQ as employer

The aim of eQ Group is to act as a responsible employer. The personnel is eQ's most important resource.

The year 2022 that just ended was exceptional in many ways. As the coronavirus pandemic was letting up early in the year, the general market situation started to look quite positive. The Russian invasion of Ukraine in February 2022 and rising energy prices, accelerating inflation and rate increases by central banks, among other factors, have influenced market sentiment. The continuing uncertainty has definitely caused challenges for every employee's coping at work. Despite the current challenges and atmosphere in the operating environment, the commitment and job satisfaction of the Group's employees have remained at an extremely high level. The results are excellent when reviewed by the five-year trend also.

The results of the biannual survey on well-being at work were excellent in 2022 as well. The survey 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 (2021: 4.3). In the summer of 2022 eQ extended its premises and added conference rooms and silent workspaces, which garnered praise in the survey. Employees also regarded the tools, a clear division of work and a caring atmosphere at work as positive aspects. According to the survey, employees are happy to recommend eQ Group as an employer. The eNPS value that describes this was very high at 48 (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 to the 2022 survey of well-being at work was also high, averaging at 89.3% (2021: 89.3%). The personnel survey 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.

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.

Calculated as full-time resources, eQ Group had 94 employees at the end of 2022 (2021: 96). When calculating full-time resources, part-time employees and

Personel

	2022	2021	2020	2019	2018
Personnel as full-time resources	94	96	94	89	86
Permanent employment relationship	94	91	94	88	85
Temporary employment relationship	4	11	9	4	6
Employment relationship, total	98	102	103	92	91
Share of temporary employees, %	4,1%	10,8%	8,7%	4,3%	6,6%
Full-time, total	94	93	95	89	86
Part-time, total	4	9	8	3	5
Age and gender distribution, no.					
18–30 years total, (F/M)	22 (8/14)	25 (10/15)	23 (9/14)	15 (4/11)	17 (6/11)
31–40 years total, (F/M)	22 (8/14)	28 (13/15)	31 (13/18)	34 (14/20)	31 (10/21)
41–50 years total, (F/M)	26 (10/16)	22 (8/14)	20 (7/13)	17 (7/10)	19 (8/11)
51–60 years total, (F/M)	26 (9/17)	26 (8/18)	27 (11/16)	25 (14/11)	22 (11/11)
61– years total, (F/M)	2 (2/0)	1 (1/0)	2 (1/1)	1 (-/1)	2 (-/2)
Total	98 (37/61)	102 (40/62)	103 (41/62)	92 (39/53)	91 (35/56)
Average age of employees, years	42.4	41.2	41.3	41.3	40.9
Employment relationships based on gender, no. and %					
Female	37 (38%)	40 (39%)	41 (40%)	39 (36%)	35 (38%)
Male	61 (62%)	62 (61%)	62 (60%)	53 (64%)	56 (62%)
Employee turnover (%)	11.7%	8.7%	4.2%	9.3%	8.8%
Sick leaves during the year, day per person	4.6	1.7	2.7	2.8	1.9
Work accidents*	4	0	0	1	2
Work well-being					
Job satisfaction and well-being at work**	4.3	4.3	4.3	4.4	4.3
eNPS value***	48	44	49	59	-

* An occupational accident is an accident that occurs at the workplace, on the way from home to work or vice versa, or during a business or other trip ordered by the employer.

** Rating scale: "poor" (1–2.4), "adequate" (2.5–2.9), "satisfactory" (3–3.4), "good" (3.5–3.9) and "excellent" (4–5).

*** Scale from -100 to +100: "Good" (0 - +20), "Excellent" (over 20) and "Top score" (over 40). eQ has monitored and reported the eNPS score since 2019.

SATISFACTION AND WELL-BEING AT WORK

4.3

(SCALE 1–5)

NUMBER OF PERSONNEL

94

those on parental and study leave have been included. Altogether 98 persons had an employment relationship with eQ (2021: 102), and 4 of them worked part-time (2021: 11). Part-time employees are used in seasonal tasks or projects.

Of the personnel, 38% were women (2021: 39%) and 62% men (2021: 61%). The average age of the personnel was 42.4 years (2021: 41.2), and the employee turnover in 2022 was 11.7% (2021: 8.7%). In 2022, the average sick leave of the personnel was 4.6 days per person (2021: 1.7) and there were 5 occupational accidents in 2022 (2021: 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

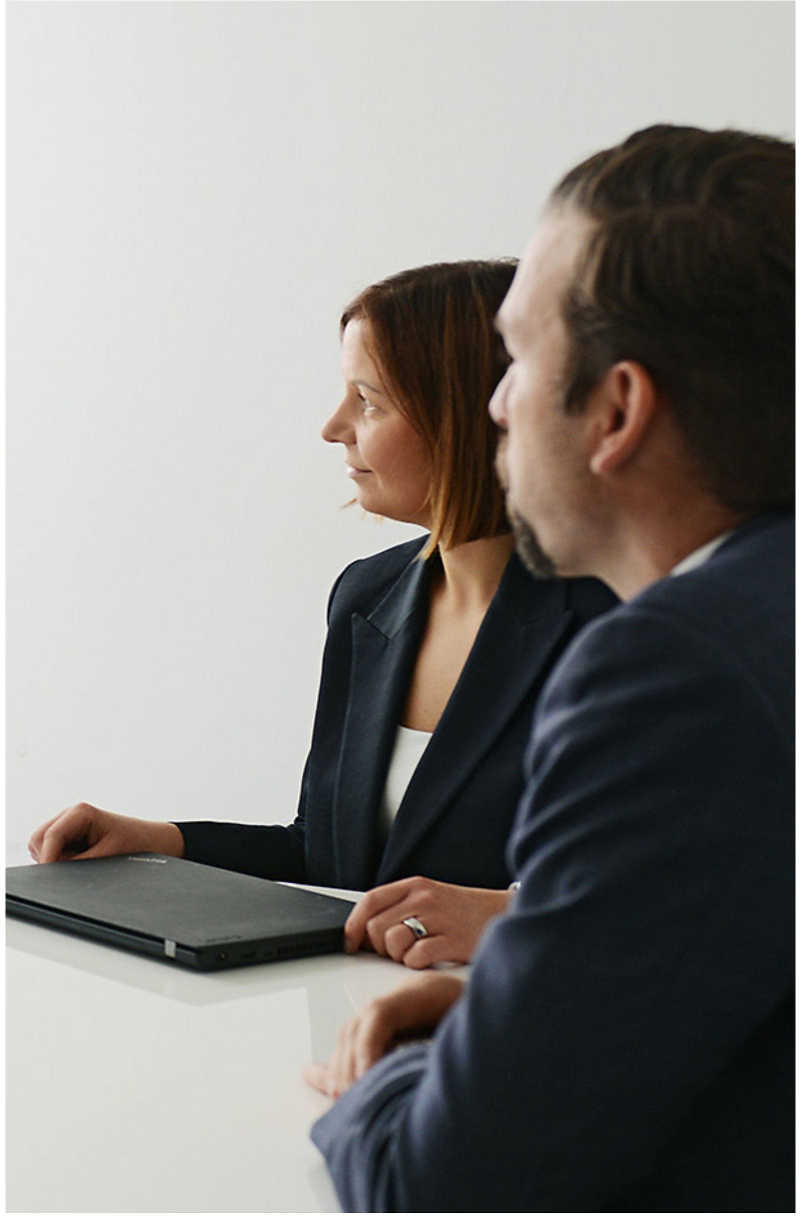
eQ Plc's Board of Directors aims to promote the diversity of the Board's composition for its part. When assessing diversity, the Board takes into consideration, for instance, the age and gender of the directors, their education and professional experience, individual characteristics and experience that 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 2022 financial period, 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 2022 financial period 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 company's Board of Directors monitored diversity issues during the 2022 financial period.

Diversity of the Board of Directors on 31 December 2022

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%



Good governance at eQ Group

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, the Remuneration Report for Governing Bodies, 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 (*https://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. eQ Plc's Board has a full-time Chair whose duties, besides serving as Chair, include developing eQ's strategy together with the CEO. 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 (*https://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 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 Governing Bodies can be found on eQ's website (*https://www.eq.fi/en/about-eq-group/hallinnointi/palkitseminen*).

eQ Plc publishes an annual Remuneration Report for Governing Bodies at the same time as the Annual Report. The 2022 Remuneration Report for Governing Bodies was drawn up in accordance with the 2020 Corporate Governance Code for listed companies, and eQ Plc's Board of Directors reviewed it on 6 February 2023.

The Remuneration Report for Governing Bodies accounts for the remuneration paid to the Board of Directors and CEO during the previous financial period, how the Remuneration Policy for 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 for Governing Bodies is available on eQ's website (*https://www.eq.fi/en/about-eq-group/hallinnointi/palkitseminen*).

In addition to the Remuneration Policy and Report for 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 (*https://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 a top-level instruction 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 wants to earn 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. 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 on the basis of the personnel survey, for example. The themes of eQ Group's 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 (*https://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 2022, the income tax for eQ's taxable profit paid in Finland totalled EUR 9.4 million (2021: EUR 9.6 million). The Group's effective tax rate was 20.6% (2021: 20.1 %).

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 2022 totalled EUR 4.4 million (2021: EUR 3.3 million).The withholdings that eQ made from the salaries amounted to EUR 9.0 million (2021: EUR 7.1 million) and the other tax-like charges totalled EUR 2.2 million (2021: EUR 1.5 million).

The value-added tax remitted by eQ Group in 2022 totalled EUR 0.5 million (2021: EUR 0.7 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 2022 totalled EUR 1.8 million (2021: 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 2022. 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, 1,000 EUR	2022	2021	2020	2019	2018
Taxes paid					
Income tax, Finland	9,437	9,560	6,209	5,306	4,679
Effective tax rate	20.6%	20.1%	20.2%	20.2%	20.8%
Charges of tax-like nature payable by the employer (employee pension, social security and unemployment charges)	4,420	3,317	2,978	2,960	2,770
Taxes remitted					
Withdrawal from salaries, Finland	9,018	7,102	6,483	5,901	5,267
Charges of tax-like nature payable by the employee (employee pension, unemployment charges)	2,163	1,529	1,405	1,308	1,106
Value-added tax paid, Finland	536	658	393	1,503	768
Tax withdrawn from dividend and equity repayment, Finland	1,762	1,246	1,217	1,061	976

04

Report by the Board of Directors

Report by the Board of Directors 1 January to 31 December 2022

Operating environment

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

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

The rapid and drastic increase in central bank rates from around zero also lead to a steep rise of long-term interest rates. This meant exceptionally negative returns for those who had invested in fixed income funds. The return of euro government bonds for the entire year was -18.2 per cent, i.e. record weak. The return of the Investment Grade Index was -14.0 per cent and that of the High Yield Index -11.7 per cent. The fall in emerging market corporate loans as -16.5 per cent as euro hedged.

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

Major events during the financial period

On 3 February 2022, eQ Plc's Board decided on a new option scheme to the key personnel of eQ Group. The number of option rights in the 2022 option scheme is 990,000. Based on the option scheme 2022, the Board of Directors of eQ Plc decided to issue 940,000 option rights to key persons employed by the eQ Group nominated by the Board during the period under review. The option scheme 2022 covers more than one fourth of eQ Group's personnel.

eQ Plc's Annual General Meeting was held on 23 March 2022. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra, Janne Larma and Tomas von Rettig were re-elected to the Board. The Chair of the Board is Janne Larma and Deputy Chair Georg Ehrnrooth.

During the period under review, the number of eQ Plc's shares increased with new shares subscribed for with option rights. The number of shares increased by 180,000 shares on 17 May 2022 and by 617,500 shares on 16 June 2022. After the changes, the number of eQ shares is 40,429,698.

Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 77.8 million (EUR 78.9 million from 1 Jan. to 31 Dec. 2021). The Group's net fee and commission income was EUR 77.1 million (EUR 71.6 million). The Group's net investment income from own investment operations was EUR 0.7 million (EUR 7.3 million), including the return from private equity and real estate fund investments and liquid fixed income funds.

The Group's expenses and depreciation totalled EUR 32.0 million (EUR 31.2 million). Personnel expenses were EUR 26.7 million (EUR 26.7 million), other administrative expenses EUR 2.5 million (EUR 2.1 million) and the other operating expenses were EUR 1.7 million (EUR 1.3 million). Depreciation was EUR 1.2 million (EUR 1.0 million).

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

Business Areas

Asset Management

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

Mutual funds and asset management

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

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

Of the funds managed by eQ, 23 per cent surpassed their benchmark indices during the year, and in the past three years, 77 per cent of the funds managed by eQ have surpassed their benchmark indices. The average Morningstar rating of funds managed by eQ was 3.2 stars at the end of the period under review. The returns of the discretionary asset management portfolios that eQ manages varied between approximately -9.1 and -16.6 per cent during the period, based on the allocation of the investment portfolio. The return of portfolios that are only invest in Finnish shares was -14,4 per cent. eQ Europe Dividend Fund was awarded as the Best Nordic European Dividend Fund by Lipper Fund Awards for the second time in a row. The award is based on the fund's 3 and 5-year risk-adjusted return. In addition, the clients assessed the overall quality of eQ Asset Management as the best in Finland in 2022 in Kantar Prospera's "External Asset Management Finland" study. According to the annual highly esteemed study of SFR, which is conducted among Finnish corporate customers, eQ Asset Management was the second largest institutional asset manager. It was ranked as number one in quality and received the Platinum Award. The ESG ratings of the eQ funds are better than the average, and eQ obtained excellent ESG ratings in the latest PRI assessment.

Private Equity

The first closing of the new eQ PE XIV North private equity fund was held at the end of January 2022 at EUR 196 million. In the final closing of the fund towards the end of 2022, the size of the fund grew to EUR 288 million. The eQ PE XIV North Fund makes investments in private equity funds that invest in unlisted, small and mid-sized growth companies in Northern Europe. eQ also established its fourth secondary market fund eQ PE SF IV, and its first closing was held at EUR 85 million. In the final closing, the size of the fund grew to EUR 151 million. The secondary market investments of the eQ PE XIV North Fund are carried out through the eQ PE SF IV Fund. The investment focus of the eQ PE SF IV Fund is, both geographically and as for the size of companies, the same as that of the eQ PE XIV North Fund. Towards the end of the year, we also held the final closing of the eQ VC Fund, the size of the fund grew to USD 77 million. The eQ VC Fund invests in the best venture capital funds in the US.

eQ's private equity ESG integration and reporting are at an excellent level and the company continues with the development work. At the end of the financial period, the assets in private equity funds managed by eQ totalled EUR 2,726 million (EUR 2,203 million) and the assets managed under private equity asset management programmes were EUR 1,009 million (EUR 1,001 million).

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

Real estate investments

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

In 2022, new net subscriptions for EUR 131 million were made in the eQ Community Properties Fund. At the end of the period under review, the size of the fund was EUR 1,616 million and its real estate property exceeded EUR 2.2 billion. The return of the fund in 2022 was 8.2 per cent and since establishment 8.9 per cent p.a. The fund has approximately 4,800 unit holders.

In May 2020, eQ established a new real estate fund eQ Residential. The fund was finally closed in May 2021 at EUR 100 million. The investment operations have proceeded excellently, and the fund invests more than EUR 300 million in residential real estate. eQ Residential makes investments in the Helsinki metropolitan area, Tampere and Turku. The fund targets complete residential buildings and aims to manage approximately 1,500 rental units in total. In practice, the entire investment capacity of the fund was used by the end of 2021, and therefore we decided to establish a new eQ Residential II Fund. The first closing of the new fund was held at EUR 27 million in January, and the size of the fund has grown to EUR 53 million during the year 2022. Unlike eQ Community Properties and eQ Commercial Properties funds, the eQ Residential funds are intended for professional investors only, and they have a closed-end fund structure.

Overall, eQ's real estate funds had real estate property worth more than EUR 3.6 billion at the end of the year, and eQ has become a major Finnish real estate investor. In 2022, eQ's real estate funds participated in the GRESB sustainability assessment already for the fourth time. The results have remained good in 2022 and clearly exceed both the average results of companies participating in the GRESB assessment and the results of the funds' peers.

Assets under management and clients

The assets managed by eQ Asset Management totalled EUR 12,564 million at the end of the period. Growth during the period was EUR 980 million (EUR 11,584 million on 31 Dec. 2021). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 4,101 million (EUR 4,264 million), and the assets decreased by EUR 163 million during the period under review. The assets managed by the real estate funds totalled EUR 2,697 million (EUR 2,283 million). The assets managed by the private equity funds and asset management programmes totalled EUR 3,734 million (EUR 3,203 million).

Assets under management, MEUR	12/2022	12/2021	Change
eQ mutual funds	4,101	4,264	-4%
of which eQ equity, fixed income and balanced funds	1,687	2,082	-19%
of which eQ real estate funds	2,415	2,182	11%
Closed-end real estate funds*	282	100	181%
Funds of partners and other asset management	1,561	1,619	-4%
eQ private equity funds	2,726	2,203	24%
Private equity asset management programmes	1,009	1,001	1%
Total excl. reporting services	9,678	9,187	5%
Private equity reporting services	2,885	2,397	20%
Total	12,564	11,584	8%

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

Result of the Asset Management segment

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

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

Asset Management	1–12/2022	1–12/2021	Changes
Net revenue, MEUR	71.8	64.9	11%
Operating profit, MEUR	45.9	40.3	14%
Cost/income ratio, %	36.0	37.7	-5%
Personnel as full-time resources	76	76	0%

Fee and commission income, Asset Manage-ment, MEUR	1–12/2022	1–12/2021	Change
Management fees			
Traditional asset management	9.4	10.6	-11%
Real estate asset management	35.1	29.1	21%
Private equity asset management	16.9	13.9	22%
Management fees, total	61.5	53.6	15%
Performance fees, total			
Traditional asset management	0.0	2.9	-100%
Real estate asset management	4.3	5.4	-19%
Private equity asset management	6.5	3.1	108%
Performance fees, total	10.8	11.4	-5%
Other fee and commission income	0.1	0.5	-68%
Fee and commission income, total	72.4	65.4	11%

Corporate Finance

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

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

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

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

Result of the Corporate Finance segment

During the financial period, Advium's net revenue totalled EUR 5.4 million (EUR 6.9 million from 1 Jan. to 31 Dec. 2021). Operating profit was EUR 1.7 million (EUR 2.7 million). The segment had 13 employees at the end of the period.

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

Corporate Finance	1–12/2022	1–12/2021	Change
Net revenue, MEUR	5.4	6.9	-22%
Operating profit, MEUR	1.7	2.7	-37%
Cost/income ratio, %	67.7	60.0	13%
Personnel as full-time resources	13	15	-13%

Investments

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

During the period, the operating profit of the Investments segment was EUR 0.7 million (EUR 7.1 million from 1 Jan to 31 Dec. 2021). At the end of the period, the fair value of the investments was EUR 16.8 million (EUR 18.8 million on 31 Dec. 2021) and the amount of the remaining investment commitments was EUR 7.5 million (EUR 7.2 million). During the period under review, eQ Plc made a EUR 1.0 million investment commitment in the eQ PE XIV North private equity fund and a EUR 1.0 million commitment in the eQ Residential II Fund.

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

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	1–12/2022	1–12/2021	Change
Operating profit, MEUR	0.7	7.1	91%
Fair value of investments, MEUR	16.8	18.8	-11%
Investment commitments, MEUR	7.5	7.2	3%
Net cash flow of investments, MEUR	2.8	4.1	-32%

Balance sheet, financial position and capital adequacy

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

At the end of the period, liquid assets totalled EUR 23.7 (EUR 35.1 million) and liquid investments in mutual funds EUR 20.1 million (EUR 20.9 million).

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

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

The ratio between total capital and the capital requirement according to eQ Group's capital adequacy calculations was 242.3 per cent (229.4 per cent on 31 Dec. 2021). eQ Asset Management Ltd as investment firm and eQ Plc as the holding company apply the IFD/IFR regime. The most restrictive capital requirement for eQ is defined on the basis of fixed overheads at the end of the period. The minimum capital requirement based on fixed overheads was EUR 4.9 million. At the end of the period, the Group's total capital based on capital adequacy calculations totalled EUR 11.9 million (EUR 10.8 million).

Capital adequacy, 1,000 EUR

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

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

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 23 March 2022. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra, Janne Larma and Tomas von Rettig were re-elected to the Board. The Board elected Janne Larma Chair of the Board and George Ehrnrooth Deputy Chair of the Board. eQ Plc's Board had eight meetings during the financial period 2022, average attendance being 100%.

On 31 December 2022, 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 Mikko Koskimies. The company auditor was KPMG Oy Ab, a firm of authorized public accountants, with Tuomas Ilveskoski, APA, as auditor with main responsibility.

Personnel

At the end of the period, the number of Group personnel calculated as full-time resources was 94 (96 persons on 31 December 2021). Calculated as full-time resources, the Asset Management segment had 76 (76) employees and the Corporate Finance segment 13 (15) employees. Group administration had 5 (5) employees.

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

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 8.83% 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 2022, the number of eQ Plc's shares was 40,429,698 and the share capital was EUR 11,383,873.00.

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

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

Option schemes

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

Option scheme 2018:

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

Of the options granted, altogether 797,500 had been exercised by the end of the period. The number of outstanding options was 977,500 at the end of the period. No options of the option scheme 2018 can any longer be allocated.

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

Option scheme 2022:

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

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

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

The subscription period of shares with option rights 2022 will begin on 1 April 2025 April and end on 30 April 2027. The terms and conditions of the option scheme have been published in a stock exchange release of 4 February 2022, and they can be found in their entirety on the company website at *www.eQ.fi/en*.

Own shares

At the end of the financial period, on 31 December 2022, eQ Plc held no own shares.

Shareholders

On 16 June 2022, eQ Plc published a flagging announcement in which Fennogens Investments S.A. announced that its holding in the company had fallen below the 20 per cent flagging threshold. The change in holding was due to the increase in the number of eQ Plc's shares.

Shareholders

Major shareholders	Number of shares	% of votes and shares
Fennogens Investments S.A.	7,962,605	19.69%
Anchor Oy Ab	6,206,706	15.35%
Chilla Capital S.A.	6,165,904	15.25%
Teamet Oy	4,225,000	10.45%
Oy Cevante Ab	1,419,063	3.51%
Fazer Jan Peter	1,314,185	3.25%
Procurator-Holding Oy	793,892	1.96%
Lavventura Oy	700,000	1.73%
Ilmarinen Mutual Pension Insurance Company	697,500	1.73%
Linnalex Ab	631,652	1.56%
Pinomonte Ab	529,981	1.31%
Umo Invest Oy	414,240	1.02%
Pohjolan Kiinteistökehitys Oy	387,000	0.96%
Leppä Jukka-Pekka	325,000	0.80%
Sever Match Oy	290,000	0.72%
Mononen Matti	180,000	0.45%
Balance Finance-Team Oy	160,000	0.40%
Leenos Oy	158,772	0.39%
Nacawi Ab	150,000	0.37%
Viskari Jyri	150,000	0.37%
Others	7,568,198	18.72%
Total	40,429,698	100.00%

The information is based on the situation in the share register maintained by Euroclear Finland Ltd on 31 December 2022.

Ownership structure by sector on 31 December 2022

	Number of shares	% of votes and shares
Corporations	16,927,139	41.87%
Financial and insurance institutions	945,877	2.34%
Public sector entities	721,892	1.79%
Households	7,303,941	18.07%
Foreign	14,195,411	35.11%
Other [1)]	335,438	0.83%
Total	40,429,698	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	4,135	49.96%
101–500	2,540	30.69%
501–1,000	698	8.43%
1,001–5,000	702	8.48%
5,001–10,000	91	1.10%
10,001–50,000	67	0.81%
50,001–100,000	16	0.19%
100,001–500,000	17	0.21%
500,001–	11	0.13%
Total	8,277	100.00%

Number of shares per shareholder	Number of shares	% of shares
1–100	171,045	0.42%
101–500	649,935	1.61%
501–1,000	541,261	1.34%
1,001–5,000	1,541,419	3.81%
5,001–10,000	665,553	1.65%
10,001–50,000	1,463,922	3.62%
50,001–100,000	1,226,625	3.03%
100,001–500,000	3,523,450	8.72%
500,001–	30,646,488	75.80%
Total	40,429,698	100.00%

Nominee registered shares

Of the company shares, 462,391 were nominee-registered, representing 1.14% 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 2022 totalled EUR 65,947,885.52. The sum consisted of retained earnings of EUR 40,741,192.96 and the means in the reserve of invested unrestricted equity of EUR 25,206,692.56.

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

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

Events after the financial period

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

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

Outlook

As for sales, the year 2022 was very good for eQ Asset Management. In January 2023, the eQ PE XV US private equity fund raised a record amount of assets in the first closing of the fund, i.e. almost USD 180 million, which is 35 per cent more than our previous fund investing in the US in its first closing. This strengthens our view that the demand for alternative investment products continues to be strong among investors and the increase in fixed management fees will continue. The returns of real estate funds are linked to the development of return requirements and their possible performance fees for 2023 involve uncertainty. The performance fees of private equity funds will, on the other hand, be at the same level due to the catch up accrual.

Consequently, we expect the net revenue and operating profit of the Asset Management segment to be at the same level as last year or to grow in 2023. In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent on factors that are not dependent on the company. Therefore, their operating profits may vary considerably and are difficult to foresee.

Helsinki, 6 February 2023

eQ Plc
Board of Directors

Consolidated key ratios

EUR 1,000	2022	2021	2020	2019	2018
INCOME STATEMENT					
Fee and commission income, net	77,129	71,578	56,734	49,505	43,571
Net income from financial assets	709	7,314	32	1,132	1,794
Net revenue	77,781	78,880	56,744	50,614	45,367
Operating profit (loss)	45,735	47,660	30,757	26,292	22,450
% of net revenue	58.8	60.4	54.2	51.9	49.5
Profit (loss) for the period	36,322	38,078	24,610	21,035	17,799
BALANCE SHEET					
Claims on credit institutions and liquid assets	23,688	35,141	21,453	22,375	15,848
Financial assets	36,956	39,760	30,576	26,112	26,777
Intangible and tangible assets	35,186	30,819	31,812	32,159	29,748
Other assets and receivables	15,027	5,123	7,636	4,772	5,837
Total assets	110,858	110,842	91,476	85,418	78,211
Total equity	81,779	79,955	67,545	65,117	62,249
Liabilities	29,079	30,887	23,931	20,301	15,962
Total liabilities and equity	110,858	110,842	91,476	85,418	78,211

EUR 1,000	2022	2021	2020	2019	2018
PROFITABILITY AND OTHER KEY RATIOS					
Return on investment, ROI % p.a.	43.2	50.6	35.9	32.4	28.5
Return on equity, ROE % p.a.	44.9	51.6	37.1	33.0	28.5
Equity to assets ratio, %	73.8	72.1	73.8	76.2	79.6
Gearing, %	-46.7	-68.7	-50.8	-45.7	-41.3
Cost/income ratio, %					
Group	41.1	39.5	45.6	48.1	50.5
Asset Management	36.0	37.7	39.0	42.7	46.9
Corporate Finance	67.7	60.0	72.3	64.1	54.7
Number of personnel as full-time resources at the end of the period	94	96	94	89	86
Number of personnel as full-time resources, average	96	95	92	88	85

EUR 1,000	2022	2021	2020	2019	2018
SHARE-RELATED KEY RATIOS					
Earnings per average share, EUR	0.91	0.97	0.64	0.55	0.47
Diluted earnings per average share, EUR	0.87	0.93	0.60	0.51	0.45
Equity per share, EUR	2.02	2.02	1.74	1.70	1.65
Equity per share, EUR[1]	2.04	2.03	1.76	1.71	1.66
Dividend, EUR 1,000[2]	36,791	38,443	24,878	21,069	17,722
Dividend per share[2]	0.91	0.97	0.64	0.55	0.47
Dividend per earnings, %[2]	100.0	100.0	100.0	100.0	100.0
Repayment of equity, EUR 1,000[3]	3,639	1,189	2,332	2,682	2,640
Repayment of equity per share[3]	0.09	0.03	0.06	0.07	0.07
Dividend and repayment of equity, total, EUR 1,000	40,430	39,632	27,211	23,750	20,362
Dividend and repayment of equity, total per share	1.00	1.00	0.70	0.62	0.54
Effective dividend and equity repayment yield, %	3.9	3.9	4.2	5.0	7.1
Price/earnings ratio, P/E	28.0	26.5	26.2	22.6	16.2
Adjusted share price development, EUR					
Average price	23.54	23.26	13.43	9.61	8.59
Highest price	27.95	30.65	17.05	13.15	9.36
Lowest price	20.10	16.50	9.54	7.72	7.60
Closing price	25.45	25.75	16.75	12.45	7.60
Market capitalisation, EUR 1,000	1,028,936	1,020,529	651,109	476,925	286,575
Market capitalisation, EUR 1,000	1,948	2,090	2,722	1,616	5,444
% of total number of shares	4.9	5.3	7.1	4.2	14.5
Share turnover, EUR 1,000	45,853	48,909	35,793	15,926	45,378
Adjusted number of shares, 1,000 shares					
Average during the year	40,082	39,353	38,448	38,044	37,607
At the end of the year	40,430	39,632	38,872	38,307	37,707

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

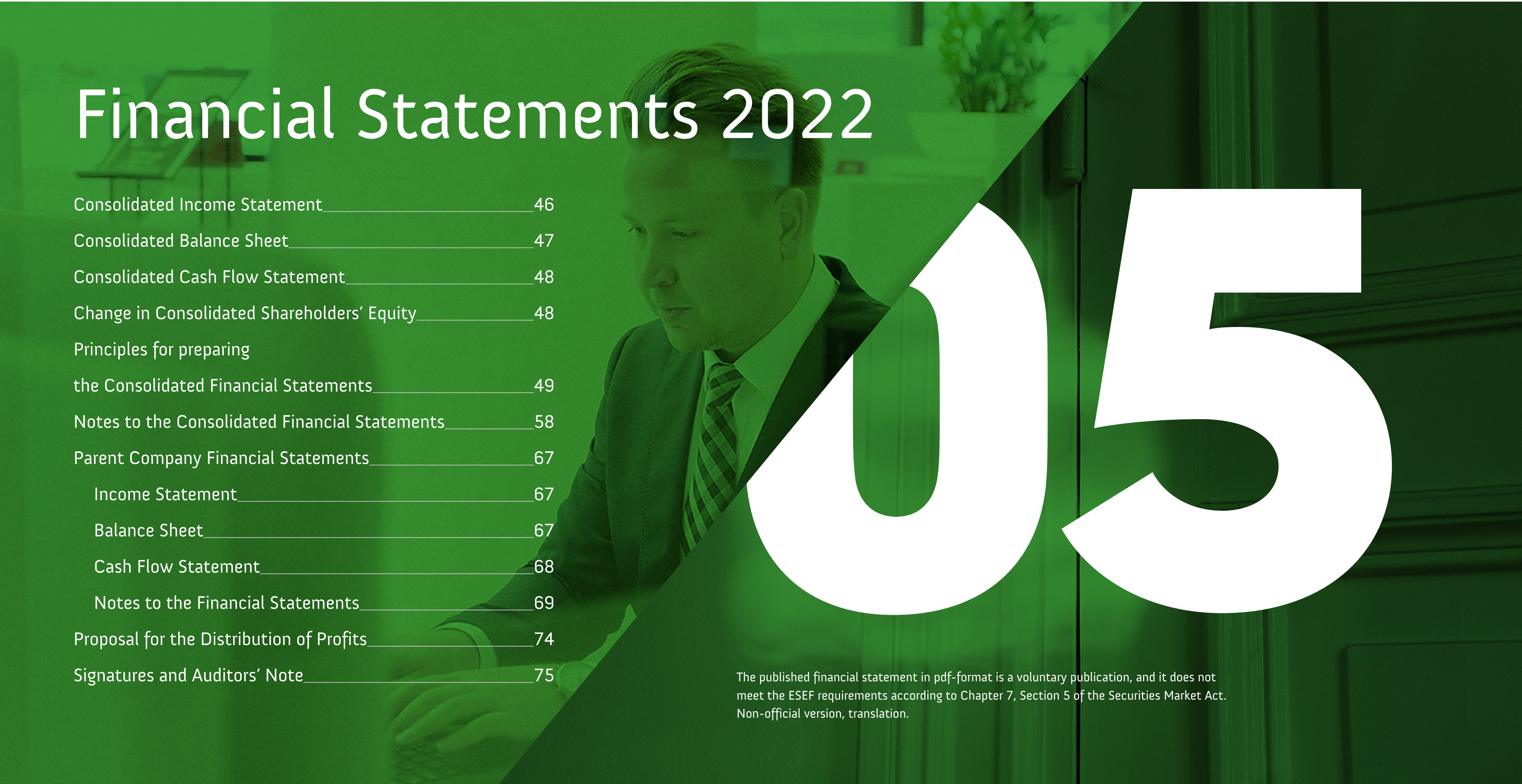
$$\frac{\text{adjusted share price at the balance sheet date}}{\text{earnings per share}}$$

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 2022

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The published financial statement in pdf-format is a voluntary publication, and it does not meet the ESEF requirements according to Chapter 7, Section 5 of the Securities Market Act. Non-official version, translation.

Consolidated Income Statement

1,000 EUR	Note no.	2022	2021
Fee and commission income	5	77,665	72,152
Interest income	6	8	7
Net income from financial assets	7	709	7,314
Operating income, total		78,383	79,473
Fee and commission expenses	8	-536	-574
Interest expenses	9	-65	-19
NET REVENUE		77,781	78,880
Administrative expenses	10		
Personnel expenses		-26,724	-26,683
Other administrative expenses		-2,490	-2,141
Depreciation on tangible and intangible assets	11	-1,178	-1,050
Other operating expenses	12	-1,655	-1,346
OPERATING PROFIT (LOSS)		45,735	47,660
PROFIT (LOSS) BEFORE TAXES		45,735	47,660
Income tax	13	-9,412	-9,582
PROFIT (LOSS) FOR THE PERIOD		36,322	38,078

Consolidated statement of comprehensive income

1,000 EUR	Note no.	2022	2021
Other comprehensive income:		-	-
Other comprehensive income after taxes		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		36,322	38,078
Profit for the period attributable to:			
Equity holders of the parent company		36,322	38,078
Non-controlling interest		-	-
Comprehensive income for the period attributable to:			
Equity holders of the parent company		36,322	38,078
Non-controlling interest		-	-
Earnings per share calculated from the profit of equity holders of the parent company:	14		
Earnings per average share, EUR		0.91	0.97
Diluted earnings per average share, EUR		0.87	0.93

Consolidated Balance Sheet

EUR 1,000	Note no.	31 Dec. 2022	31 Dec. 2021
ASSETS			
Liquid assets		21	71
Claims on credit institutions	15	23,667	35,069
Financial assets	16, 26–29		
Financial securities		20,119	20,943
Private equity and real estate fund investments		16,837	18,817
Intangible assets	17		
Goodwill and brands		29,212	29,212
Client agreements		108	208
Other intangible assets		79	131
Tangible assets	18		
Right-of-use assets		5,273	965
Other tangible assets		514	301
Other assets	19	14,393	4,525
Accruals and prepaid expenditure	20	426	502
Income tax receivables		138	52
Deferred tax assets	21	70	44
TOTAL ASSETS		110,858	110,842

EUR 1,000	Note no.	31 Dec. 2022	31 Dec. 2021
LIABILITIES AND EQUITY			
LIABILITIES			
Other liabilities	22	6,829	6,348
Accruals and deferred income	23	16,607	19,103
Lease liabilities	24	5,621	1,187
Income tax liabilities		22	4,249
TOTAL LIABILITIES		29,079	30,887
EQUITY	30		
Attributable to equity holders of the parent company:			
Share capital		11,384	11,384
Reserve for invested unrestricted equity		27,061	24,247
Retained earnings		7,011	6,247
Profit (loss) for the period		36,322	38,078
TOTAL EQUITY		81,779	79,955
TOTAL LIABILITIES AND EQUITY		110,858	110,842

Consolidated Cash Flow Statement

EUR 1,000	2022	2021
Cash flow from operations		
Operating profit	45,735	47,660
Depreciation and impairment	1,178	1,050
Interest income and expenses	57	13
Transactions with no related payment transactions	2,451	-3,894
Financial assets - private equity funds	755	910
Change in working capital		
Business receivables, increase (-) / decrease (+)	-9,741	2,500
Interest-free debt, increase (+) / decrease (-)	-6,264	3,555
Change in working capital, total	-16,005	6,055
Cash flow from operations before financial items and taxes	34,172	51,794
Interests received	8	7
Interests paid	-65	-19
Income taxes	-9,553	-5,321
Cash flow from operations	24,561	46,460
Cash flow from investments		
Investments in tangible and intangible assets	-369	-70
Investments in other investments - liquid mutual funds	727	-6,018
Cash flow from investments	359	-6,088
Cash flow from financing		
Dividends/equity repayments	-39,632	-27,242
Subscription of new shares	4,003	1,392
Deduction of lease liability capital	-744	-834
Cash flow from financing	-36,372	-26,685
Increase/decrease in liquid assets	-11,452	13,688
Liquid assets on 1 Jan.	35,141	21,453
Liquid assets on 31 Dec.	23,688	35,141

Change in Consolidated Shareholders' Equity

EUR 1,000	Equity attributable to equity holders of the parent company				
	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2022	11,384	24,247	44,325	79,955	79,955
Comprehensive income					
Profit (loss) for the period			36,322	36,322	36,322
Other comprehensive income			-	-	-
Total comprehensive income			36,322	36,322	36,322
Dividends/equity repayments		-1,189	-38,443	-39,632	-39,632
Subscription of new shares		4,003		4,003	4,003
Options granted			1,130	1,130	1,130
Shareholders' equity on 31 Dec. 2022	11,384	27,061	43,334	81,779	81,779
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

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 2022. The Board of Directors of eQ Plc has approved the consolidated financial statements for publication on 6 February 2023. 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 2022 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 2022. 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 Asunnot GP Oy
- eQ Asunnot II GP Oy
- 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 accrues the catch up share of private equity funds' performance fee in the income statement. eQ Group will begin to accrue the catch up share of performance fees when the Group has assessed that it will not be necessary to later make any considerable cancellations in the accrued and recognised income. Accruals will be recognised for the funds that fulfil the requirements and that are assessed, based on cash flows, to pay carried interest in the following five years, the investment period of which has ended, and regarding which eQ has received return assessments of the final returns from the targets funds' management companies. After the catch up stage, the performance fees will be booked in the income statement according to the cash flow distributed by the fund and divided between the management company and investors (e.g. 7.5% / 92.5%). The 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 IAS 9 standard:
a) valued at amortised acquisition cost,
b) entered at fair value through profit or loss and
c) valued at fair value with other items of comprehensive income.

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

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 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.

For eQ Plc's private equity and real estate fund investments 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. 2022				decrease in value against the euro	
	Currency	Euro	%	10%	20%
EUR million	9.9	9.9	59.0 %		
USD million	7.4	6.9	41.0 %	-0.7	-1.4
		16.8			

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			

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 2022, a 10% change in the market value of the private equity and real estate fund portfolio corresponded to a change of EUR 1.3 million in the shareholders' equity (EUR 1.5 million on 31 Dec. 2021).

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, 1,000 EUR

31 Dec. 2022	less than 1 year	1-5 years	over 5 years	total
Loans from financial Institutions	-	-	-	-
Accounts payable and other liabilities	287	-	-	287
Lease liabilities	755	4,874	416	6,045
Total	1,042	4,874	416	6,332

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

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 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 2022, the shareholders' equity amounted to EUR 81.8 million and the equity to assets ratio was 73.8%. 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

1,000 EUR	2022	2021
Interest-bearing financial liabilities (incl. lease liability)	5,621	1,187
Financial securities	20,119	20,943
Liquid assets	23,688	35,141
Net debt	-38,186	-54,897
Total shareholders' equity	81,779	79,955
Net gearing, %	-46,7%	-68.7%

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

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

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	2022	2021
Finland	77,781	78,880
Other countries	-	-
Total	77,781	78,880

External net revenue is presented based on domicile.

Notes to the Income Statement

5 Fee and commission income

EUR 1,000	2022	2021
Asset management fees		
Management fees		
Traditional asset management	9,401	10,591
Real estate asset management	35,147	29,112
Private equity asset management	16,782	13,722
Management fees, total	61,330	53,425
Performance fees		
Traditional asset management	3	2,922
Real estate asset management	4,344	5,385
Private equity asset management	6,456	3,104
Performance fees, total	10,804	11,410
Other fee and commission income	146	458
Asset management fees, total	72,280	65,293
Corporate finance fees	5,385	6,859
Total	77,665	72,152
Private equity performance fees, specification		
Paid non-accrued fees	613	3,104
Catch up share accrual	5,843	-
Total	6,456	3,104

6 Interest income

EUR 1,000	2022	2021
Other interest income	8	7
Total	8	7

7 Net income from financial assets

EUR 1,000	2022	2021
Private equity and real estate fund investments		
Profit distribution from funds	2,040	3,220
Changes in fair value and losses	-1,224	4,068
Total	816	7,288
Other investment operations		
Changes in fair value	-97	8
Sales profits/losses	-9	18
Total	-106	26
Total	709	7,314

8 Fee and commission expenses

EUR 1,000	2022	2021
Custody fees	-536	-570
Other fees	-	-4
Total	-536	-574

9 Interest expenses

EUR 1,000	2022	2021
Other interest expenses	-7	-3
Interest expenses of lease liabilities	-58	-16
Total	-65	-19

10 Administrative expenses

EUR 1,000	2022	2021
Expenses related to employee benefits		
Short-term employee benefits		
Salaries and remuneration	-21,372	-22,357
Other indirect employee costs	-695	-633
Share-related payments	-1,130	-182
Benefits after end of employment		
Pension costs - defined contribution plans	-3,526	-3,510
Total	-26,724	-26,683
Other administrative expenses		
Other personnel expenses	-477	-475
IT and connection expenses	-1,096	-1,081
Other administrative expenses	-916	-585
Total	-2,490	-2,141
Total	-29,213	-28,824

11 Depreciation

EUR 1,000	2022	2021
Depreciation on tangible assets	-125	-98
Depreciation on right-of-use assets - leased premises	-870	-724
Depreciation on intangible assets		
Depreciation on client agreements	-100	-100
Depreciation on other intangible assets	-83	-128
Total	-1,178	-1,050

Leases with a low value have not been entered in the balance sheet and no depreciation is recorded on them. A total of EUR 16 thousand of low-value leases is included in the administrative expenses of the income statement.

12 Other operating expenses

EUR 1,000	2022	2021
Expert fees	-8	-15
Audit fees		
Audit fees	-94	-48
Muut palvelut	-11	-8
Total	-105	-56
Other expenses		
Premises	-294	-257
Other expenses	-1,248	-1,018
Total	-1,542	-1,275
Total	-1,655	-1,346

13 Income tax

EUR 1,000	2022	2021
Direct taxes for the financial period	-9,437	-9,560
Changes in deferred taxes	25	-22
Total	-9,412	-9,582
Tax reconciliation		
Profit (loss) before taxes	45,735	47,660
Taxes calculated with the parent company's tax rate	-9,147	-9,532
Income not subject to tax	0	0
Non-deductible expenses	-32	-18
Taxes for previous financial periods	-5	7
Consolidations and eliminations	-229	-39
Taxes in income statement	-9,412	-9,582

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

14 Earnings per share

EUR 1,000	2022	2021
Earnings per share attributable to equity holders of the parent company	36,322	38,078
Shares, 1,000 shares*	40,430	39,632
Earnings per share calculated from the profit of equity holders of the parent company:		
Earnings per share, EUR	0.91	0.97
Diluted earnings per share, EUR	0.87	0.93

* Calculated using the weighted average number of shares.

Notes to the Consolidated Balance Sheet

15 Claims on credit institutions

EUR 1,000	2022	2021
Repayable on demand		
From domestic credit institutions	23,667	35,069
Total	23,667	35,069

16 Shares and participations

EUR 1,000	2022	2021
Financial assets		
Private equity and real estate fund investments		
Book value on 1 Jan.	18,817	15,656
Increases	2,113	2,622
Decreases	-2,868	-3,530
Value adjustment	-1,224	4,068
Book value on 31. Dec.	16,837	18,817
Financial securities		
Book value on 1 Jan.	20,943	14,920
Increases	21,582	10,000
Decreases	-22,300	-4,002
Value adjustment	-97	8
Sales profit (loss)	-9	18
Book value on 31 Dec.	20,119	20,943

17 Intangible assets

EUR 1,000	2022	2021
Other intangible assets		
Other intangible assets, acquisition cost on 1 Jan.	2,285	2,265
Increases	31	20
Decreases	-	-
Other intangible assets, acquisition cost on 31 Dec.	2,315	2,285
Accumulated depreciation and impairment on 1 Jan.	-2,153	-2,025
Depreciation for the period	-83	-128
Accumulated depreciation and impairment on 31 Dec.	-2,236	-2,153
Other intangible assets on 31 Dec.	79	131
Client agreements		
Client agreements, acquisition cost on 1 Jan.	400	400
Increases/decreases	-	-
Client agreements, acquisition cost on 31 Dec.	400	400
Accumulated depreciation and impairment on 1 Jan.	-192	-92
Depreciation for the period	-100	-100
Accumulated depreciation and impairment on 31 Dec.	-292	-192
Client agreements on 31 Dec.	108	208
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. 2022	31 Dec. 2021
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. 2022	31 Dec. 2021
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 terminal 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 terminal 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 2022, the discount rate for asset management was 8.3% and for corporate finance 9.8% (7.6% in 2021).

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 terminal 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 terminal 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 51% lower than in 2022 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 2022 goodwill test by EUR 16.0 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	2022	2021
Right-of-use assets - leased premises		
Right-of-use assets on 1 Jan.	965	1,703
Increases	5,177	6
Decreases	-	-20
Depreciation for the period	-870	-724
Right-of-use assets on 31 Dec.	5,273	965
Other intangible assets		
Machinery and equipment, acquisition cost on 1 Jan.	1,383	1,333
Increases	338	50
Decreases	-	-
Machinery and equipment, acquisition cost on 31 Dec.	1,721	1,383
Accumulated depreciation and impairment on 1 Jan.	-1,090	-992
Depreciation for the period	-125	-98
Accumulated depreciation and impairment on 31 Dec.	-1,215	-1,090
Machinery and equipment on 31 Dec.	505	293
Other tangible assets on 1 Jan.	8	8
Other tangible assets on 31 Dec.	8	8
Other tangible assets, book value on 31 Dec.	514	301

19 Other assets

EUR 1,000	2022	2021
Sales receivables	1,005	1,023
Management fee receivables	3,101	3,214
Private equity performance fees, catch up share receivables	5,843	-
Other receivables	4,445	288
Total	14,393	4,525

EUR 1,000	2022	2021
Private equity performance fees, catch up share receivables		
Catch up share receivables on 1 Jan.	-	-
Accrual of catch up share receivables during the period	5,843	-
Accrued catch up share receivables paid during the period	-	-
Catch up share receivables on 31 Dec.	5,843	-

Age distribution of sales receivables:
Sales receivables EUR 739 thousand, age distribution: not due
Sales receivables EUR 266 thousand, age distribution: fallen due for less than 1 month

20 Accruals and prepaid expenditure

EUR 1,000	2022	2021
Other accruals	127	131
Other prepaid expenditure	299	370
Total	426	502

21 Deferred tax assets and liabilities

EUR 1,000	2022	2021
Deferred tax assets		
Temporary differences in leases	70	44
Deferred tax assets	70	44
Deferred tax liabilities	0	0
Deferred tax assets (-) / tax liabilities (+), net	-70	-44

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	2022	2021
Accounts payable	287	214
Fee repayment liabilities	6,112	5,619
Other liabilities	430	514
Total	6,829	6,348

23 Accruals and deferred income

EUR 1,000	2022	2021
Holiday pay	1,319	1,210
Other accruals	15,289	17,893
Total	16,607	19,103

24 Lease liabilities

EUR 1,000	2022	2021
Lease liabilities - premises	5,621	1,187

The amount of lease liabilities related to low-value leases was EUR 44 thousand at the end of the year. Low-value lease liabilities have not been entered in the balance sheet.

25 Balance sheet items denominated in domestic and foreign currencies

31 Dec. 2022 EUR 1,000	Other than EUR	EUR	Total
Balance sheet items			
Claims on credit institutions	-	23,667	23,667
Other assets	6,900	80,290	87,191
Total	6,900	103,958	110,858
Other liabilities	-	29,079	29,079
Total	-	29,079	29,079

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

26 Financial assets and liabilities

	2022				
EUR 1,000	Book value	Interest income and expenses	Profits and losses	Impairment loss	Dividend income
Financial assets					
Financial assets at fair value through profit or loss	36,956	3	709	-	-
Financial assets valued at periodised acquisition cost					
Sales receivables and other receivables	1,005	-	-	-	-
Liquid assets	23,688	6	-	-	-
Total	61,650	8	709	-	-
Financial liabilities					
Accounts payable and other liabilities	287	-7	-	-	-
Lease liabilities	5,621	-58	-	-	-
Total	5,908	-65	-	-	-

	2021				
EUR 1,000	Book value	Interest income and expenses	Profits and losses	Impairment loss	Dividend income
Financial assets					
Financial assets at fair value through profit or loss	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	-	-	-

27 Fair values

	2022		2021	
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	16,837	16,837	18,817	18,817
Financial securities	20,119	20,119	20,943	20,943
Sales receivables and other receivables	1,005	1,005	1,023	1,023
Liquid assets	23,688	23,688	35,141	35,141
Total	61,650	61,650	75,923	75,923
Financial liabilities				
Accounts payable and other liabilities	287	287	214	214
Lease liabilities	5,621	5,621	1,187	1,187
Total	5,908	5,908	1,401	1,401

The table 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. 2022	
EUR 1,000	Level 1	Level 3
Financial assets at fair value through profit or loss		
Private equity and real estate fund investments	-	16,837
Financial securities	20,119	-
Total	20,119	16,837

Level 3 reconciliation:

At fair value through profit or loss	Private equity and real estate funds
Opening balance	18,817
Calls	2,113
Returns	-2,868
Change in fair value	-1,224
Closing balance	16,837

	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

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	2022	2021	2022	2021
Funds managed by eQ:				
Funds of funds:				
eQ VC	76	0	844	883
eQ PE XIV North	145	0	850	0
eQ PE XIII US	215	38	703	835
eQ PE XII North	520	336	485	635
eQ PE XI US	638	349	298	573
eQ PE X North	613	521	259	427
eQ PE IX US	1,091	986	111	228
eQ PE VIII North	1,956	2,430	301	501
eQ PE VII US	3,022	2,517	109	263
eQ PE VI North	1,693	1,946	369	534
Amanda V East	2,209	3,639	663	663
Amanda IV West	153	599	427	427
Amanda III Eastern PE	378	1,321	273	273
Total	12,710	14,683	5,692	6,243
Real estate funds:				
eQ Residential II	181	0	800	0
eQ Residential	527	383	550	650

	Market value		Remaining investment commitment	
EUR 1,000	2022	2021	2022	2021
Funds managed by others:				
Large buyout funds	1,302	1,848	133	132
Midmarket funds	261	808	302	211
Venture funds	1,857	1,094	0	0
Total	16,837	18,817	7,477	7,235

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. 2022	39,632,198	11,383,873
Decreases	-	-
Increases	797,500	-
31 Dec. 2022	40,429,698	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 180,000 shares on 17 May 2022 and by 617,500 shares on 16 June 2022.

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 2022, 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	2022	2021
Remaining investment commitments in private equity and real estate funds	7,477	7,235
Other liabilities - less than one year	0	0
Other liabilities - exceeding one year but less than five years	0	0
Total	7,477	7,235

eQ Group has issued a security for a lease with a balance sheet value of EUR 0.3 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 as well as entities in which said persons exercise control. 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	2022	2021
Salaries and remuneration, Mikko Koskimies, CEO (1 April 2021-)	1,944	460
Salaries and remuneration, Janne Larma, CEO (1 Jan. to 31 March 2021)	-	575
Salaries and remuneration of other members of the Management Team	1,958	2,090

Mikko Koskimies has been CEO of eQ Plc from 1 April 2021. Before this, the company CEO was Janne Larma.

The retirement age and pensions of the CEO and other members of the Management Team are determine 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	2022	2021
Statutory pension of Mikko Koskimies, CEO	322	77
Statutory pension of Janne Larma, CEO	-	94
Statutory pensions of other members of the Management Team	324	347

The Group executives have originally been granted 350,000 option rights of 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 originally been granted 100,000 rights of the 2018 option scheme with a subscription price. Of the option rights 2018 granted to group management and full-time Chair of the Board altogether 275,000 have not yet been exercised. Altogether 160,000 options rights of the 2022 option scheme have been granted to the Group executives, 50,000 of which to Mikko Koskimies, CEO. Janne Larma, full-time Chair of the Board, has been granted 50,000 option rights of the 2022 option scheme.

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

The AGM held on 23 March 2022 decided that the directors be paid the following remuneration:

Chair of the Board EUR 5,000, Deputy 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 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	2022	2021
Sales	739	593
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. 2022:
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	6,165,904	15.25%
Georg Ehrnrooth*	8,037,605	19.88%
Nicolas Berner	85,000	0.21%
Timo Kokkila	4,142	0.01%
Lotta Kopra	18,942	0.05%
Tomas von Rettig	5,000	0.01%
Mikko Koskimies	4,225,000	10.45%
Staffan Jåfs	66,778	0.17%
Antti Lyytikäinen	35,000	0.09%
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 Oy	Finland	100%
Advium Corporate Finance Oy	Finland	100%
eQ Private Equity GP Oy	Finland	100%
eQ Residential GP Ltd	Finland	100%
eQ Residential II GP Ltd	Finland	100%

34 Shares in entities not included in the consolidated financial statements

eQ Group has investment commitments in the following private equity and real estate funds in form of limited partnerships that are under the Group's management and that have not been consolidated in eQ Group as subsidiaries. eQ Group's shares in structured entities that are not consolidated as subsidiaries had a total market value of EUR 13.4 million on 31 December 2022 (EUR 15.1 million on 31 Dec. 2021). In 2022, the Group received from said funds management fees totalling EUR 16.2 million (EUR 12.9 million 1 Jan. to 31 Dec. 2021) and a profit distribution from own investments totalling EUR 1.8 million (EUR 3.1 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 statement 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. 2022	Size of the fund	eQ's original commitment	Market value of eQ's investment	eQ's remaining commitment
eQ PE XIV North	287,970	1,000	145	850
eQ Residential II	52,890	1,000	181	800
eQ VC	72,248	939	76	844
eQ PE XIII US	298,581	939	215	703
eQ Residential	100,278	1,000	527	550
eQ PE XII North	205,000	1,000	520	485
eQ PE XI US	203,731	913	638	298
eQ PE X North	175,000	1,000	613	259
eQ PE IX US	98,444	964	1,091	111
eQ PE VIII North	160,000	3,000	1,956	301
eQ PE VII US	75,192	2,613	3,022	109
eQ PE VI North	100,000	3,000	1,693	369
Amanda V East	50,000	5,000	2,209	663
Amanda IV West	90,000	5,000	153	427
Amanda III Eastern PE	110,200	10,000	378	273
Total	2,079,535	37,367	13,418	7,042

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

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 2022:

	2022 options
Number of options	990,000
Share subscription period begins	1 April 2025
Share subscription period ends	30 April 2027

Share subscription price

The original share subscription price with an option right is EUR 24.25.

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 2022 was EUR 23.25.

	2022	2021
Number of issued options at the beginning of the period	-	-
Options granted during the period	940,000	-
Options returned during the period	30,000	-
Number of issued options at the end of the period	910,000	-
Exercised options by the end of the period	-	-
Number of outstanding options	910,000	-
Exercisable options at the end of the period	-	-

Information used in the Black-Scholes model:

	Distributed 2022
Expected volatility	20%
Interest rate at grant	0% / 2.8%

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 2022 was EUR 5.02.

	2022	2021
Number of issued options at the beginning of the period	1,775,000	1,775,000
Options granted during the period	-	-
Options returned during the period	-	-
Number of issued options at the end of the period	1,775,000	1,775,000
Exercised options by the end of the period	797,500	-
Number of outstanding options	977,500	1,775,000
Exercisable options at the end of the period	977,500	0

Parent Company Income Statement (FAS)

EUR	Note no.	2022	2021
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		-1,330,349.01	4,093,990.85
Income from equity investments	4		
From Group undertakings		-	2,000,000.00
From other companies		2,039,708.00	3,220,152.02
Interest income	5	6,115.35	4,477.99
INVESTMENT FIRM INCOME		792,274.34	9,395,420.86
Fee and commission expenses	6	-150,000.00	-153,999.96
Interest expenses	7	-24,301.73	-17,116.97
Administrative expenses			
Personnel expenses	8		
Salaries and remuneration		-1,404,637.49	-1,635,082.20
Indirect employee costs			
Pension costs		-215,473.24	-224,171.96
Other indirect employee costs		-27,891.46	-32,535.89
Other administrative expenses	9	-357,731.42	-319,235.71
Depreciation and impairment on tangible and intangible assets	10	-9,166.13	-21,360.60
Other operating expenses	11	-402,473.04	-379,215.90
OPERATING PROFIT (LOSS)		-1,799,400.17	6,612,701.67
Appropriations	12	48,669,659.51	43,019,671.11
Income tax	13	-9,384,586.14	-9,521,767.70
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		37,485,673.20	40,110,605.08

Parent Company Balance Sheet (FAS)

EUR	Note no.	31 Dec. 2022	31 Dec. 2021
ASSETS			
Liquid assets		3,810.00	6,780.00
Claims on credit institutions			
Repayable on demand	14	2,189,031.13	7,542,201.95
Shares and participations	15, 23	36,943,665.96	39,747,537.37
Shares and participations in Group undertakings	15	29,154,321.94	29,149,321.94
Intangible assets	16		
Other intangible assets		1,849.79	4,847.32
Tangible assets	16		
Other tangible assets		17,433.83	23,602.43
Other assets	17	10,670,000.00	5,173,493.33
Accruals and prepaid expenditure	18	194,462.33	55,929.89
TOTAL ASSETS		79,174,574.98	81,703,714.23
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to the public and public sector entities			
Other		1,000,000.00	1,000,000.00
Other liabilities	19		
Other liabilities		157,739.91	4,348,516.30
Accruals and deferred income	20	685,076.55	880,375.95
TOTAL LIABILITIES		1,842,816.46	6,228,892.25
EQUITY	24		
Share capital		11,383,873.00	11,383,873.00
Unrestricted equity			
Reserve for invested unrestricted equity		25,206,692.56	22,392,208.50
Retained earnings		3,255,519.76	1,588,135.40
Profit (loss) for the period		37,485,673.20	40,110,605.08
TOTAL EQUITY		77,331,758.52	75,474,821.98
TOTAL LIABILITIES AND EQUITY		79,174,574.98	81,703,714.23

Parent Company Cash Flow Statement (FAS)

EUR 1,000	2022	2021
Cash flow from operations		
Operating profit	46,870	49,632
Adjustments:		
Depreciation and impairment	9	21
Interests received	-6	-4
Interests paid	24	17
Dividends received	-	-2,000
Transactions with no related payment transactions	1,321	-4,076
Financial assets – private equity and real estate funds	755	908
Change in working capital		
Business receivables, increase (-) decrease (+)	-5,497	-2,206
Interest-free liabilities, increase (+) decrease (-)	-4,386	-1,506
Total change in working capital	-9,883	-3,711
Cash flow from operations before financial items and taxes	39,091	40,787
Interests received	6	4
Interests paid	-24	-17
Dividends received	-	2,000
Taxes	-9,523	-5,281
Cash flow from operations	29,550	37,493

EUR 1,000	2022	2021
Cash flow of investments		
Investing activities in tangible and intangible assets	-	-1
Investing activities in investments	-5	2
Investing activities in other investments - liquid mutual funds	727	-6,018
Cash flow from investments	722	-6,016
Cash flow from financing		
Dividends paid	-39,632	-27,242
Subscription of new shares	4,003	1,392
Cash flow from financing	-35,629	-25,850
Increase/decrease in liquid assets	-5,356	5,627
Liquid assets on 1 Jan.	7,549	1,922
Liquid assets on 31 Dec.	2,193	7,549

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 (76/2018) 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	2022	2021
From other operations	77	77

3 Net gains on trading in securities and foreign currencies

EUR 1,000	2022	2021
Net gains on trading in securities		
From financial assets/liabilities entered at fair value through profit or loss		
Changes in fair value	-1,321	4,076
Sales profits/ losses	-9	18
Total	-1,330	4,094

4 Income from equity investments

EUR 1,000	2022	2021
Dividend income from Group undertakings	-	2,000
Profit shares from financial assets valued at fair value	2,040	3,220
Total	2,040	5,220

5 Interest income

EUR 1,000	2022	2021
Other interest income	6	4
Total	6	4

6 Fee and commission expenses

EUR 1,000	2022	2021
Other fees - management of investments eQ Asset Management	-150	-150
Limit fees	-	-4
Total	-150	-154

7 Interest expenses

EUR 1,000	2022	2021
To Group undertakings	-19	-15
Other interest expenses	-5	-3
Total	-24	-17

8 Personnel expenses

EUR 1,000	2022	2021
Salaries and remuneration	-1,405	-1,635
Pension costs	-215	-224
Other indirect employee costs	-28	-33
Total	-1,648	-1,892
Average number of personnel during the period - permanent	5	5
Change during the financial period	-	-

9 Other administrative expenses

EUR 1,000	2022	2021
Other personnel expenses	-26	-67
IT and connection costs	-115	-77
Other administrative expenses	-216	-176
Total	-358	-319

10 Depreciation and impairment

EUR 1,000	2022	2021
Depreciation on intangible and tangible assets	-9	-21

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

11 Other operating expenses

EUR 1,000	2022	2021
Expert fees	-8	-7
Fees to the auditor		
Audit fees	-26	-12
Other services	-3	-
Total	-29	-12
Leases on premises and other rental expenses	-97	-121
Other expenses	-269	-240
Total	-402	-379

12 Appropriations

EUR 1,000	2022	2021
Group subsidies received	48,670	43,020
Group subsidies issued	0	0
Total	48,670	43,020

13 Income tax

EUR 1,000	2022	2021
Income tax for the period		
Income tax for operations	-9,523	-5,281
Deferred taxes	138	-4,241
Total	-9,385	-9,522

14 Claims on credit institutions

EUR 1,000	2022	2021
Repayable on demand		
From domestic credit institutions	2,189	7,542

15 Shares and participations

EUR 1,000	2022	2021
Shares and participations		
Financial assets: Private equity and real estate fund investments	16,837	18,817
Financial assets: Units in mutual funds	20,076	20,901
Other participations	30	30
Shares and participations in Group undertakings	29,154	29,149
Total	66,098	68,897
- of which at acquisition cost	29,184	29,179

16 Intangible and tangible assets

EUR 1,000	2022	2021
Other intangible assets		
Acquisition cost on 1 Jan.	237	236
Increases	-	1
Acquisition cost on 31 Dec.	237	237
Accumulated depreciation on 1 Jan.	-232	-215
Depreciation for the period	-3	-16
Accumulated depreciation on 31 Dec.	-235	-232
Book value on 31 Dec.	2	5
Other intangible assets		
Acquisition cost on 1 Jan.	242	242
Increases	-	-
Acquisition cost on 31 Dec.	242	242
Accumulated depreciation on 1 Jan.	-218	-213
Depreciation for the period	-6	-5
Accumulated depreciation on 31 Dec.	-224	-218
Book value on 31 Dec.	17	24

17 Other assets

EUR 1,000	2022	2021
Receivables from Group undertakings	10,670	5,120
Other receivables	-	53
Total	10,670	5,173

18 Accruals and prepaid expenditure

EUR 1,000	2022	2021
Other accruals	194	56
Total	194	56

19 Other liabilities

EUR 1,000	2022	2021
Accounts payable	36	60
Liabilities to Group undertakings	47	0
Income tax liabilities	-	4,241
Other liabilities	74	47
Total	158	4,349

20 Accruals

EUR 1,000	2022	2021
Other accruals	685	880

21 Items denominated in domestic and foreign currencies and Group items

31 Dec. 2022 EUR 1,000	EUR	Other than EUR	Total	From Group undertakings
Balance sheet items				
Claims on credit institutions	2,189	-	2,189	-
Other assets	70,085	6,900	76,986	10,670
Total	72,274	6,900	79,175	10,670
Liabilities to the public and public sector entities	1,000	-	1,000	1,000
Other liabilities	843	-	843	47
Total	1,843	-	1,843	1,047

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	38
Total	6,229	-	6,229	1,038

22 Fair values of financial assets and liabilities

	2022		2021	
EUR 1,000	Fair value	Book value	Fair value	Book value
Financial assets				
Claims on credit institutions	2,189	2,189	7,542	7,542
Shares and participations	36,944	36,944	39,748	39,748
Shares and participations in Group undertakings	29,154	29,154	29,149	29,149
Total	68,287	68,287	76,439	76,439
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.

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

	31 Dec. 2022	
EUR 1,000	Level 1	Level 3
Financial assets at fair value through profit or loss		
Private equity and real estate fund investments	-	16,837
Financial securities	20,106	-
Total	20,106	16,837

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

	Private equity and real estate
Opening balance	18,817
Calls and returns	-755
Impairment loss	-1,224
Closing balance	16,837

	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

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.

24 Equity

EUR 1,000	2022	2021
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.	22,392	23,335
Increases/decreases	2,814	-943
Reserve for invested unrestricted equity on 31 Dec.	25,207	22,392
Retained earnings		
Retained earnings on 1 Jan.	41,699	26,495
Dividend	-38,443	-24,907
Other changes	0	0
Retained earnings on 31 Dec.	3,256	1,588
Profit (loss) for the period	37,486	40,111
Non-restricted equity, total	65,948	64,091
Equity on 31 Dec.	77,332	75,475
Calculation of distributable assets on 31 Dec.		
Retained earnings	3,256	1,588
Profit for the period	37,486	40,111
Reserve for invested unrestricted equity	25,207	22,392
Distributable assets	65,948	64,091

The share capital of the company consists of 40,429,698 shares. All shares carry one vote.

Other notes

25 Pledges, mortgages and obligations

EUR 1,000	2022	2021
eQ Plc's investment commitments in private equity funds, remaining commitment	7,477	7,235
Leasing agreements and leases less than one year	735	878
Leasing agreements and leases exceeding one year but less than five years	5,197	295
Total	13,409	8,409

Proposal for the distribution of profits

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

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.91 per share be paid out. The proposal corresponds to a dividend totalling EUR 36,791,025.18 calculated with the number of shares at the end of the financial year. Additionally, the Board proposes to the AGM that a repayment of equity of EUR 0.09 per share be paid out from the reserve of invested unrestricted equity. The proposal corresponds to a repayment of equity totalling EUR 3,638,672.82 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 29 March 2023. The Board proposes 5 April 2023 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, 6 February 2023

Janne Larma
Chair of the Board

Georg Ehrnrooth
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, 6 February 2023

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, 2022. 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)	
— 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)	
— 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 9 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, 6 February, 2023

KPMG OY AB

Tuomas Ilveskoski
Authorised Public Accountant, KHT

Corporate Governance

06

Corporate Governance Statement 2022

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 6 February 2023 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 2022 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 2022, eQ Plc complied with the Finnish Corporate Governance Code 2020 without any departures.

Descriptions Concerning Corporate Governance

General Meeting of Shareholders

The General Meeting is eQ Plc's highest decision-making body, at which the shareholders participate in the supervision and control of the company.

eQ Plc convenes one Annual General Meeting (AGM) during each financial period. Extraordinary General Meetings may be convened when necessary. Shareholders exercise their right to vote and voice their views at the General Meeting.

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

The Annual General Meeting of eQ Plc was held on 23 March 2022.

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. eQ Plc's Board of Directors has a full-time Chair of the Board. 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. It is eQ Plc's AGM solely that ultimately elects the directors and makes preparations for their election.

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

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

The Annual General Meeting held on 23 March 2022 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 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, Vice Chair of the Board, studies in agriculture and forestry
Key positions of trust: Sampo Plc, member of the Board, 2020-; Louise and Göran Ehrnrooth Foundation, Chair of the Board, 2013-; Fennogens Investments S. A, Chair of the Board, 2009-; Anders Wall Foundation, member of the Board, 2008-; Paavo Nurmi Foundation, member of the Board, 2005-; Topsin Investments S.A., member of the Board, 1998–.
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 two years 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-.
Primary work experience: Spinnova Plc, Chief Commercial Officer, 2019-2022; 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: Purmo Group Plc, Chair of the Board, 2016-; 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 2022:

Member of the Board	Security	Holding
Nicolas Berner	Share	85,000
Georg Ehrnrooth	Share	8,037,605
Timo Kokkila	Share	4,142
Lotta Kopra	Share	18,942
Janne Larma	2022 Option right Share	50,000 6,165,904
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 2022, the Board of Directors of eQ Plc convened eight (8) times, average attendance being 100%. Attendance at the Board meetings 2022:

Member of the Board	
Nicolas Berner	8/8
Georg Ehrnrooth	8/8
Timo Kokkila	8/8
Lotta Kopra	8/8
Janne Larma	8/8
Tomas von Rettig	8/8

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 2022, 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 2022.

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. 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.

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.

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 2022:

Name	Task in the organisation	Security	Holding
Mikko Koskimies	CEO	2018 Option right	75,000
		2022 Option right	50,000
		Share	4,225,000

Other Management Team members

eQ Group has a Management Team that convenes regularly. 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 2022:

Mikko Koskimies, born 1967, M.Sc. (Econ), Chair, eQ Plc, CEO 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 2022:

Name	Task in the organisation	Security	Holding
Staffan Jåfs	Director, Private Equity, eQ Asset Management Ltd	2018 Option right 2022 Option right Share	100,000 50,000 66,778
Antti Lyytikäinen	CFO, eQ Plc	2018 Option right 2022 Option right Share	50,000 30,000 35,000
Juha Surve	Group General Counsel, eQ Asset Management Ltd	2018 Option right 2022 Option right Share	50,000 30,000 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 is 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 Plc'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.

In 2022, 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. 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 and the company's Annual General Meeting elected KPMG Oy Ab as auditor in accordance with the Board's recommendation.

Auditors' fees

The independent auditors have been paid the following fees in 2022: for the audit and closely related services a total of EUR 94,400 (2021: EUR 47,600) and for other services than audit a total of EUR 10,800 (2021: 8,200).

Remuneration Report for Governing Bodies 2022

Introduction

This remuneration report for governing bodies has been drafted in accordance with the instructions concerning remuneration in the Finnish Corporate Governance Code 2020 for Finnish listed companies. In 2022, 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 systems used in eQ Group are based on the strategy and long-term goals defined by the Board, and they are important tools used for reaching the group's long-term and short-term strategic goals. The remuneration systems contribute to efficient risk management within eQ Group and, above all, preventing detrimental risk-taking. In addition, the remuneration systems take into account the sustainability risks associated with eQ Group and its business. Comprehensive risk management aims at acknowledging i.e. the goals and interests of the group companies, the managed funds and investors.

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	2022	2021	2020	2019	2018
CEO*	1,944,133	1,034,689	851,669	784,613	622,314
change, %	88%	21%	9%	26%	38%
Chair of the Board**	702,106	549,489	51,000	46,200	44,800
change, %	28%	977%	10%	3%	-1%
Other Board members***	212,000	199,500	131,500	112,400	108,800
change, %	6%	52%	17%	3%	1%
Board, in total	914,106	748,989	182,500	158,600	153,600
change, %	22%	310%	15%	3%	0%
Employee, in average****	207,953	218,726	185,653	176,637	166,434
change, %	-5%	18%	5%	6%	10%
Operating profit – MEUR	45.7	47.7	30.8	26.3	22.4
change, %	-4%	55%	17%	17%	12%

* Due to changes in the remuneration regulations, the variable remunerations in the 2022 bonus payment will no longer be deferred. All reported figures include paid salary, fringe benefits and annual bonus. The year 2021 includes CEO Janne Larma from 1 January to 31 March 2021 and CEO Mikko Koskimies from 1 April to 31 December 2021.

** The remuneration of the Chair of the Board includes the salary and fringe benefits of the full-time Chair of the Board, Janne Larma, based on the service contract from 1 April 2021.

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

**** The total amount of paid salaries, other remuneration, fringe benefits and annual bonuses for the financial year (without option costs and side costs and excluding the CEO) divided by the average number of personnel.

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 2022, 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 2022, 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	36,000	4,000	-	40,000
Georg Ehrnrooth	48,000	4,000	-	52,000
Timo Kokkila	36,000	4,000	-	40,000
Lotta Kopra	36,000	4,000	-	40,000
Janne Larma*	60,000	4,000	638,106	702,106
Tomas von Rettig	36,000	4,000	-	40,000
Total	252,000	24,000	638,106	914,106

* Other compensation contains the salary and fringe benefits paid to the full-time Chair of the Board Janne Larma based on his service contract with the company.

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.

eQ Group has two different option programs: option program 2018 and option program 2022. Based on these programs, eQ Group has issued option rights and option subscription rights to key persons, which aim for long-term commitment to the company. The Chair of eQ Plc's Board of Directors is covered by both option programs. In accordance with the terms and conditions of the option programs for 2018 and 2022, the options have an approximately three-year retention period after which they are available for subscription. The terms and conditions contain no other special terms related to ownership.

Option program 2018

As part of the engagement system, the Chair of the Board is covered by the option program 2018 and has initially received 100 000 option rights based on option program 2018. Janne Larma has used all of the option rights granted on the basis of the option program 2018 by 31 December 2022.

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

Option program 2022

As part of the engagement system, the Chair of the Board has initially received 50 000 option rights based on option program 2022. The share subscription price with the option rights 2022 was EUR 23.25 per share at 31 December 2022.

The share subscription period for the option program 2022 begins on 1 April 2025 and ends on 30 April 2027.

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.

In 2022, the CEO was paid the following salary and other remuneration:

Renumeration paid during 2022 – EUR

Fixed remuneration		Variable remuneration		
Annual salary (incl. fringe benefits)	Part of the overall remuneration	Annual bonus*	Part of the overall remuneration	Total
638,106	32.8%	1,306,027	67.2%	1,944,133

* Represents the aggregate amount of annual bonuses paid in 2022. The earnings periods for the bonuses paid in 2022 are defined in the table below. The annual bonus paid to the CEO is always based on the preceding year's performance.

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 before 2020 and paid before 2021, if the variable remuneration component of the CEO exceeded EUR 50 000 annually, 50 per cent of the variable remuneration had to be deferred to be paid during the following three years (even payments each year). 50 per cent of the deferred remuneration had to be linked to the development of eQ Plc's share price during the deferral period. eQ Plc's Board decides annually on the interest possibly payable to the remaining part of the deferred remuneration. Due to changes in the remuneration regulations, the part of the variable remuneration in excess of EUR 50 000 for the variable remuneration accrued after 2021 will no longer be deferred to be paid during the following three years.

The table below presents the earnings periods for the variable remuneration paid to the CEO Mikko Koskimies in 2022 (deferred remuneration falling due for the previous years):

Specification of variable remuneration paid during 2022 – EUR

For year 2021*	For year 2020*	For year 2019*	For year 2018*	Total
789,758	150,652	156,543	209,074	1,306,027

* The annual bonus of the CEO is always based on the preceding year's performance. Some of the reported remuneration was earned before Mikko Koskimies became CEO.

The following table presents the remuneration to the CEO falling due (including deferred variable remuneration), which has not yet been paid on 31 December 2022. The unpaid deferred variable remuneration for each earnings period:

Deferred variable remuneration* – EUR

For year 2020	For year 2019	Total
306,744	159,561	466,305

* Including changes in stock prices and dividend consideration. Some of the reported remuneration was earned before Mikko Koskimies became CEO.

The variable remuneration of the CEO Mikko Koskimies that has been earned during 2022 and that has not yet been paid out by the date of this report was EUR 833,056 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 two different option programs: option program 2018 and option program 2022. Based on these programs, eQ Group has issued option rights and option subscription rights to key persons, which aim for long-term commitment to the company. The CEO of eQ Plc is covered by both option programs. In accordance with the terms and conditions of the option programs for 2018 and 2022, the options have an approximately three-year retention period after which they are available for subscription. The terms and conditions contain no other special terms related to ownership.

Option program 2018

As part of the engagement system, the CEO is covered by the option program 2018 and has initially received 100 000 option rights based on option program 2018. Mikko Koskimies has used 25 000 of the option rights granted on the basis of the option program 2018 by 31 December 2022. The share subscription price with the option rights 2018 was EUR 5.02 per share at 31 December 2022.

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

Option program 2022

As part of the engagement system, the CEO has initially received 50 000 option rights based on option program 2022. The share subscription price with the option rights was EUR 23.25 per share at 31 December 2022.

The share subscription period for the option program 2022 begins on 1 April 2025 and ends on 30 April 2027.

Board of Directors

eQ Plc Board of Directors 31 December 2022:

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:
2019–2022 Spinnova Plc, 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:
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:
Purmo Group Oyj, 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 2022:

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%).

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

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

Funds – 31 December 2022

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

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

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

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

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

[4] Capital covered by the performance fee MEUR 71.

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 IFD/IFR regime for investments firms. 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 4.9 million. At the end of the period, the Group's own funds based on capital adequacy calculations totalled EUR 11.9 million. Detailed information on the Group's capital adequacy can be found in the following section.

Capital adequacy, EUR 1,000

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

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

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	11,949	
2	Tier 1 capital	11,949	
3	Common equity tier 1 capital	45,456	
4	Paid up capital instruments	11,384	Row 23, CC2
6	Retained earnings	7,011	Row 25, CC2
8	Other reserves	27,061	Row 24, CC2
11	(-) Total deductions from common equity tier 1	-33,507	
17	(-) Goodwill	-25,212	Row 7, CC2
18	(-) Other intangible assets	-4,187	Rows 7, 8 and 9, CC2
25	(-) Other deductions	-4,107	

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	21		
2	Claims on credit institutions	23,667		
3	Financial assets			
4	Financial securities	20,119		
5	Private equity and real estate fund investments	16,837		
6	Intangible assets			
7	Fair value and brands	29,212		Row 17, CC1
8	Client agreements	108		Row 17 and 18, CC1
9	Other intangible assets	79		Row 17 and 18, CC1
10	Tangible assets			
11	Right-of-use assets	5,273		
12	Tangible assets	514		
13	Other assets	14,393		
14	Accruals and prepaid expenditure	426		
15	Income tax receivables	138		
16	Deferred tax assets	70		
17	Total Assets	110,858		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
18	Other liabilities	6,829		
19	Accruals and deferred income	16,607		
20	Lease liabilities	5,621		
21	Income tax liabilities	22		
22	Total Liabilities	29,079		
Shareholders' Equity				
23	Share capital	11,384		Row 4, CC1
24	Reserve for invested unrestricted equity	27,061		Row 8, CC1
25	Retained earnings	7,011		Row 6, CC1
26	Profit (loss) for the period	36,322		
27	Total Shareholders' equity	81,779		

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 Oyj
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

07 To the Shareholders

Information to the shareholders

eQ Plc's share

eQ Plc's share is traded on Nasdaq Helsinki. At the end of 2022, the company had had 8,277 shareholders (7,883 shareholders on 31 Dec. 2021). The largest shareholders have been presented in the Report by the Board of Directors.

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

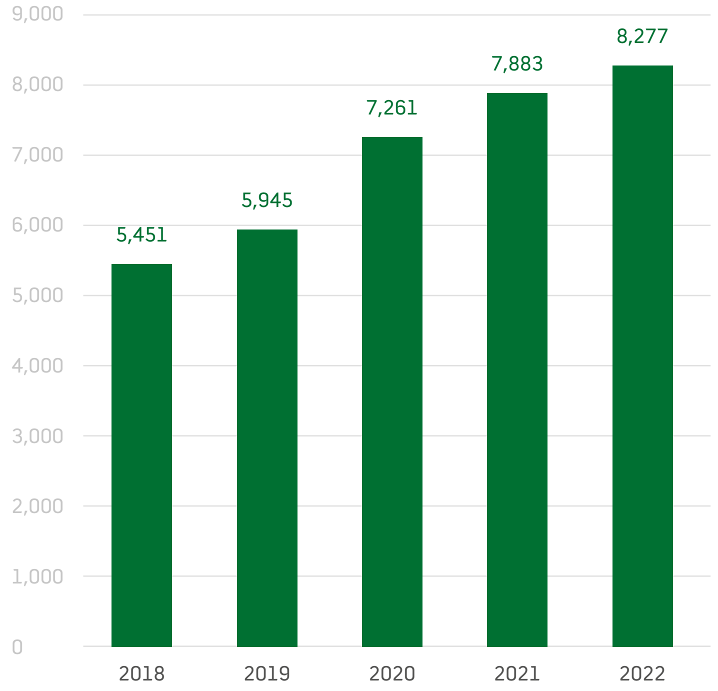
Why to invest in eQ's share

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

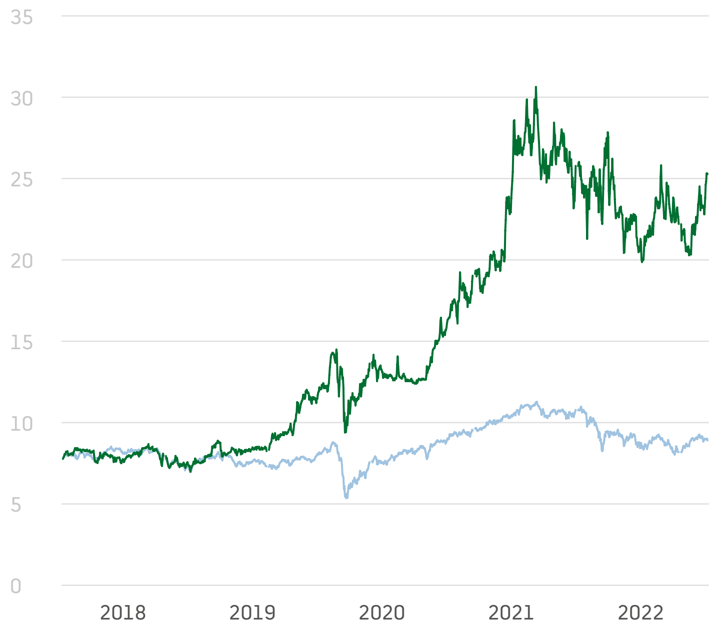
eQ aims at creating value for its shareholders through profitable and growing business areas. eQ Asset Management has a strong position as a service provider for the most professional investors in Finland. About 66 per cent of 100 largest institutional investors in Finland use eQ Asset Management's services and eQ has been ranked as No.1 in overall quality, already the fourth time in a row. (SFR-survey 2022). eQ Asset Management has an excellent product offering. Demand for alternative investment products such as real estate and private equity funds has increased 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.

eQ also has committed personnel. Personnel owns over 30 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.

NUMBER OF SHAREHOLDERS



SHARE PRICE DEVELOPMENT 2018 TO 2022, EUR



Annual General Meeting

eQ Plc's Annual General Meeting (AGM) will be held on Wednesday 27 March 2023. 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 2023 Annual General Meeting that a dividend of EUR 0.91 per share be paid out. Additionally, the Board proposes to the AGM that an equity repayment of EUR 0.09 per share be paid out from the reserve of invested unrestricted equity. Record date of the dividend and equity repayment is 29 March 2023 and payment date 5 April 2023.

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, Kasper Mellas, +358 45 671 7150, *kasper.mellas@inderes.fi*
- OP Corporate Bank Plc, Antti Saari, +358 10 252 4359, *antti.saari@op.fi*

Investor relations, contact information

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Calendar in 2023

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

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