

2023

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# FINANCIAL STATEMENTS RELEASE





6 February 2024 at 8:00 AM

## eQ Plc's financial statements release 2023 – eQ's result for the financial period fell

### January to December 2023 in brief

- The Group's net revenue during the period was EUR 70.9 million (EUR 77.8 million from 1 Jan. to 31 Dec. 2022). The Group's net fee and commission income was EUR 70.8 million (EUR 77.1 million).
- The Group's operating profit fell by 13% to EUR 39.7 million (EUR 45.7 million).
- The Group's profit was EUR 31.5 million (EUR 36.3 million).
- The consolidated earnings per share were EUR 0.78 (EUR 0.91).
- The net revenue of the Asset Management segment decreased by 7% to EUR 66.9 million (EUR 71.8 million) and the operating profit by 10% to EUR 41.4 million (EUR 45.9 million). The management fees of the Asset Management segment grew by 1% to EUR 62.0 million (EUR 61.5 million) and the performance fees fell by 50% to EUR 5.4 million (EUR 10.8 million).
- The net revenue of the Corporate Finance segment was EUR 3.9 million (EUR 5.4 million) and the operating profit was EUR 0.7 million (EUR 1.7 million).
- The operating profit of the Investments segment was EUR -0.6 million (EUR 0.7 million).
- The net cash flow from the Group's own private equity and real estate fund investment operations was EUR -0.1 million (EUR 2.8 million).
- The proposed dividend is EUR 0.80 per share (EUR 1.00). The dividend is proposed to be paid in two instalments.

### October to December 2023 in brief

- In the last quarter, the Group's net revenue totalled EUR 18.5 million (EUR 13.6 million from 1 Oct. to 31 Dec. 2022). The Group's net fee and commission income was EUR 19.3 million (EUR 14.3 million).
- The Group's operating profit rose by 56% to EUR 9.8 million (EUR 6.3 million).
- The Group's profit was EUR 7.8 million (EUR 4.9 million).
- The consolidated earnings per share were EUR 0.19 (EUR 0.12).



Key ratios	1-12/23	1-12/22	Change	10-12/23	10-12/22	Change
Net revenue, Group, MEUR	70.9	77.8	-9 %	18.5	13.6	36 %
Net revenue, Asset Management, MEUR	66.9	71.8	-7 %	16.6	13.3	25 %
Net revenue, Corporate Finance, MEUR	3.9	5.4	-27 %	2.7	1.0	163 %
Net revenue, Investments, MEUR	-0.6	0.7	-187 %	-1.0	-0.7	-35 %
Net revenue, Group administration and eliminations MEUR	0.6	-0.1		0.2	0.0	
Operating profit, Group, MEUR	39.7	45.7	-13 %	9.8	6.3	56 %
Operating profit, Asset Management, MEUR	41.4	45.9	-10 %	9.7	7.5	30 %
Operating profit, Corporate Finance, MEUR	0.7	1.7	-62 %	1.6	0.2	631 %
Operating profit, Investments, MEUR	-0.6	0.7	-187 %	-1.0	-0.7	-35 %
Operating profit, Group administration, MEUR	-1.7	-2.6		-0.5	-0.7	
Profit for the period, MEUR	31.5	36.3	-13 %	7.8	4.9	57 %

Key ratios	1-12/23	1-12/22	Change	10-12/23	10-12/22	Change
Earnings per share, EUR	0.78	0.91	-14 %	0.19	0.12	55 %
Proposal for dividend and equity repayment per share, EUR	0.80	1.00	-20 %			
Equity per share, EUR	1.85	2.02	-8 %	1.85	2.02	-8 %
Cost/income ratio, Group, %	43.8	41.1	7 %	47.1	53.7	-12 %
Liquid assets, MEUR	33.4	43.8	-24 %	33.4	43.8	-24 %
Private equity and real estate fund investments, MEUR	16.6	16.8	-2 %	16.6	16.8	-2 %
Interest-bearing liabilities, MEUR	0.0	0.0	0 %	0.0	0.0	0 %
Assets under management excluding reporting services, EUR billion	10.0	9.7	3 %	10.0	9.7	3 %
Assets under management, EUR billion	12.9	12.6	3 %	12.9	12.6	3 %

## Mikko Koskimies, CEO

Inflation was the key theme in the investment markets in 2023. At the same time, talk continued on how much central banks should further raise interest rates to curb inflation. Both the Federal Reserve (Fed) in the US and the European Central Bank (ECB) continued to raise their key interest rates during the year. In 2023 the Fed raised its key interest rate from 4.5% to 5.5% and the ECB from 2.5% to 4.0%.

Economic growth in Europe and especially in the US withstood the continued rise in interest rates surprisingly well. In China inflation has not been a problem but there concerns have mostly involved economic growth, as both private consumption and exports have been weaker than expected.

Towards the end of the year countries in the West began to see a slowdown in both inflation and growth, which gave the markets faith that interest rates would be lowered during 2024. In the final quarter of 2023 market expectations for both the speed and volume of interest rate reductions were intensified, well indicated as positive returns in both the fixed income and equity markets.

Throughout 2023, the best equity market was the US where the return of the S&P 500 Index, measured in dollars, was as high as 25.7%. The US gave a 21.4% return in euros, due to the weaker dollar. Measured by



the MSCI Index, Japanese shares returned 16.2%, European stocks 15.8% and shares in emerging countries 6.1%. Behind all of these came the Finnish equity market where the index return was 0.6% in the negative. After large negative returns in 2022, interest rates provided good returns in 2023. The European High Yield Index returned 12.1%, IG corporate loans 8.0%, euro zone government bonds 6.7%, and euro-denominated corporate loans in emerging countries 5.4%.

### **eQ's result for the financial period fell**

eQ's result for the financial period fell in the challenging operating environment. The net revenue of the Group during the period under review was EUR 70.9 million and the operating profit was EUR 39.7 million. Operating profit fell by 13 per cent from the previous year.

### **eQ Asset Management's performance fees declined**

The management fees of eQ Asset Management grew by 1 per cent despite the partly challenging operating environment. Performance fees, on the other hand, fell by 50 per cent to EUR 5.4 million from last year's EUR 10.8 million. During the period under review, the net revenue of the Asset Management segment fell by 7 per cent to EUR 66.9 million. The operating profit of the period fell by 10 per cent to EUR 41.4 million. The assets managed by eQ Asset Management grew by 3 per cent to EUR 12.9 billion during the period under review.

Responsibility and sustainability are a key part of eQ Asset Management's investment activities and processes. We measure the implementation of sustainability ourselves, but in 2023 we again received recognition from outside parties, such as PRI, GRESB, and professionals in the private equity sector.

In addition, Finnish institutional clients stated for the fifth year in a row in the 2023 SFR survey that eQ Asset Management is the most high-quality asset manager in Finland.

As for traditional interest and equity investments, the returns of client portfolios in 2023 were excellent. Of the funds that eQ manages itself, 69 per cent gave a better return than its benchmark index, and during a three-year period the corresponding figure was also 69. The returns of private equity funds were slightly positive as well. The returns of the real estate funds were slightly negative for the first time, on the other hand, due to an increase of the yields resulting from the strong rise in the interest rate level.

As for sales, the year 2023 was good especially in private equity asset management. In 2023, private equity assets were raised to the eQ PE XV US Fund, which makes investments in Northern America. Its size in final closing grew to USD 283 million. In October we also made the first closing in the eQ VC II Fund, which makes Venture Capital investments and is the second fund in size at USD 20 million.

### **Advium had a strong final quarter**

During the period under review, Advium's net revenue totalled EUR 3.9 million (EUR 5.4 million). Operating profit was EUR 0.7 million (EUR 1.7 million).

In 2023, the value of corporate acquisitions fell world-wide from the previous year, but a small pickup could be observed at the end of the quarter. This was affected by the rise in share prices late in the year and expectations of a lowering of the interest rate level in 2024. Activity in Finnish real estate transactions slowed down considerably in 2023, leading to a decline of more than 60 per cent in overall transaction volume compared with the previous year. The most significant factor contributing to a slowdown in activity is the rapid rise in interest rate levels and weaker availability of financing.

In 2023, Advium acted as advisor in four M&A acquisitions completed: a Fairness Opinion to Musti Group, advising Aspo Plc regarding a minority investment by OP Suomi Infra, sale of shares in Caverion, and advising Otava on a mandatory public offer. In real estate transactions, Advium also acted as advisor for the global fund manager Schroders which sold an office building in central Turku.



## The operating profit of Investments fell

The operating profit of the Investments segment was EUR -0.6 million (EUR 0.7 million), and the net cash flow was EUR -0.1 million (EUR 2.8 million). The balance sheet value of the private equity and real estate fund investments at year end was EUR 16.6 million (EUR 16.8 million on 31 Dec. 2022). During the year, eQ Plc made a USD 1 million investment commitment in both the eQ PE XV US and the eQ VC II funds.

## Outlook

The asset management market in Finland has grown strongly, and eQ's growth has outpaced the market. We estimate that the long-term outlook for growth in the asset management market and for eQ in Finland is still good.

For eQ's real estate funds, 2023 was a difficult year due to an increase of the yields resulting from a strong rise in the interest rate level. As yields rose, values of properties clearly declined. Also, net subscriptions in funds were negative. The limited availability of real estate financing also contributed to a significant decrease in real estate transactions. With regard to the real estate funds, we expect 2024 to be a challenging year, although the long-term outlook for growth is good. Sales of eQ's Private Equity products has continued to be strong, and the desire of Finnish asset management clients to increase Private Equity allocations in their portfolios will continue to support the growth of eQ's Private Equity products. We also anticipate a growth in performance fees from 2025 onwards, due to the predicted transfer of several Private Equity products to a performance fee stage. eQ's competitive position in traditional asset management products and discretionary asset management is good thanks to excellent returns on investments. We believe that traditional asset management has great potential for growth in future years, considering however its characteristic short-term variation according to market conditions.

eQ has updated its disclosure policy and, as a rule, will not issue a result forecast for the Asset Management segment in the future but instead describe its outlook in a general manner. Results in the Corporate Finance and Investments segments are largely dependent on factors beyond the company's control, which is why no result forecast has been issued for these segments before.

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eQ's financial statements release 1 Jan. to 31 Dec. 2023 is enclosed to this release and it is also available on the company website at [www.eQ.fi](http://www.eQ.fi).

eQ Plc

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Distribution: Nasdaq Helsinki, [www.eQ.fi](http://www.eQ.fi), media

eQ Group is a group of companies that concentrates on asset management and corporate finance business. eQ Asset Management offers a wide range of asset management services (including private equity funds and real estate asset management) for institutions and private individuals. The assets managed by the Group total approximately EUR 12.9 billion. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets. More information about the Group is available on our website [www.eQ.fi](http://www.eQ.fi).



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

## Result of operations and financial position 1 Jan. to 31 Dec. 2023

- The Group's net revenue during the period was EUR 70.9 million (EUR 77.8 million from 1 Jan. to 31 Dec. 2022). The Group's net fee and commission income was EUR 70.8 million (EUR 77.1 million).
- The Group's operating profit fell by 13% to EUR 39.7 million (EUR 45.7 million).
- The Group's profit was EUR 31.5 million (EUR 36.3 million).
- The consolidated earnings per share were EUR 0.78 (EUR 0.91).
- The net revenue of the Asset Management segment decreased by 7% to EUR 66.9 million (EUR 71.8 million) and the operating profit by 10% to EUR 41.4 million (EUR 45.9 million). The management fees of the Asset Management segment grew by 1% to EUR 62.0 million (EUR 61.5 million) and the performance fees fell by 50% to EUR 5.4 million (EUR 10.8 million).
- The net revenue of the Corporate Finance segment was EUR 3.9 million (EUR 5.4 million) and the operating profit was EUR 0.7 million (EUR 1.7 million).
- The operating profit of the Investments segment was EUR -0.6 million (EUR 0.7 million).
- The net cash flow from the Group's own private equity and real estate fund investment operations was EUR -0.1 million (EUR 2.8 million).
- The proposed dividend is EUR 0.80 per share (EUR 1.00). The dividend is proposed to be paid in two instalments.

## Result of operations and financial position 1 Oct. to 31 Dec. 2023

- In the last quarter, the Group's net revenue totalled EUR 18.5 million (EUR 13.6 million from 1 Oct. to 31 Dec. 2022). The Group's net fee and commission income was EUR 19.3 million (EUR 14.3 million).
- The Group's operating profit rose by 56% to EUR 9.8 million (EUR 6.3 million).
- The Group's profit was EUR 7.8 million (EUR 4.9 million).
- The consolidated earnings per share were EUR 0.19 (EUR 0.12).

## Operating environment

Inflation was the key theme in the investment markets in 2023. At the same time, talk continued on how much central banks should further raise interest rates to curb inflation. Both the Federal Reserve (Fed) in the US and the European Central Bank (ECB) continued to raise their key interest rates during the year. In 2023 the Fed raised its key interest rate from 4.5% to 5.5% and the ECB from 2.5% to 4.0%.

Economic growth in Europe and especially in the US withstood the continued rise in interest rates surprisingly well. In early 2023 we also saw a small-scale banking crisis that started in the US but was resolved quickly. In China inflation has not been a problem but there concerns have mostly involved economic growth, as both private consumption and exports have been weaker than expected.

Towards the end of the year countries in the West began to see a slowdown in both inflation and growth, which gave the markets faith that interest rates would be lowered during 2024. In the final quarter of 2023 market expectations for both the speed and volume of interest rate reductions were intensified, well indicated as positive returns in both the fixed income and equity markets. Still, there were large differences in returns between different countries and sectors.

Throughout 2023, the best equity market was the US where the return of the S&P 500 Index, measured in dollars, was as high as 25.7%. Returns in the US were raised particularly by the seven large technology companies which have been dubbed the Magnificent Seven. The US gave a 21.4% return in euros, due to the weaker dollar. Measured by the MSCI Index, Japanese shares returned 16.2%, European stocks 15.8% and shares in emerging countries 6.1%. Behind all of these came the Finnish equity market where the index



return was 0.6% in the negative. After large negative returns in 2022, interest rates provided good returns in 2023. The European High Yield Index returned 12.1%, IG corporate loans 8.0%, euro zone government bonds 6.7%, and euro-denominated corporate loans in emerging countries 5.4%.

## Major events during the financial period

eQ Plc's Annual General Meeting was held on 27 March 2023. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Janne Larma and Tomas von Rettig were re-elected to the Board. Päivi Arminen was elected as new member. The Chair of the Board is Janne Larma and Deputy Chair Georg Ehrnrooth. The decisions by the Annual General Meeting have been presented in a separate chapter below.

During the period under review, the number of eQ Plc's shares increased with new shares subscribed for with option rights. The number of shares increased by 195,000 shares on 16 May 2023, by 111,000 shares on 29 August 2023 and by 10,000 shares on 14 November 2023. After the changes, the number of eQ shares is 40,745,698.

## Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 70.9 million (EUR 77.8 million from 1 Jan. to 31 Dec. 2022). The Group's net fee and commission income was EUR 70.8 million (EUR 77.1 million). The Group's net investment income from own investment operations was EUR -0.1 million (EUR 0.7 million), including the return from private equity and real estate fund investments and liquid fixed income funds.

The Group's expenses and depreciation totalled EUR 31.1 million (EUR 32.0 million). Personnel expenses were EUR 25.4 million (EUR 26.7 million), other administrative expenses EUR 2.5 million (EUR 2.5 million) and the other operating expenses were EUR 1.9 million (EUR 1.7 million). Depreciation was EUR 1.3 million (EUR 1.2 million). The salary expenses fell from the year before due to result-related remuneration.

The Group's operating profit was EUR 39.7 million (EUR 45.7 million) and the profit for the period was EUR 31.5 million (EUR 36.3 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.

Responsibility and sustainability are a key part of eQ Asset Management's investment activities and processes. eQ Asset Management once again achieved excellent results in the 2023 PRI (the UN Principles for Responsible Investment) assessment. eQ succeeded much better than the median in all six sections the company reported and obtained the highest star rating, five stars, for real estate investments, listed shares and corporate loans. eQ provides its clients with comprehensive reports on the implementation of sustainability.

Finnish institutional clients stated for the fifth year in a row in the 2023 SFR survey that eQ Asset Management is the most high-quality asset manager in Finland. Clients hold eQ in high esteem particularly with regard to investment returns, customer service, resources and reporting. eQ received the best assessment in no fewer than seven of the nine criteria in total. We were the second most-used asset manager in Finland. The survey is conducted every year and its participants are the 100 largest institutional investors.



### *Mutual funds and asset management*

At the end of the period, eQ had 23 traditional mutual funds registered in Finland. eQ's fixed income funds posted good returns in 2023. Credit risk margins contracted and interest rates fell toward the end of the year, especially after the intensive rise in interest rate levels in 2022. The best returns came from the eQ High Yield and eQ Emerging Markets Corporate Bond Local Currency funds. As compared with the benchmark indices, the best returns were yielded by the eQ Floating Rate and eQ Investment Grade funds. The returns of our equity funds in 2023 were also excellent. The best returns came from the eQ Europe Dividend, Emerging Market Small Cap and eQ Europe Small Cap funds. The best returns as compared with benchmark indices came from the eQ Emerging Dividend, eQ Europe Small Cap and eQ Finland funds.

Of the funds that eQ manages itself, 69 per cent gave a better return than its benchmark index, and the figure for the last three years was also 69. The average Morningstar rating of funds managed by eQ was 3.3 stars at the end of 2023. The returns of the discretionary asset management portfolios that eQ manages varied between approximately +8.9 and +16.5 per cent during the period, based on the allocation of the investment portfolio. The return of portfolios that only invest in Finnish shares was +2.5%. The ESG ratings of the eQ funds are better than the average, and eQ's listed shares and corporate loans obtained the highest rating in the latest PRI assessment.

### *Private equity*

The first closing of the new eQ PE XV US private equity fund was held at the end of January 2023 at USD 177 million. The final closing of the fund was made in December at USD 283 million. The eQ PE XV US Fund makes investments in private equity funds that invest in unlisted small and mid-sized companies in Northern America. The eQ PE XV US Fund is already the fifth fund that makes investments in private equity funds in Northern America, and altogether we have raised investment commitments of about one billion dollars to these funds. In October we also made the first closing in the eQ VC II Fund, which makes Venture Capital investments and is the second fund in size at USD 20 million.

eQ's scored excellent PRI results for the private equity section. In November eQ was honoured to receive recognition for its ESG work – the Silver Award for 'Best ESG Private Equity Initiative (LP)' at the Private Equity Exchange & Awards in Paris.

At the end of the period, the assets in private equity funds managed by eQ totalled EUR 2,973 million (EUR 2,726 million) and the assets managed under private equity asset management programmes were EUR 1,009 million (EUR 1,009 million).

At the beginning of 2022, eQ began to accrue the catch up share of private equity funds' performance fee in the income statement. The catch up share accrued cumulatively by 31 December 2023 was EUR 11.8 million, and the accrual of the 2023 financial period was EUR 6.0 million. The estimated total amount of future performance fees grew to EUR 142 million at the end of 2023 (EUR 130 million on 31 Dec. 2022). More information about the estimated returns and performance fees of private equity funds is available in the tables of the financial statements release on page 30.

### *Real estate investments*

The net subscriptions in the eQ Commercial Properties Fund were EUR -7 million during the period under review. In accordance with the fund rules, the eQ Commercial Properties Fund postponed the payment date of 31 December 2023 redemptions for approximately EUR 50 million. At the end of the period, the size of the fund was EUR 651 million, and its real estate property around EUR 1.2 billion. The return of the fund in 2023 was -12.7 per cent and since establishment 5.7 per cent p.a. The fund has approximately 2,150 unit holders.

The net subscriptions in the eQ Community Properties Fund in 2023 were EUR -119 million. At the end of the period, the size of the fund was EUR 1,198 million and its real estate property was approximately EUR 1.8 billion. The return of the fund in 2023 period was -13.8 per cent and since establishment 6.7 per cent p.a. The fund has approximately 4,500 unit holders.





The returns of the real estate funds were slightly negative for the first time, due to an increase of the yields resulting from the strong rise in the interest rate level.

In May 2020, eQ established a new real estate fund eQ Residential. The fund was finally closed in May 2021 at EUR 100 million. The fund invests more than EUR 300 million in residential properties. eQ Residential makes investments in the Helsinki metropolitan area, Tampere and Turku. The fund targets complete residential buildings and aims to manage approximately 1,500 rental units in total, which will be completed by the end of 2024. At the beginning of 2022, we established a new similar eQ Residential II Fund. Upon final closing its size was EUR 53 million. Unlike eQ Community Properties and eQ Commercial Properties funds, the eQ Residential funds are intended for professional investors only, and they have a closed-end fund structure.

In 2023, eQ's real estate funds participated in the GRESB sustainability assessment already for the fifth time. The results improved further in 2023 and exceed both the average results of companies participating in the GRESB assessment and the results of the funds' peers. The real estate funds also obtained the highest rating in the 2023 PRI assessment.

Overall, eQ's real estate funds had real estate property worth approximately EUR 3.4 billion at the end of the period under review, and eQ has become a major Finnish real estate investor.

#### *Assets under management and clients*

The assets managed by eQ Asset Management totalled EUR 12,917 million at the end of the period. Growth during the period was EUR 353 million (EUR 12,564 million on 31 Dec. 2022). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 3,843 million (EUR 4,101 million), and the assets decreased by EUR 258 million during the period under review. The assets managed by the real estate funds totalled EUR 2,251 million (EUR 2,697 million). The assets managed by the private equity funds and asset management programmes totalled EUR 3,982 million (EUR 3,734 million).

Assets under management, EUR million	12/23	12/22	Change
eQ mutual funds	3 843	4 101	-6 %
of which eQ equity, fixed income and balanced funds	1 993	1 687	18 %
of which eQ real estate funds	1 850	2 415	-23 %
Closed-end real estate funds	401	282	42 %
Funds of partners and other asset management	1 773	1 561	14 %
eQ private equity funds	2 973	2 726	9 %
Private equity asset management programmes	1 009	1 009	0 %
Total excl. reporting services	10 000	9 678	3 %
Private equity reporting services	2 917	2 885	1 %
Total	12 917	12 564	3 %

#### *Result of the Asset Management segment*

During the period under review, the net revenue of the Asset Management segment decreased by 7 per cent and the operating profit by 10 per cent to EUR 41.4 million (EUR 45.9 million from 1 Jan. to 31 Dec. 2022). Performance fees fell by 50 per cent to EUR 5.4 million from previous year's EUR 10.8 million. Performance fees typically fluctuate strongly per quarter and financial period. Performance fees include EUR 6.0 million of the accrued catch up share of private equity funds' performance fee. For the review period, performance fees in real estate asset management include a EUR -0.7 million adjustment from a value calculation error, relating to the real estate fund's 2022 performance fee.

The cost/income ratio was 37.9% (36.0%). Calculated as full-time resources, the Asset Management segment had 80 employees at the end of the period under review.



Asset Management	1-12/23	1-12/22	Change	10-12/23	10-12/22	Change
Net revenue, MEUR	66.9	71.8	-7 %	16.6	13.3	25 %
Operating profit, MEUR	41.4	45.9	-10 %	9.7	7.5	30 %
Cost/income ratio, %	37.9	36.0	5 %	41.5	43.6	-5 %
Personnel as full-time resources	80	76	5 %	80	76	5 %

Fee and commission income, Asset Management, MEUR	1-12/23	1-12/22	Change	10-12/23	10-12/22	Change
Management fees						
Traditional asset management	8.8	9.4	-6 %	2.2	2.1	6 %
Real estate asset management	35.6	35.1	1 %	8.5	9.4	-9 %
Private equity asset management	17.6	16.9	4 %	4.4	4.3	2 %
Management fees, total	62.0	61.5	1 %	15.2	15.8	-4 %
Performance fees						
Traditional asset management	0.0	0.0	281 %	0.0	0.0	116 %
Real estate asset management	-0.7	4.3	-117 %	0.0	-3.9	-100 %
Private equity asset management	6.1	6.5	-5 %	1.5	1.5	4 %
Performance fees, total	5.4	10.8	-50 %	1.5	-2.5	162 %
Other fee and commission income	0.1	0.1	-18 %	0.0	0.0	-8 %
Fee and commission income, total	67.5	72.4	-7 %	16.8	13.4	25 %

## 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 2023, the value of corporate acquisitions fell world-wide from the previous year, but a small pickup could be observed at the end of the quarter. This was affected by the rise in share prices late in the year and expectations of a lowering of the interest rate level in 2024.

In 2023, Advium acted as advisor in four M&A acquisitions completed: a Fairness Opinion to Musti Group relating to a public cash tender offer by a consortium led by Sonae, advising Aspo Plc regarding a minority investment by OP Suomi Infra, sale of shares in Caverion to a subsidiary of the Triton investment firm, and advising Otava on a mandatory public offer concerning shares in Alma Media Corporation.

Activity in Finnish real estate transactions slowed down considerably in 2023, leading to a decline of more than 60 per cent in overall transaction volume compared with the previous year. The most significant factor contributing to a slowdown in activity is the rapid rise in interest rate levels and weaker availability of financing. Advium acted as advisor in one published transaction when a fund managed by Schroders Capital sold an office building in central Turku to Niam.

### *Result of the Corporate Finance segment*

During the financial period, Advium's net revenue totalled EUR 3.9 million (EUR 5.4 million from 1 Jan. to 31 Dec. 2022). Operating profit was EUR 0.7 million (EUR 1.7 million). The segment had 16 employees at the end of the period.

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



Corporate Finance	1-12/23	1-12/22	Change	10-12/23	10-12/22	Change
Net revenue, MEUR	3.9	5.4	-27 %	2.7	1.0	163 %
Operating profit, MEUR	0.7	1.7	-62 %	1.6	0.2	631 %
Cost/income ratio, %	83.0	67.7	23 %	42.8	79.4	-46 %
Personnel as full-time resources	16	13	23 %	16	13	23 %

## 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 -0.6 million (EUR 0.7 million from 1 Jan. to 31 Dec. 2022). At the end of the period, the fair value of the investments was EUR 16.6 million (EUR 16.8 million on 31 Dec. 2022) and the amount of the remaining investment commitments was EUR 7.2 million (EUR 7.5 million). During the period under review, eQ Plc made a USD 1.0 million investment commitment in the eQ PE XV US private equity fund and a USD 1.0 million commitment in the eQ VC II venture capital fund.

During the period, the investment objects returned capital for EUR 1.4 million (EUR 2.9 million from 1 Jan. to 31 Dec. 2022) and distributed a profit of EUR 0.8 million (EUR 2.0 million). Capital calls totalled EUR 2.3 million (EUR 2.1 million). The net cash flow from investments during the period was EUR -0.1 million (EUR 2.8 million). The value changes of investments recognised through profit or loss were EUR -1.2 million during the period (EUR -1.2 million).

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

Investments	1-12/23	1-12/22	Change	10-12/23	10-12/22	Change
Operating profit, MEUR	-0.6	0.7	-187 %	-1.0	-0.7	-35 %
Fair value of investments, MEUR	16.6	16.8	-2 %	16.6	16.8	-2 %
Investment commitments, MEUR	7.2	7.5	-4 %	7.2	7.5	-4 %
Net cash flow of investments, MEUR	-0.1	2.8	-105 %	-0.4	0.5	-176 %

## Balance sheet and capital adequacy

At the end of the period, the consolidated balance sheet total was EUR 100.3 million (EUR 110.9 million on 31 Dec. 2022) and the shareholders' equity was EUR 75.4 million (EUR 81.8 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 31.5 million, the dividend distribution of EUR -36.8 million, the repayment of equity of EUR -3.6 million from the reserve for invested unrestricted equity, the subscription for new shares with option rights of EUR 1.2 million and the accrued expense of EUR 1.2 million related to an option scheme and entered in shareholders' equity. The changes are specified in detail in the tables attached to this release.

At the end of the period, liquid assets totalled EUR 22.9 million (EUR 23.7 million) and liquid investments in mutual funds EUR 10.5 million (EUR 20.1 million).

The lease liability related to premises and entered in the balance sheet was EUR 5.0 million (EUR 5.6 million) at the end of the period, the share of short-term liabilities being EUR 1.2 million (EUR 0.8 million).

Short-term interest-free debt was EUR 19.9 million (EUR 23.5 million). The Group had no interest-bearing loans at the end of the period (EUR - million). eQ's equity to assets ratio was 75.2% (73.8%).

The ratio between total capital and the capital requirement according to eQ Group's capital adequacy calculations was 252.8 per cent (242.3 per cent on 31 Dec. 2022). eQ Asset Management Ltd as investment firm and eQ Plc as the holding company apply the IFD/IFR regime. The most restrictive capital requirement for eQ is defined on the basis of fixed overheads at the end of the period. The minimum capital requirement based on fixed overheads was EUR 5.4 million. At the end of the period, the Group's total capital based on



capital adequacy calculations totalled EUR 13.6 million (EUR 11.9 million). Detailed information on the Group's capital adequacy can be found in the tables section.

## Shares and share capital

At the end of the period on 31 December 2023, the number of eQ Plc's shares was 40,745,698 and the share capital was EUR 11,383,873.00.

During the financial period, the number of eQ Plc's shares increased by new shares subscribed for with option rights 2018. The number of shares increased by 195,000 shares on 16 May 2023, by 111,000 shares on 29 August 2023 and by 10,000 shares on 14 November 2023. The subscription price of the new shares totalled EUR 1,270,320.00. The entire subscription was entered in the reserve for invested unrestricted equity.

The closing price of eQ Plc's share on 31 December 2023 was EUR 15.58 (EUR 25.45 on 31 Dec. 2022). The market capitalisation of the company was thus EUR 634.8 million (EUR 1,028.9 million) at the end of the period. During the period, 1,113,557 shares were traded on Nasdaq Helsinki (1,947,634 shares from 1 Jan. to 31 Dec.2022). In euros, the turnover was EUR 21.2 million (EUR 45.9 million).

## Own shares

On 31 Dec. 2023, eQ Plc held no own shares.

## Shareholders

### Ten major shareholders on 31 Dec. 2023

	Shares	Share, %
1. Fennogens Investments S.A.	7 962 605	19.54
2 Rettig Group Oy Ab	6 206 706	15.23
3 Chilla Capital S.A.	6 165 904	15.13
4 Teamet Oy	4 250 000	10.43
5 Oy Cevante Ab	1 419 063	3.48
6 Fazer Jan	1 314 185	3.23
7 Procurator Oy	793 892	1.95
8 Lavventura Oy	700 000	1.72
9 Ilmarinen Mutual Pension Insurance Company	697 500	1.71
10 Linnalex Ab	631 652	1.55
10 major shareholders, total	30 141 507	73.97
Nominee registered	367 303	0.90
Other shares	10 236 888	25.12
Total	40 745 698	100.00

On 31 Dec. 2023, eQ Plc had 8,376 shareholders (8,277 shareholders on 31 Dec. 2022).

## Option schemes

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



### **Option scheme 2018**

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

Of the options granted, altogether 1,113,500 had been exercised by the end of the period. The number of outstanding options was 661,500 at the end of the period. No options of the option scheme 2018 can any longer be allocated.

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

### **Option scheme 2022**

At the end of the period, altogether 910,000 options had been allocated from option scheme 2022. The subscription period of shares with option rights 2022 will begin on 1 April 2025 April and end on 30 April 2027.

The terms and conditions of the option scheme have been published in a stock exchange release of 04 February 2022, and they can be found in their entirety on the company website at [www.eQ.fi](http://www.eQ.fi).

## **Decisions by the Annual General Meeting**

eQ Plc's Annual General Meeting (AGM), held on Monday 27 March 2023 in Helsinki, decided upon the following:

### **Confirmation of the financial statements**

eQ Plc's AGM confirmed the financial statements of the company, which included the consolidated financial statements, the report by the Board of Directors, and the auditors' report for the financial year 2022.

### **Decision in respect of the result shown on the balance sheet and the distribution of assets from the reserve for invested unrestricted equity**

The AGM confirmed the proposal by the Board of Directors that a dividend of EUR 0.91 per share and a repayment of equity of EUR 0.09 per share be paid out from the reserve for invested unrestricted equity. The dividend and equity repayment were paid to shareholders who, on the record date for the dividend payment, i.e. 29 March 2023, were recorded in the shareholder register of eQ Plc held by Euroclear Finland Ltd. The payment date of the dividend and equity repayment was 5 April 2023.

### **Discharge from liability to the Board of Directors and the CEO**

The AGM decided to grant discharge from liability to the Board of Directors and the CEO.

### **Remuneration Report for Governing Bodies**

The AGM confirmed the Remuneration Report for Governing Bodies.

### **Number of directors, appointment of directors, and the remuneration of directors**

The AGM decided that the directors would receive remuneration as follows: Chair of the Board will receive EUR 5,000, Deputy Chair EUR 4,000 and the other directors EUR 3,000 per month. The Directors will also



be paid EUR 750 for each Board meeting that they attend. Travel and lodging costs will be compensated in accordance with the company's expense policy. According to the decision of the AGM, six members shall be elected to eQ Plc's Board of Directors. Nicholas Berner, Georg Ehrnrooth, Timo Kokkila, Janne Larma and Tomas von Rettig were re-elected for a term of office that will end at the close of the next Annual General Meeting. Päivi Arminen was elected as new member. At its constituent meeting immediately after the Annual General Meeting, the Board elected Janne Larma Chair of the Board and George Ehrnrooth Deputy Chair of the Board.

### **Auditors and auditors' compensation**

The AGM decided to elect the corporation of authorised public accountants KPMG Oy Ab auditor of the company. The auditor with main responsibility appointed by the company is Tuomas Ilveskoski, APA. It was decided to compensate the auditor according to an invoice approved by eQ Plc.

### **Authorising the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares**

The AGM authorised the Board of Directors to decide on a share issue or share issues and/or the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, in one or several transactions, comprising a maximum total of 3,500,000 new shares. The amount of the authorisation corresponded to approximately 8.66 per cent of all shares in the company on the date of the notice of the AGM.

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

### **Amendment of the Articles of Association**

The AGM decided that the Articles of Association of eQ Plc be updated with section-specific headings for all items, the field of activity be specified and the possibility to organise a meeting without a physical meeting venue be added, and participation in the General Meeting be made possible via a remote connection. The change in question was made to Section 9 of the Articles of Association, which concerns the notice to the general meeting and registration for the general meeting.

### **Personnel and organisation**

The Group had 101 employees at the end of the period (94 employees on 31 Dec. 2022), calculated as full-time resources. Calculated as full-time resources, the Asset Management segment had 80 (76) employees and the Corporate Finance segment 16 (13) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 25.4 million (EUR 26.7 million from 1 Jan. to 31 Dec. 2022). The salary expenses fell from the year before due to result-related remuneration.

During the financial period, Tero Estovirta was appointed deputy managing director of eQ Asset Management Ltd.



## Major risks and short-term uncertainties

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

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

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

## Proposal for the distribution of profit

The distributable means of the parent company on 31 December 2023 totalled EUR 59,732,405.70. The sum consisted of retained earnings of EUR 36,894,065.95 and the means in the reserve of invested unrestricted equity of EUR 22,838,339.74.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.80 per share be paid out. The proposal corresponds to a dividend totalling EUR 32,596,558.40 calculated with the number of shares at the close of the financial period. The dividend is paid in two instalments.

The first instalment, EUR 0.40 per share, is paid to those who are registered as shareholders in the company's shareholder register maintained by Euroclear Finland Ltd on the record date 25 March 2024. The Board proposes that the first instalment of the dividend be paid out on 3 April 2024.

The second instalment, EUR 0.40 per share, is paid in October 2024. The second instalment is paid to those who are registered as shareholders in the company's shareholder register maintained by Euroclear Finland Ltd on the record date. The Board of Directors will decide the record date and payment date of the second instalment of the dividend payment at its meeting in September 2024. The planned record date is 25 September 2024 and the dividend payment date 2 October 2024.

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 does not endanger the liquidity of the company.

## Events after the end of the financial year

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 21 March 2024 regarding the number of directors, their remuneration and the principles for compensation 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 Ehnrooth, Timo Kokkila, Janne Larma and Tomas von Rettig are re-elected to the Board.



## Outlook

The asset management market in Finland has grown strongly, and eQ's growth has outpaced the market. We estimate that the long-term outlook for growth in the asset management market and for eQ in Finland is still good.

For eQ's real estate funds, 2023 was a difficult year due to an increase of the yields resulting from a strong rise in the interest rate level. As yields rose, values of properties clearly declined. Also, net subscriptions in funds were negative. The limited availability of real estate financing also contributed to a significant decrease in real estate transactions. With regard to the real estate funds, we expect 2024 to be a challenging year, although the long-term outlook for growth is good. Sales of eQ's Private Equity products has continued to be strong, and the desire of Finnish asset management clients to increase Private Equity allocations in their portfolios will continue to support the growth of eQ's Private Equity products. We also anticipate a growth in performance fees from 2025 onwards, due to the predicted transfer of several Private Equity products to a performance fee stage. eQ's competitive position in traditional asset management products and discretionary asset management is good thanks to excellent returns on investments. We believe that traditional asset management has great potential for growth in future years, considering however its characteristic short-term variation according to market conditions.

eQ has updated its disclosure policy and, as a rule, will not issue a result forecast for the Asset Management segment in the future but instead describe its outlook in a general manner. Results in the Corporate Finance and Investments segments are largely dependent on factors beyond the company's control, which is why no result forecast has been issued for these segments before.

eQ Plc  
Board of Directors





## **TABLES**

### **Principles for drawing up the report**

The financial statements release has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU. At the beginning of the financial period, the company has adopted certain new or amended IFRS standards and IFRIC interpretations. However, the introduction of these new and amended standards has not had any essential impact on the reported figures. For other parts, the Group has applied the same accounting principles as in the financial statements 2022. The calculation principles and formulas of the key ratios remain unaltered, and they have been presented in the Annual Report 2022.

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

The financial statement figures presented in this release are based on the company's audited financial statements. The Auditors' Report has been issued on 5 February 2024.



## CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-12/23	1-12/22	10-12/23	10-12/22
Fee and commission income	71 361	77 665	19 470	14 419
Interest income	275	8	92	8
Net income from financial assets	-52	709	-822	-668
Operating income, total	71 584	78 383	18 740	13 759
Fee and commission expenses	-546	-536	-137	-123
Interest expenses	-185	-65	-57	-26
NET REVENUE	70 853	77 781	18 547	13 610
Administrative expenses				
Personnel expenses	-25 415	-26 724	-7 134	-5 830
Other administrative expenses	-2 532	-2 490	-749	-721
Depreciation on tangible and intangible assets	-1 272	-1 178	-318	-348
Other operating expenses	-1 885	-1 655	-558	-432
OPERATING PROFIT (LOSS)	39 749	45 735	9 787	6 278
PROFIT BEFORE TAXES	39 749	45 735	9 787	6 278
Income tax	-8 225	-9 412	-2 019	-1 330
PROFIT (LOSS) FOR THE PERIOD	31 524	36 322	7 768	4 948

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-12/23	1-12/22	10-12/23	10-12/22
Other comprehensive income:	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	31 524	36 322	7 768	4 948
Profit for the period attributable to:				
Equity holders of the parent company	31 524	36 322	7 768	4 948
Non-controlling interests	-	-	-	-
Comprehensive income for the period attributable to:				
Equity holders of the parent company	31 524	36 322	7 768	4 948
Non-controlling interests	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:				
Earnings per average share, EUR	0.78	0.91	0.19	0.12
Diluted earnings per average share, EUR	0.75	0.87	0.18	0.12



## CONSOLIDATED BALANCE SHEET, EUR 1 000

	31 Dec. 2023	31 Dec. 2022
<b>ASSETS</b>		
Liquid assets	70	21
Claims on credit institutions	22 841	23 667
Financial assets		
Financial securities	10 555	20 119
Private equity and real estate fund investments	16 556	16 837
Intangible assets		
Fair value and brands	29 212	29 212
Client agreements	8	108
Other intangible assets	30	79
Tangible assets		
Right-of-use assets	4 215	5 273
Tangible assets	425	514
Other assets	15 657	14 393
Accruals and prepaid expenditure	414	426
Income tax receivables	133	138
Deferred tax assets	153	70
<b>TOTAL ASSETS</b>	<b>100 270</b>	<b>110 858</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Other liabilities	6 933	6 829
Accruals and deferred income	12 871	16 607
Lease liabilities	4 980	5 621
Income tax liabilities	49	22
<b>TOTAL LIABILITIES</b>	<b>24 834</b>	<b>29 079</b>
<b>EQUITY</b>		
Attributable to equity holders of the parent company:		
Share capital	11 384	11 384
Reserve for invested unrestricted equity	24 693	27 061
Retained earnings	7 836	7 011
Profit (loss) for the period	31 524	36 322
<b>TOTAL EQUITY</b>	<b>75 436</b>	<b>81 779</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>100 270</b>	<b>110 858</b>



## CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-12/2023	1-12/2022
<b>CASH FLOW FROM OPERATIONS</b>		
Operating profit	39 749	45 735
Depreciation and write-downs	1 272	1 178
Interest income and expenses	-90	57
Transactions with no related payment transactions	2 312	2 451
Financial assets' cash flow – private equity and real estate fund investments	-940	755
Change in working capital		
Business receivables, increase (-) / decrease (+)	-1 113	-9 741
Interest-free debt, increase (+) / decrease (-)	-3 654	-6 264
Total change in working capital	-4 767	-16 005
Cash flow from operations before financial items and taxes	37 536	34 172
Interests received	275	8
Interests paid	-185	-65
Taxes	-8 392	-9 553
<b>CASH FLOW FROM OPERATIONS</b>	<b>29 234</b>	<b>24 561</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
Investments in tangible and intangible assets	-52	-369
Investments/redemptions in other investments – liquid mutual funds	9 766	727
<b>CASH FLOW FROM INVESTMENTS</b>	<b>9 713</b>	<b>359</b>
<b>CASH FLOW FROM FINANCING</b>		
Dividends paid/equity repayments	-40 430	-39 632
Subscription of new shares	1 270	4 003
Decrease in lease liability capital	-565	-744
<b>CASH FLOW FROM FINANCING</b>	<b>-39 725</b>	<b>-36 372</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-777</b>	<b>-11 452</b>
Liquid assets on 1 Jan.	23 688	35 141
Liquid assets on 31 Dec.	22 911	23 688



## CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY, EUR 1 000

Equity attributable to equity holders of the parent company					
	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2022	11 384	24 247	44 325	79 955	79 955
Profit (loss) for the period			36 322	36 322	36 322
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			36 322	36 322	36 322
Dividend/equity repayment		-1 189	-38 443	-39 632	-39 632
Subscription of shares		4 003		4 003	4 003
Options granted, cost accrual			1 130	1 130	1 130
Shareholders' equity on 31 Dec. 2022	11 384	27 061	43 334	81 779	81 779
Shareholders' equity on 1 Jan. 2023	11 384	27 061	43 334	81 779	81 779
Profit (loss) for the period			31 524	31 524	31 524
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			31 524	31 524	31 524
Dividend/equity repayment		-3 639	-36 791	-40 430	-40 430
Subscription of shares		1 270		1 270	1 270
Options granted, cost accrual			1 293	1 293	1 293
Shareholders' equity on 31 Dec. 2023	11 384	24 693	39 359	75 436	75 436



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

	1-12/23	1-12/22	10-12/23	10-12/22
Asset management fees				
Management fees				
Traditional asset management	8 836	9 401	2 244	2 126
Real estate asset management	35 583	35 147	8 542	9 366
Private equity asset management	17 421	16 782	4 396	4 309
Management fees, total	61 840	61 330	15 183	15 802
Performance fees				
Traditional asset management	12	3	7	3
Real estate asset management	-722	4 344	0	-3 916
Private equity asset management	6 148	6 456	1 520	1 456
Performance fees, total	5 439	10 804	1 527	-2 457
Other fee and commission income	119	146	33	36
Asset management fees, total	67 397	72 280	16 743	13 381
Corporate finance fees	3 963	5 385	2 728	1 038
Fee and commission income, total	71 361	77 665	19 470	14 419

	1-12/23	1-12/22	10-12/23	10-12/22
Private equity asset management performance fees - specification				
Paid non-accrued fees	150	613	20	-5
Catch up share accrual	5 998	5 843	1 499	1 461
Total	6 148	6 456	1 520	1 456

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

	1-12/23	1-12/22	10-12/23	10-12/22
Private equity and real estate fund investment operations				
Profit distribution of funds	790	2 040	213	758
Changes in fair value and losses	-1 221	-1 224	-1 156	-1 446
Total	-431	816	-943	-688
Other investment operations				
Changes in fair value	202	-97	121	20
Sales profit/loss	178	-9	-	-
Total	379	-106	121	20
Net income from financial assets, total	-52	709	-822	-668



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

	31 Dec. 2023		31 Dec. 2022	
	Fair value	Book value	Fair value	Book value
<b>Financial assets</b>				
Investments				
Private equity and real estate fund investments	16 556	16 556	16 837	16 837
Financial securities	10 555	10 555	20 119	20 119
Accounts receivable and other receivables	579	579	1 005	1 005
Liquid assets	22 911	22 911	23 688	23 688
<b>Total</b>	<b>50 600</b>	<b>50 600</b>	<b>61 650</b>	<b>61 650</b>
<b>Financial liabilities</b>				
Accounts payable and other liabilities	670	670	287	287
Lease liabilities	4 980	4 980	5 621	5 621
<b>Total</b>	<b>5 650</b>	<b>5 650</b>	<b>5 908</b>	<b>5 908</b>

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

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

	31 Dec. 2023		31 Dec. 2022	
	Level 1	Level 3	Level 1	Level 3
<b>Financial assets</b>				
Private equity and real estate fund investments	-	16 556	-	16 837
Financial securities	10 555	-	20 119	-
<b>Total</b>	<b>10 555</b>	<b>16 556</b>	<b>20 119</b>	<b>16 837</b>

Level 3 reconciliation: Private equity and real estate fund investments

1-12/2023	
Opening balance on 1 Jan. 2023	16 837
Calls	2 304
Returns	-1 365
Value change and loss through profit or loss	-1 221
<b>Closing balance on 31 Dec. 2023</b>	<b>16 556</b>

1-12/2022	
Opening balance on 1 Jan. 2022	18 817
Calls	2 113
Returns	-2 868
Value change and loss through profit or loss	-1 224
<b>Closing balance on 31 Dec. 2022</b>	<b>16 837</b>

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



The fair values of level 3 private equity funds are based on the value of the fund according to the management company of the private equity fund and their use in widely used valuation models. Private equity fund investments are valued in accordance with a practice widely used in the sector, International Private Equity and Venture Capital Guidelines. The fair values of level 3 real estate fund investments are based on the value of the fund according to the management company. The valuation of real estate owned by a fund is based on a value defined by an external valuer. During the period under review, no transfers took place between the levels of the fair value hierarchy.

## PRIVATE EQUITY AND REAL ESTATE FUND INVESTMENTS, EUR 1 000

Market value	31 Dec. 2023	31 Dec. 2022
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XV US	36	0
eQ PE XIV North	421	145
eQ VC	226	76
eQ PE XIII US	455	215
eQ PE XII North	734	520
eQ PE XI US	810	638
eQ PE X North	838	613
eQ PE IX US	1 168	1 091
eQ PE VIII North	1 750	1 956
eQ PE VII US	2 846	3 022
eQ PE VI North	1 346	1 693
Amanda V East	1 661	2 209
Amanda IV West	28	153
Amanda III Eastern PE	78	378
Total	12 396	12 710
Real estate funds:		
eQ Residential II	668	181
eQ Residential	843	527
Funds managed by others:		
Large buyout funds	1 196	1 302
Midmarket funds	91	261
Venture funds	1 362	1 857
<b>Total</b>	<b>16 556</b>	<b>16 837</b>





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

Investment commitment	31 Dec. 2023	31 Dec. 2022
Funds managed by eQ:		
Private equity funds of funds:		
eQ VC II	905	-
eQ PE XV US	860	-
eQ PE XIV North	600	850
eQ VC	634	844
eQ PE XIII US	453	703
eQ PE XII North	285	485
eQ PE XI US	153	298
eQ PE X North	159	259
eQ PE IX US	126	111
eQ PE VIII North	301	301
eQ PE VII US	160	109
eQ PE VI North	371	369
Amanda V East	663	663
Amanda IV West	427	427
Amanda III Eastern PE	273	273
Total	6 368	5 692
Real estate funds:		
eQ Residential II	200	800
eQ Residential	150	550
Funds managed by others:		
Large buyout funds	133	133
Midmarket funds	302	302
Venture funds	0	0
<b>Total</b>	<b>7 153</b>	<b>7 477</b>



## SEGMENT INFORMATION, EUR 1 000

1-12/2023	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	67 397	3 963	-	-		71 361
From other segments	150	-	-	-	-150	-
Interest income	-	-	-	275		275
Net income from financial assets	-	-	-431	379		-52
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
Operating income, total	67 547	3 963	-431	731	-227	71 584
Fee and commission expenses	-546	-	-	-		-546
To other segments	-	-	-150	-	150	-
Interest expenses	-143	-27	-	-15		-185
NET REVENUE	66 859	3 936	-581	716	-77	70 853
Administrative expenses						
Personnel expenses	-21 092	-2 614	-	-1 710		-25 415
Other administrative expenses	-1 925	-343	-	-340	77	-2 532
Depreciation on material and immaterial assets	-1 035	-174	-	-64		-1 273
Other operating expenses	-1 419	-138	-	-329		-1 885
OPERATING PROFIT (LOSS)	41 389	668	-581	-1 727	0	39 749
Income tax				-8 225		-8 225
PROFIT (LOSS) FOR THE PERIOD				-9 952		31 524

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



10-12/23	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	16 743	2 728	-	-		19 470
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	92		92
Net income from financial assets	-	-	-943	121		-822
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	16 780	2 728	-943	232	-57	18 740
Fee and commission expenses	-137	-	-	-		-137
To other segments	-	-	-38	-	38	-
Interest expenses	-44	-8		-4		-57
NET REVENUE	16 599	2 719	-981	228	-19	18 547
Administrative expenses						
Personnel expenses	-5 662	-996	-	-476		-7 134
Other administrative expenses	-578	-90	-	-100	19	-749
Depreciation on material and immaterial assets	-259	-43	-	-16		-318
Other operating expenses	-422	-35	-	-101		-559
OPERATING PROFIT (LOSS)	9 678	1 555	-981	-464	0	9 787
Income tax				-2 019		-2 019
PROFIT (LOSS) FOR THE PERIOD				-2 484		7 768
10-12/22	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	13 381	1 038	-	-		14 419
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	8		8
Net income from financial assets	-	-	-688	20		-668
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	13 418	1 038	-688	48	-57	13 759
Fee and commission expenses	-123	-	-			-123
To other segments	-	-	-38	-	38	-
Interest expenses	-20	-4		-2		-26
NET REVENUE	13 275	1 034	-725	46	-19	13 610
Administrative expenses						
Personnel expenses	-4 687	-649	-	-495		-5 830
Other administrative expenses	-538	-88	-	-114	19	-721
Depreciation on material and immaterial assets	-285	-44	-	-19		-348
Other operating expenses	-300	-41	-	-92		-432
OPERATING PROFIT (LOSS)	7 464	213	-725	-674	0	6 278
Income tax				-1 330		-1 330
PROFIT (LOSS) FOR THE PERIOD				-2 004		4 948



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

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

### PROFIT DEVELOPMENT OF SEGMENTS PER QUARTER, EUR 1 000

	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Asset Management					
Net revenue	16 599	15 888	17 317	17 054	13 275
Operating profit	9 678	10 487	10 478	10 746	7 464
Corporate Finance					
Net revenue	2 719	335	430	452	1 034
Operating profit	1 555	-212	-296	-379	213
Investments					
Net revenue	-981	258	229	-87	-725
Operating profit	-981	258	229	-87	-725
Other segments and eliminations					
Net revenue	209	93	40	297	27
Operating profit	-464	-371	-574	-317	-674
Group total					
Net revenue	18 547	16 574	18 016	17 716	13 610
Operating profit	9 787	10 161	9 837	9 963	6 278
Profit for the period	7 768	8 060	7 798	7 897	4 948



## CAPITAL ADEQUACY, EUR 1 000

	IFR 31 Dec. 2023 eQ Group	IFR 31 Dec. 2022 eQ Group
Equity	75 436	81 779
Common equity tier 1 (CET 1) before deductions	75 436	81 779
Deductions from CET 1		
Intangible assets	-29 251	-29 400
Unconfirmed profit for the period	-31 524	-36 322
Dividend proposal by the Board*	-1 073	-4 107
Common equity tier 1 (CET 1)	13 588	11 949
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	13 588	11 949
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	13 588	11 949
Own funds requirement according to the most restrictive requirement (IFR)	5 375	4 932
Fixed overhead requirement	5 375	4 932
K-factor requirement	371	393
Absolute minimum requirement	150	150
Risk-weighted items total – Total risk exposure	67 188	61 651
Common equity tier (CET1) / own funds requirement, %	252.8 %	242.3 %
Tier 1 (T1) / own funds requirement, %	252.8 %	242.3 %
Total capital (TC) / own funds requirement, %	252.8 %	242.3 %
Common equity tier 1 (CET1) / risk weights, %	20.2 %	19.4 %
Tier 1 (T1) / risk weights, %	20.2 %	19.4 %
Total capital (TC) / risk weights, %	20.2 %	19.4 %
Excess of total capital compared with the minimum level	8 213	7 017
Total capital compared with the target level (incl. a 25% risk buffer for the requirement)	6 869	5 784

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



## GROUP KEY RATIOS

	31 Dec. 2023	31 Dec. 2022
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	31 524	36 322
Earnings per average share, EUR	0.78	0.91
Diluted earnings per average share, EUR	0.75	0.87
Equity per share, EUR	1.85	2.02
Equity per average share, EUR *)	1.86	2.04
Return on investment, ROI % p.a.	37.8	43.2
Return on equity, ROE % p.a.	40.1	44.9
Equity to assets ratio, %	75.2	73.8
Cost/income ratio, Group, %	43.8	41.1
Share price at the end of the period, EUR	15.58	25.45
Market value, EUR million	634.8	1 028.9
Personnel calculated as full-time resources at the end of the period	101	94

\*) Weighted average number of shares outstanding.

eQ applies the guidelines of the European Securities and Markets Authority, ESMA, on alternative performance measures. An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS). eQ presents alternative measures in order to describe the financial development of its operations. Capital adequacy performance measures are presented based on European legislation concerning companies in the finance sector. The calculation principles and formulae of the key ratios are presented in the company's 2022 financial statements, which are available on the company website at [www.eQ.fi](http://www.eQ.fi). The key ratios presented by eQ can be directly calculated with the calculation formulae based on the information in the income statement, balance sheet and notes thereto.

## REMAINING COMMITMENTS

On 31 December 2023, eQ's remaining investment commitments in private equity funds totalled EUR 7.2 million (EUR 7.5 million on 31 Dec. 2022). Other commitments at the end of the period totalled EUR 0.0 million (EUR 0.0 million on 31 Dec. 2022).



## PERFORMANCE BASED FEES OF PRIVATE EQUITY FUNDS MANAGED BY EQ

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

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

The estimated returns and performance fees for each separate fund have been presented on the following page. The catch up share to be recognised in the 2024 income statement is estimated to be around EUR 5.4 million.



## Funds – 31 December 2023

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 total MEUR	Estimated future performance fees, total MEUR	Performance fees accrued presently in the fund's value, MEUR <sup>1)</sup>
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	0.0	0.0
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 %	1.4x	1.7x	2025	2.2	6.4	3.7
eQ PE VII	MUSD 80	2015	7.0 %	7.5 %	45 %	1.7x	2.0x	2025	0.9	3.0	1.9
eQ PE VIII	MEUR 160	2016	7.0 %	7.5 %	100 %	1.6x	1.9x	2025	3.0	12.8	7.1
eQ PE IX	MUSD 105	2017	7.0 %	7.5 %	45 %	1.6x	2.1x	2026	0.9	4.2	2.1
eQ PE X	MEUR 175	2018	7.0 %	7.5 %	100 %	1.3x	1.9x	2027	3.7	13.7	3.3
eQ PE XI	MUSD 217	2019	7.0 %	7.5 %	45 %	1.2x	2.1x	2027	1.7	8.4	1.4
eQ PE XII	MEUR 205	2020	7.0 %	7.5 %	100 %	1.2x	1.8x	After 2028	n/a	14.1	2.0
eQ PE XIII	MUSD 318	2021	7.0 %	7.5 %	45 %	1.0x	1.8x	After 2028	n/a	9.1	n/a
eQ PE XIV	MEUR 288	2022	7.0 %	7.5 %	100 %	n/a	1.8x	After 2028	n/a	18.7	0.1
eQ PE XV	MUSD 283	2023	7.0 %	7.5 %	45 %	n/a	1.8x	After 2028	n/a	7.7	n/a
eQ PE SF II	MEUR 135 <sup>2)</sup>	2018	10.0 %	10.0 %	100 %	1.3x	1.4x	2026	1.8	1.8	n/a
eQ PE SF III	MEUR 170 <sup>3)</sup>	2020	10.0 %	10.0 %	100 %	1.4x	1.8x	2026	2.4	9.2	3.6
eQ PE SF IV	MEUR 151 <sup>4)</sup>	2022	10.0 %	10.0 %	100 %	n/a	1.4x	After 2028	n/a	3.2	0.8
PE programmes	MEUR 198	2013-16	8%/12%	7.5%/12%	100 %	n/a	n/a	2025-2027	9.2	25.7	12.4
eQ VC	MUSD 77	2021	7.0 %	7.5 %	45 %	n/a	2.3x	After 2028	n/a	3.5	n/a
Total									26.0	141.5 (130.1 prev. year)	38.4
of which covered by the catch up accrual									26.0	85.3	35.5
catch up share accrued cumulatively by 31 December 2023									11.8		
estimated accrual for 2024									5.4		

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 the 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.