

2021

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# HALF YEAR REPORT





10 August 2021 at 8:00 AM

## eQ Plc's half year report 2021 – eQ Group's operating profit grew by 81%

### January to June 2021 in brief

- The Group's net revenue during the period was EUR 36.8 million (EUR 23.9 million from 1 Jan. to 30 June 2020).
  - The Group's net fee and commission income was EUR 33.2 million (EUR 24.3 million).
  - The Group's net investment income from own investment operations was EUR 3.6 million (EUR -0.4 million), including the return from private equity and real estate fund investments and liquid fixed income funds.
- The Group's operating profit grew by 81% to EUR 21.1 million (EUR 11.7 million).
- The Group's profit was EUR 16.9 million (EUR 9.4 million).
- The consolidated earnings per share were EUR 0.43 (EUR 0.24).
- The net revenue of the Asset Management segment increased by 36% to EUR 30.9 million (EUR 22.7 million) and the operating profit by 42% to EUR 18.5 million (EUR 13.0 million).
- The net revenue of the Corporate Finance segment was EUR 2.4 million (EUR 1.7 million) and the operating profit was EUR 0.6 million (EUR 0.3 million).
- The net cash flow from the Group's own private equity and real estate fund investment operations was EUR 2.5 million (EUR -0.2 million).

### April to June 2021 in brief

- In the second quarter, the Group's net revenue totalled EUR 18.8 million (EUR 11.9 million from 1 April to 30 June 2020).
  - The Group's net fee and commission income was EUR 17.4 million (EUR 12.7 million).
  - The Group's net investment income from own investment operations was EUR 1.4 million (EUR -0.8 million), including the return from private equity and real estate fund investments and liquid fixed income funds.
- The Group's operating profit grew by 87% to EUR 10.6 million (EUR 5.7 million).
- The Group's profit was EUR 8.5 million (EUR 4.6 million).
- The consolidated earnings per share were EUR 0.22 (EUR 0.12).

Key ratios	1-6/21	1-6/20	Change	4-6/21	4-6/20	Change	1-12/20
Net revenue, Group, M€	36.8	23.9	54%	18.8	11.9	58%	56.7
Net revenue, Asset Management, M€	30.9	22.7	36%	16.1	11.4	41%	52.8
Net revenue, Corporate Finance, M€	2.4	1.7	39%	1.3	1.3	4%	4.1
Net revenue, Investments, M€	3.5	-0.4	1090%	1.4	-1.0	238%	-0.1
Net revenue, Group administration and eliminations, M€	0.0	-0.2		0.0	0.2		0.0
Operating profit, Group, M€	21.1	11.7	81%	10.6	5.7	87%	30.8
Operating profit, Asset Management, M€	18.5	13.0	42%	9.6	6.6	45%	32.1
Operating profit, Corporate Finance, M€	0.6	0.3	91%	0.4	0.4	-19%	1.1
Operating profit, Investments, M€	3.5	-0.4	1090%	1.4	-1.0	238%	-0.1
Operating profit, Group administration, M€	-1.4	-1.3		-0.7	-0.4		-2.4
Profit for the period, M€	16.9	9.4	80%	8.5	4.6	84%	24.6



Key ratios	1-6/21	1-6/20	Change	4-6/21	4-6/20	Change	1-12/20
Earnings per share, €	0.43	0.24	76%	0,22	0,12	83 %	0.64
Equity per share, €	1.48	1.33	11%	1,48	1,33	11 %	1.74
Cost/income ratio, Group, %	42.4	51.0	-17%	43,5	52,3	-17 %	45.6
Liquid assets, M€	25.4	13.8	84%	25,4	13,8	84 %	36.3
Private equity and real estate fund investments, M€	16.7	16.1	4%	16,7	16,1	4 %	15.7
Interest-bearing loans, M€	0.0	0.0	0%	0,0	0,0	0 %	0.0
Assets under management excluding reporting services, € billion	8.6	7.0	23%	8,6	7,0	23 %	7.5
Assets under management, € billion	10.7	8.5	26%	10,7	8,5	26 %	9.0

## Mikko Koskimies, CEO

COVID-19 started to spread in Western countries in the second quarter of 2020, which led to an extensive closing-down of economies. This year, the sentiment has been different. Vaccination coverage has improved rapidly, and the global economy has begun to recover at huge speed. In Q1 2021, the GDP growth in Europe still remained negative, but in the US, it was already clearly positive. In Q2, IMF published a 6% prognosis for global economic growth in the whole year 2021.

The equity market welcomed the information about accelerating growth. At the same time, worries arose on whether growth would speed up inflation and force actors to cut down monetary stimulus more rapidly than planned. There was upward pressure on above all long-term interest rates in the US, as annual inflation increased to no less than 5%. The message of central banks was clear, however: accelerating inflation is regarded as a temporary phenomenon related to economic recovery that does not require rapid reactions from central banks. Despite strong recovery, the new US president is launching large additional stimulus packages.

In the first half, equity market returns were very good, the return of the global index being almost 17%. Small-caps have even given clearly better returns than this. The fear for inflation raised interest rates, and the interest returns of euro government bonds and interest grade loans were negative in the first half. High yield loans, on the other hand, benefited from the narrowing of the interest rate spread and gave a return of almost 3% since the beginning of the year.

### eQ's growth very strong

eQ's growth was very strong in the first half. The net revenue of the Group during the period under review was EUR 36.8 million and the operating profit EUR 21.1 million. Net revenue grew by 54% and operating profit by as much as 81% on the previous year.

### eQ Asset Management's growth accelerated

eQ Asset Management's result was once more excellent. The net revenue of eQ Asset Management increased by 36% on the first half of the previous year to EUR 30.9 million. The operating profit grew by 42% to EUR 18.5 million. The management fees of traditional asset management as well as performance fees experienced the strongest growth. Part of the performance fees accrued from Amanda IV -private equity fund at the end of the reporting period.

The returns of client portfolios were excellent during the first half. No less than 85% of the funds that eQ manages itself gave better returns than their benchmark indices, and during a three-year period the corresponding figure was 75%. Within the discretionary asset management portfolios, both absolute and relative returns were also exceptionally good. The excellent returns from traditional asset management were complemented by the good real estate and private equity returns.



The first half was also very good with regard to sales, above all for real estate and private equity asset management. Net subscriptions in the eQ Community Properties and Commercial Properties Funds were almost EUR 160 million, and the size of the eQ Residential Fund grew to its target of EUR 100 million. The investment operations of the fund also advanced well. In 2021, private equity assets are raised to the eQ PE XIII US Fund, which already reached a record size of USD 293 million in its June closing. The assets raised to the US PE funds since 2015 total almost USD 700 million. In addition, we have launched three new private equity asset management programmes at the beginning of the year, and the size of two old, renewed programmes has grown markedly.

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

### **Advium's fee income and profit grew**

Advium's net revenue was EUR 2.4 million (EUR 1.7 million) and operating profit EUR 0.6 million (EUR 0.3 million) during the period under review.

During the six-month period, Advium acted as advisor in five transactions. In addition, Advium acted as advisor in two transactions that were published in July. Of these seven transactions, two were real estate transactions and five M&As. In the major transactions, Advium acted as financial advisor to Alma Media, Berner and Rettig.

In the first half of the year, the value of M&As continued to grow globally to an all-time high. The M&A activity was high in Finland as well. The volumes of real estate transactions have not grown in the same manner as those of M&As.

### **The operating profit of the Investments segment excellent**

The operating profit of the Investments segment was EUR 3.5 million (EUR -0,4 million) and the net cash flow was EUR 2.5 million. The balance sheet value of the private equity and real estate fund investments was EUR 16.7 million at the end of June. eQ Plc made an investment commitment of USD 1 million to the eQ PE XIII US private equity fund in January. The considerable increase the M&A activity of unlisted companies had a positive impact on the portfolio's cash flow, value changes and realised profits.

## **Outlook**

The strong market development during the first half supports eQ's business operations.

The outlook for the financial year is still unaltered, and we expect the net revenue and operating profit of the Asset Management segment to grow from the previous year.

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eQ's half year financial report 1 January to 30 June 2021 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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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 10.7 billion. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.



# eQ PLC'S HALF YEAR REPORT 1 JAN. TO 30 JUNE 2021

## Result of operations and financial position 1 Jan. to 30 June 2021

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## Result of operations and financial position 1 April to 30 June 2021

- In the second quarter, the Group's net revenue totalled EUR 18.8 million (EUR 11.9 million from 1 April to 30 June 2020).
  - The Group's net fee and commission income was EUR 17.4 million (EUR 12.7 million).
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- The Group's profit was EUR 8.5 million (EUR 4.6 million).
- The consolidated earnings per share were EUR 0.22 (EUR 0.12).

## Operating environment

COVID-19 started to spread in Western countries in the second quarter of 2020, which led to an extensive closing-down of economies. This year, the sentiment has been different. Vaccination coverage has improved rapidly, and the global economy has begun to recover at huge speed. In Q1 2021, the GDP growth in Europe still remained negative, but in the US, it was already clearly positive. In Q2, IMF published a 6% prognosis for global economic growth in the whole year 2021. There were still large differences in both the vaccination coverage and economic growth of the so-called BRIC countries. In China, the infections had been kept under control and vaccinations were advancing at a good pace – economic growth remained very strong. Brazil, Russia and India still suffered from COVID-19, however, which inevitably reflected on the recovery of these economies.

The equity market welcomed the information about accelerating growth. At the same time, worries arose on whether inflation would speed up and force actors to cut down monetary stimulus more rapidly than planned. There was upward pressure on above all long-term interest rates in the US, as annual inflation increased to no less than 5%. The message of central banks was clear, however: accelerating inflation is regarded as a temporary phenomenon related to economic recovery that does not require rapid reactions from central banks. Even though the views on this within the Fed began to crumble a little towards the end of Q2, the bond market – and thereby the equity market – calmed down. In Europe, inflation has increased clearly less, and the ECB has announced that it will keep the monthly purchases and key rates unaltered. Despite strong recovery, the new US president is launching large additional stimulus packages.



In the first half, the equity market returns were very good. The Finnish Stock Exchange rose by 19.5%, the US calculated in euros by 18.7%, Europe by 15.4% and emerging equity markets by 10.9%. The returns of the second quarter were correspondingly Finland 9.6%, the US 7.5%, Europe 6.5% and emerging markets 4.1%.

The fear for inflation raised interest rates, and the interest returns of euro government bonds and interest grade loans were negative in the first half. The return of government bonds was -3.0% and that of IG loans -0.4%. The corresponding returns in the second quarter were -0.7% and 0.3%. High yield loans, on the other hand, benefited from the narrowing of the interest rate spread and gave a return of 2.9% since the beginning of the year (second quarter 1.4%). The corporate loans of emerging countries gave a -0.2% return as euro hedged since the beginning of the year and a 1.6% return in the second quarter.

## Major events during the period under review

eQ Plc's Annual General Meeting was held on 24 March 2021. Nicolas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra and Tomas von Rettig were re-elected to the Board. Janne Larma was elected as new member. From 1 April 2021, Janne Larma will be the full-time Chair of the Board. Previously he acted as CEO of eQ Plc since 2011. The Deputy Chair of the Board is Georg Ehrnrooth. The decisions by the Annual General Meeting have been presented in a separate chapter below.

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

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

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

## Group net revenue and result development

During the period under review, the Group's net revenue totalled EUR 36.8 million (EUR 23.9 million from 1 Jan. to 30 June 2020). The Group's net fee and commission income was EUR 33.2 million (EUR 24.3 million). The Group's net investment income from own investment operations was EUR 3.6 million, including the return from private equity and real estate fund investments and liquid fixed income funds (EUR -0,4 million).

The Group's expenses and depreciation totalled EUR 15.7 million (EUR 12.2 million). Personnel expenses were EUR 13.5 million (EUR 10.1 million), other administrative expenses totalled EUR 1.0 million (EUR 0.9 million), and the other operating expenses were EUR 0.6 million (EUR 0.6 million). Depreciation was EUR 0.5 million (EUR 0.5 million). The salary expenses increased from the year before above all due to result-related remuneration. The increase was also influenced by the change in postponed share-based bonuses due to the strong increase in the share price (EUR 1.1 million). Based on regulations in the finance sector, part of the decided bonuses is postponed and bound to eQ's share price.

The Group's operating profit was EUR 21.1 million (EUR 11.7 million) and the profit for the period was EUR 16.9 million (EUR 9.4 million).

## Business areas

### Asset Management

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



### *Mutual funds and asset management*

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

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

The returns of all our equity funds were positive during the period, the best returns clearing exceeding 30%. During the six-month period, the eQ Europe Small Cap, eQ Nordic Small Cap and eQ Emerging Markets Divided funds gave the best returns. These funds also gave excellent returns compared with their benchmark indices. The eQ Europe Dividend Fund won the Lipper "Best Nordic Equity Income Fund" award measured by three and five year returns.

Of the funds managed by eQ, no less than 85% surpassed their benchmark indices in the six-month period, and in the past three years, 75% of the funds managed by eQ have surpassed their benchmark indices. The average Morningstar rating of funds managed by eQ was 3.6 stars at the end of the quarter. The returns of the discretionary asset management portfolios that eQ manages varied between approximately +0.6 and +20.5% based on the allocation of the investment portfolio. The return of portfolios that are only invest in Finnish shares was +19.2%. The ESG ratings of the eQ funds are better than the average, and eQ obtained excellent ESG ratings in the 2020 PRI assessment.

### *Private equity*

The first close of the new eQ PE XIII US private equity fund was held at the end of January 2021 at EUR 131 million. In June close, the size of the fund grew to USD 293 million. The assets raised to the US PE funds since 2015 total almost USD 700 million. The eQ PE XIII US Fund makes investments in private equity funds that invest in unlisted small and mid-sized companies in Northern America. During the first half of 2021, eQ also launched three new private equity asset management programmes and the agreements of two old programmes were extended and the investment amounts were expanded. Towards the end of 2020, we raised EUR 36 million to our third fund that invests in the European private credit market, eQ Private Credit III. During the period under review, the size of the eQ Private Credit III fund grew to EUR 54 million.

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

eQ's private equity ESG integration and reporting are at an excellent level and the company continues with the development work. At the end of the period, the assets in private equity funds managed by eQ totalled EUR 2 117 million (EUR 1 814 million) and the assets managed under private equity asset management programmes were EUR 1 000 million (EUR 856 million).

### *Real estate investments*

The net subscriptions in the eQ Finnish Real Estate Fund were EUR 21 million during the period under review. At the end of the quarter, the size of the fund was EUR 676 million, and its real estate property exceeded EUR 1.0 billion. The return of the fund during the first six months was 4.2% and since establishment 8.4% p.a. The fund has more than 2 100 unit holders.

During the period under review, new net subscriptions for EUR 136 million were made in the eQ Community Properties Fund. At the end of the period under review, the size of the fund was EUR 1 252 million and its real estate property was almost EUR 1.4 billion. The return of the fund during the first six months was 4.0% and since establishment 9.0% p.a. The fund has more than 4 400 unit holders.

In May 2020, eQ established a new real estate fund eQ Residential. At the end of 2020, the size of the fund was EUR 75 million, and its final closing was held in May 2021 at EUR 100 million. The investment operations have advanced well, and the fund will invest more than 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. Unlike eQ Community Properties and eQ Finnish Real Estate funds, eQ Residential is restricted to professional investors only in a closed-end fund structure.

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

Overall, eQ's real estate funds had real estate property worth more than EUR 2.5 billion at the end of the period under review, and eQ has become a major Finnish real estate investor. Last year, eQ's real estate funds participated in the GRESB sustainability assessment for the second time, and the results improved clearly.

#### *Assets under management and clients*

The assets managed by eQ Asset Management totalled EUR 10 652 million at the end of the period (EUR 8 973 million on 31 Dec. 2020). Growth during the period was EUR 1 680 million. At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 3 920 million (EUR 3 439 million), and the assets increased by EUR 481 million during the period under review. The assets managed by the real estate funds totalled EUR 2 028 million (EUR 1 862 million). The assets managed by the private equity funds and asset management programmes totalled EUR 3 118 million (EUR 2 692 million).

Assets under management, € billion	6/21	6/20	Change	12/20	Change
eQ mutual funds	3 920	3 075	27%	3 439	14%
of which eQ equity, fixed income and balanced funds	1 992	1 411	41%	1 651	21%
of which eQ real estate funds	1 928	1 664	16%	1 787	8%
Closed-end real estate funds	100	33	202%	75	34%
Funds of partners and other asset management	1 472	1 141	29%	1 252	18%
eQ private equity funds	2 117	1 901	11%	1 814	17%
Private equity asset management programmes	1 001	868	15%	856	17%
Total excl. reporting services	8 610	7 018	23%	7 435	16%
Private equity reporting services	2 042	1 443	41%	1 538	33%
Total	10 652	8 461	26%	8 973	19%

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

During the period under review, the net revenue of the Asset Management segment increased by 36% and the operating profit by 42% to EUR 18.5 million (EUR 13.0 million from 1 Jan. to 30 June 2020).

Performance fees increased markedly to EUR 5.0 million. Part of the performance fees accrued from Amanda IV -private equity fund at the end of the reporting period. Performance fees typically fluctuate strongly per quarter and financial period. The cost/income ratio was 40.1% (42.5%). Calculated as full-time resources, the Asset Management segment had 74 employees at the end of the period under review.

Asset Management	1–6/21	1–6/20	Change	4–6/21	4–6/20	Change	1–12/20
Net revenue, M€	30.9	22.7	36%	16.1	11.4	41.0%	52.8
Operating profit, M€	18.5	13.0	42%	9.6	6.6	45%	32.1
Cost/income ratio, %	40.1	42.5	-6%	40.2	41.9	-4%	39.0
Personnel as full-time resources	74	72	3%	74	72	3%	75

Fee and commission income, Asset Management, M€	1–6/21	1–6/20	Change	4–6/21	4–6/20	Change	1–12/20
<b>Management fees</b>							
Traditional asset management	5.1	3.9	32%	2.7	1.8	46%	8.1
Real estate asset management	13.9	12.7	10%	7.1	6.3	13%	25.6
Private equity asset management	6.9	6.1	13%	3.6	3.3	9%	12.5
Management fees, total	25.9	22.6	15%	13.4	11.5	17%	46.3
<b>Performance fees</b>							
Traditional asset management	2.5	0.2	1087%	1.0	0.0	5662%	2.7
Real estate asset management	1.9	-	n/a	1.1	-	n/a	4.0
Private equity asset management	0.6	-	n/a	0.6	-	n/a	-
Performance fees, total	5.0	0.2	2285%	2.7	0.0	15490%	6.7
Other fee and commission income	0.3	0.1	281%	0.1	0.0	76%	0.2
<b>Fee and commission income, total</b>	<b>31.2</b>	<b>22.9</b>	<b>36%</b>	<b>16.2</b>	<b>11.5</b>	<b>41%</b>	<b>53.2</b>

## Corporate finance

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

In the first half of the year, the value of M&As continued to grow globally to an all-time high. The M&A activity was high in Finland as well. The volumes of real estate transactions have not grown in the same manner as those of M&As.

During the six-month period, Advium acted as advisor in five transactions. In addition, Advium acted as advisor in two transactions that were published in July. Of these seven transactions, two were real estate transactions and five M&As. In the major transactions, Advium acted as financial advisor to Alma Media, Berner and Rettig. Alma Media acquired Nettix Oy, the leading marketplace for motor vehicles, from Otava Group for EUR 170 million. Berner Oy acquired a majority stake in Chemigate Oy, a manufacturer of modified starch-based binders and adhesives, and specialty chemicals. Rettig Group signed an agreement to divest Nordkalk Corporation for EUR 500 million. The buyer is SigmaRoc, a UK-based construction materials group listed on the AIM of the London Stock Exchange. The two last-mentioned transactions require approval by competition authorities.

### Result of the Corporate Finance segment

Advium's net revenue during the period under review was EUR 2.4 million (EUR 1.7 million from 1 Jan. to 30 June 2020). The operating profit was EUR 0.6 million (EUR 0.3 million). The segment had 15 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 may vary considerably from quarter to quarter.

Corporate finance	1–6/21	1–6/20	Change	4–6/21	4–6/20	Change	1–12/20
Net revenue, M€	2.4	1.7	39%	1.3	1.3	4%	4.1
Operating profit, M€	0.6	0.3	91%	0.4	0.4	-19%	1.1
Cost/income ratio, %	73.4	80.7	-9%	72.7	64.8	12%	72.3
Personnel as full-time resources	15	16	-6%	15	16	-6%	14

## 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 3.5 million (EUR -0.4 million from 1 Jan. to 30 June 2020). The recovery from the COVID-19 crisis had a positive impact on the result of the segment. At the end of the period, the fair value of the investments was EUR 16.7 million (EUR 15.7 million on 31 Dec. 2020) and the amount of the remaining investment commitments was EUR 6.6 million (EUR 7.1 million). During the period under review, eQ Plc made a USD 1.0 million investment commitment in the eQ PE XIII US private equity fund.

During the period, the investment objects returned capital for EUR 2.3 million (EUR 0.6 million from 1 Jan. to 30 March 2020) and distributed a profit of EUR 1.7 million (EUR 0.0 million). Capital calls totalled EUR 1.5 million (EUR 0.8 million). The net cash flow from investments during the period was EUR 2.5 million (EUR -0.2 million). The value changes of investments recognised through profit or loss were EUR 1.9 million during the period (EUR -0.3 million).

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

Investments	1-6/21	1-6/20	Change	4-6/21	4-6/20	Change	1-12/20
Operating profit, M€	3.5	-0.4	1090%	1.4	-1.0	238%	-0.1
Fair value of investments, M€	16.7	16.1	4%	16.7	16.1	-4%	15.7
Investment commitments, M€	6.6	7.9	-16%	6.6	7.9	-16%	7.1
Net cash flow of investments, M€	2.5	-0.2	1542%	1.8	-0.6	393%	0.6

## Balance sheet and capital adequacy

At the end of the period, the consolidated balance sheet total was EUR 81.1 million (EUR 91.5 million on 31 Dec. 2020) and the shareholders' equity was EUR 58.7 million (EUR 67.5 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 16.9 million, the dividend distribution of EUR -24.9 million, the repayment of equity of EUR -2.3 million from the reserve for invested unrestricted equity, the subscription for new shares with option rights of EUR 1.4 million and the accrued expense of EUR 0.1 million related to the option scheme and enter in shareholders' equity. The changes are specified in detail in the tables attached to this release.

At the end of the period, liquid assets totalled EUR 14.4 million (EUR 21.5 million) and liquid investments in mutual funds EUR 11.0 million (EUR 14.9 million). At the end of the period, the Group's short-term receivables amounted to EUR 7.7 million (EUR 7.6 million).

The lease liability entered in the balance sheet was EUR 1.6 million (EUR 2.0 million) at the end of the period, the share of short-term liabilities being EUR 0.9 million (EUR 0.9 million). Short-term interest-free debt was EUR 20.8 million (EUR 21.9 million). The Group had no interest-bearing loans at the end of the period (EUR - million). eQ's equity to assets ratio was 72.3% (73.8%).

A new IFD/IFR regime for investments firms entered into force on 26 June 2021. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the regulations. According to the new regulations, the most restrictive capital requirement for eQ is defined on the basis of fixed overheads. The Group's CET1 (Common Equity Tier 1) and capital adequacy ratio of the own funds was 23.2% at the end of the period. According to regulations, the absolute minimum requirement for own funds is 8%. At the end of the period, the Group's own funds based on capital adequacy calculations totalled EUR 12.1 million. The minimum capital requirement based on fixed overheads was EUR 4.2 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 30 June 2021, the number of eQ Plc's shares was 39 632 198 and the share capital was EUR 11 383 873.

During the period under review, the number of eQ Plc's shares increased by 45 000 on 18 March 2021 due to new shares subscribed for with option rights. The subscription price of the new shares totalled EUR 112 050.00. During the period under review, the number of eQ Plc's shares also increased by 715 000



shares subscribed for with option rights 2015. The subscription price of the new shares totalled EUR 1 279 850.00. The entire subscriptions were entered in the reserve for invested unrestricted equity.

The closing price of eQ Plc's share on 30 June 2021 was EUR 25.00 (EUR 16.75 on 31 Dec. 2020). The market capitalisation of the company was thus EUR 990.8 million (EUR 651.1 million) at the end of the period. During the period, 955 089 shares were traded on Nasdaq Helsinki (1 734 664 shares from 1 Jan. to 30 June 2020). In euros, the turnover was EUR 18.3 million (EUR 21.9 million).

## Own shares

On 30 June 2021, eQ Plc held no own shares.

## Shareholders

### Ten major shareholders on 30 June 2021

	Shares	Share, %
1 Fennogens Investements SA	7 943 137	20.04
2 Anchor Oy Ab	6 058 963	15.29
3 Chilla Capital S.A.	6 045 275	15.25
4 Teamet Oy	4 200 000	10.60
5 Oy Cevante Ab	1 419 063	3.58
6 Fazer Jan Peter	1 298 306	3.28
7 Procurator-Holding Oy	793 892	2.00
8 Lavventura Oy	700 000	1.77
9 Linnalex Ab	631 652	1.59
10 Pinomonte Ab	529 981	1.34
10 major shareholders, total	29 620 269	74.74
Nominee registered	437 054	1.10
Other shares	9 574 875	24.16
Total	39 632 198	100.00

On 30 June 2021, eQ Plc had 7 745 shareholders (7 261 shareholders on 31 Dec. 2020).

## Option schemes

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

### Option scheme 2018

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

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

## Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Monday 24 March 2021 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 2020.

## **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 0.64 per share and a repayment of equity of EUR 0.06 from the reserve for invested unrestricted equity be paid out. The dividend and equity repayment were paid to shareholders who, on the record date for the dividend payment, i.e. 23 March 2021, were recorded in the shareholder register of eQ Plc held by Euroclear Finland Ltd. Payment date of the dividend and equity repayment was 6 April 2021.

## **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.

## **Remuneration Policy for governing bodies**

The Annual General Meeting adopted the Remuneration Policy for the governing bodies.

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

According to the decision of the AGM, five members shall be elected to eQ Plc's Board of Directors. Nicholas Berner, Georg Ehrnrooth, Timo Kokkila, Lotta Kopra and Tomas von Rettig and Janne Larma as new member were re-elected for a term of office that will end at the close of the next Annual General Meeting. The AGM decided that the directors would receive remuneration as follows: Chair of the Board will receive EUR 5 000, Deputy Chair EUR 4 000 and the other directors EUR 3 000 per month. The Directors will also be paid EUR 500 for each Board meeting that they attend. Travel and lodging costs will be compensated in accordance with the company's expense policy. The persons that were proposed to the Board had announced prior to the AGM that, if elected, they would elect Janne Larma Chair of the Board and Georg 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 9.00% of all shares in the company on the date of the notice of the AGM.

The authorisation can be used in order to finance or carry out potential acquisitions or other business transactions, to strengthen the balance sheet and the financial position of the company, to carry out the company's incentive schemes or for any other purposes decided by the Board. Based on the authorisation, the Board shall decide on all matters related to the issuance of shares and special rights entitling to shares



referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, including the recipients of the shares or the special rights entitling to shares and the amount of the consideration to be paid. Therefore, based on the authorisation, shares or special rights entitling to shares may also be issued to certain persons, i.e. in deviation of the shareholders' pre-emptive rights as described in said Act. A share issue may also be executed without payment in accordance with the preconditions set out in the Limited Liability Companies Act. The authorisation cancels all previous corresponding authorisations and is effective until the next AGM, no longer than 18 months, however.

## Personnel and organisation

At the end of the period, the number of Group personnel calculated as full-time resources was 94 (94 persons on 31 December 2020). Calculated as full-time resources, the Asset Management segment had 74 (75) employees and the Corporate Finance segment 15 (14) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 13.5 million (EUR 10.1 million from 1 Jan. to 30 June 2020). The salary expenses increased from the year before above all due to result-related remuneration. The increase was also influenced by the change in postponed share-based bonuses due to the strong increase in the share price (EUR 1.1 million). Based on regulations in the finance sector, part of the decided bonuses is postponed and bound to eQ's share price.

## Major risks and short-term uncertainties

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

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

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

## Events after the period under review

After the period under review, Advium acted as advisor to Rettig Group as it signed an agreement to divest Nordkalk Corporation for EUR 500 million. The transaction requires approval by competition authorities.

## Outlook

The strong market development during the first half supports eQ's business operations. The outlook for the financial year is still unaltered, and we expect the net revenue and operating profit of the Asset Management segment to grow from the previous year.

eQ Plc  
Board of Directors



## **TABLES**

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

The interim report has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU.

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 report has not been audited.



## CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-6/21	1-6/20	4-6/21	4-6/20	1-12/20
Fee and commission income	33 508	24 569	17 531	12 767	57 193
Interest income	5	0	1	0	1
Net income from financial assets	3 595	-425	1 394	-769	32
Operating income, total	37 108	24 144	18 926	11 997	57 226
Fee and commission expenses	-279	-222	-139	-106	-459
Interest expenses	-10	-12	-6	-6	-23
NET REVENUE	36 818	23 910	18 781	11 886	56 744
Administrative expenses					
Personnel expenses	-13 495	-10 126	-7 086	-5 215	-21 523
Other administrative expenses	-994	-940	-514	-405	-1 979
Depreciation on tangible and intangible assets	-531	-522	-265	-264	-1 086
Other operating expenses	-650	-641	-335	-330	-1 399
OPERATING PROFIT (LOSS)	21 149	11 680	10 581	5 672	30 757
PROFIT BEFORE TAXES	21 149	11 680	10 581	5 672	30 757
Income tax	-4 257	-2 297	-2 128	-1 080	-6 148
PROFIT (LOSS) FOR THE PERIOD	16 892	9 383	8 452	4 592	24 610

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-6/21	1-6/20	4-6/21	4-6/20	1-12/20
Other comprehensive income:	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16 892	9 383	8 452	4 592	24 610
Profit for the period attributable to:					
Equity holders of the parent company	16 892	9 383	8 452	4 592	24 610
Non-controlling interests	-	-	-	-	-
Comprehensive income for the period attributable to:					
Equity holders of the parent company	16 892	9 383	8 452	4 592	24 610
Non-controlling interests	-	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:					
Earnings per average share, EUR	0.43	0.24	0.22	0.12	0.64
Diluted earnings per average share, EUR	0.41	0.23	0.21	0.11	0.60



## CONSOLIDATED BALANCE SHEET, EUR 1 000

	30 June 2021	30 June 2020	31 Dec. 2020
<b>ASSETS</b>			
Liquid assets	33	69	80
Claims on credit institutions	14 394	7 935	21 372
Financial assets			
Financial securities	10 966	5 807	14 920
Private equity and real estate fund investments	16 711	16 053	15 656
Intangible assets			
Fair value and brands	29 212	29 212	29 212
Client agreements	258	358	308
Other intangible assets	189	300	240
Tangible assets			
Right-of-use assets	1 343	2 090	1 703
Tangible assets	317	310	349
Other assets	7 128	4 318	6 969
Accruals and prepaid expenditure	477	443	544
Income tax receivables	56	185	55
Deferred tax assets	54	79	66
<b>TOTAL ASSETS</b>	<b>81 140</b>	<b>67 160</b>	<b>91 476</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Other liabilities	5 971	5 068	5 218
Accruals and deferred income	13 297	8 592	14 956
Lease liabilities	1 613	2 485	2 035
Income tax liabilities	1 581	165	1 722
Deferred tax liabilities	-	29	-
<b>TOTAL LIABILITIES</b>	<b>22 462</b>	<b>16 339</b>	<b>23 931</b>
<b>EQUITY</b>			
Attributable to equity holders of the parent company:			
Share capital	11 384	11 384	11 384
Reserve for invested unrestricted equity	24 247	23 783	25 190
Retained earnings	6 156	6 271	6 362
Profit (loss) for the period	16 892	9 383	24 610
<b>TOTAL EQUITY</b>	<b>58 678</b>	<b>50 821</b>	<b>67 545</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>81 140</b>	<b>67 160</b>	<b>91 476</b>



## CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-6/2021	1-6/2020	1-12/2020
<b>CASH FLOW FROM OPERATIONS</b>			
Operating profit	21 149	11 680	30 757
Depreciation and write-downs	531	522	1 086
Interest income and expenses	5	12	22
Transactions with no related payment transactions	-1 795	449	389
Financial assets' cash flow – private equity and real estate fund investments	803	-193	243
Change in working capital			
Business receivables, increase (-) / decrease (+)	-92	-81	-2 776
Interest-free debt, increase (+) / decrease (-)	-2 628	-4 008	2 506
Total change in working capital	-2 720	-4 089	-270
Cash flow from operations before financial items and taxes	17 973	8 383	32 227
Interests received	5	0	1
Interests paid	-10	-12	-23
Taxes	-2 664	-2 304	-4 542
<b>CASH FLOW FROM OPERATIONS</b>	<b>15 303</b>	<b>6 067</b>	<b>27 663</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in intangible and tangible assets	-32	-609	-739
Investments/redemptions in other investments – liquid mutual funds	3 982	4 084	-4 916
<b>CASH FLOW FROM INVESTMENTS</b>	<b>3 950</b>	<b>3 475</b>	<b>-5 655</b>
<b>CASH FLOW FROM FINANCING</b>			
Dividends paid/equity repayments	-27 242	-23 750	-23 750
Option issue with a subscription price	-	-18	-18
Subscription of new shares	1 392	-	1 407
Decrease in the lease liability capital	-428	-144	-568
<b>CASH FLOW FROM FINANCING</b>	<b>-26 279</b>	<b>-23 913</b>	<b>-22 930</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-7 025</b>	<b>-14 371</b>	<b>-922</b>
Liquid assets on 1 Jan.	21 453	22 375	22 375
Liquid assets on 30 June/31 Dec.	14 428	8 004	21 453

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

Equity attributable to equity holders of the parent company					
	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2020	11 384	26 482	27 251	65 117	65 117
Profit (loss) for the period			9 383	9 383	9 383
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			9 383	9 383	9 383
Dividend/equity repayment		-2 682	-21 069	-23 750	-23 750
Option issue with a subscription price		-18		-18	-18
Options granted, cost accrual			89	89	89
Shareholders' equity on 30 June 2020	11 384	23 783	15 654	50 821	50 821
Shareholders' equity on 1 Jan. 2021	11 384	25 190	30 972	67 545	67 545
Profit (loss) for the period			16 892	16 892	16 892
Other comprehensive income					
Financial assets			-	-	-
Total comprehensive income			16 892	16 892	16 892
Dividend/equity repayment		-2 335	-24 907	-27 242	-27 242
Subscription of shares		1 392		1 392	1 392
Options granted, cost accrual			91	91	91
Shareholders' equity on 30 June 2021	11 384	24 247	23 047	58 678	58 678

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

	1-6/21	1-6/20	4-6/21	4-6/20	1-12/20
Asset management fees					
Management fees					
Traditional asset management	5 119	3 877	2 697	1 848	8 118
Real estate asset management	13 877	12 654	7 127	6 298	25 615
Private equity asset management	6 827	6 012	3 577	3 289	12 375
Management fees, total	25 823	22 543	13 401	11 434	46 108
Performance fees					
Traditional asset management	2 465	208	1 012	18	2 717
Real estate asset management	1 883	-	1 122	-	4 014
Private equity asset management	603	-	603	-	-
Performance fees, total	4 951	208	2 737	18	6 731
Other fee and commission income	341	89	65	37	238
Asset management fees total	31 115	22 840	16 203	11 489	53 076
Corporate finance fees	2 392	1 728	1 328	1 278	4 117
Fee and commission income, total	33 508	24 569	17 531	12 767	57 193

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

	1-6/21	1-6/20	4-6/21	4-6/20	1-12/20
Private equity and real estate fund investment operations					
Profit distribution of funds	1 691	19	971	-	326
Changes in fair value and losses	1 858	-295	419	-944	-257
Total	3 549	-276	1 390	-944	69
Other investment operations					
Changes in fair value	28	-65	3	259	48
Sales profit/loss	18	-84	-	-84	-84
Total	46	-149	3	175	-36
Net income from financial assets, total	3 595	-425	1 394	-769	32

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

	30 June 2021		30 June 2020		31 Dec. 2020	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Financial assets						
Investments						
Private equity and real estate fund investments	16 711	16 711	16 053	16 053	15 656	15 656
Financial securities	10 966	10 966	5 807	5 807	14 920	14 920
Accounts receivable and other receivables	335	335	1 100	1 100	1 378	1 378
Liquid assets	14 428	14 428	8 004	8 004	21 453	21 453
Total	42 440	42 440	30 964	30 964	53 406	53 406
Financial liabilities						
Accounts payable and other liabilities	185	185	245	245	139	139
Lease liabilities	1 613	1 613	2 485	2 485	2 035	2 035
Total	1 798	1 798	2 729	2 729	2 174	2 174

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

	30 June 2021		30 June 2020		31 Dec. 2020	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
	Financial assets					
Private equity and real estate fund investments	-	16 711	-	16 053	-	15 656
Financial securities	10 966	-	5 807	-	14 920	-
Total	10 966	16 711	5 807	16 053	14 920	15 656

Level 3 reconciliation: Private equity and real estate fund investments

1-6/2021	
Opening balance on 1 Jan. 2021	15 656
Calls	1 457
Returns	-2 259
Value change and loss through profit or loss	1 858
Closing balance on 30 June 2021	16 711

1-6/2020	
Opening balance on 1 Jan. 2020	16 156
Calls	825
Returns	-632
Value change and loss through profit or loss	-295
Closing balance on 30 June 2020	16 053



1-12/2020	
Opening balance on 1 Jan. 2020	16 156
Calls	1 567
Returns	-1 809
Value change and loss through profit or loss	-257
Closing balance on 31 Dec. 2020	15 656

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

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

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

Market value	30 June 2021	31 Dec. 2020
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XIII US LP	-	-
eQ PE XII North LP	137	22
eQ PE XI US LP	229	87
eQ PE X North LP	425	282
eQ PE IX US LP	756	565
eQ PE VIII North LP	2 316	1 980
eQ PE VII US LP	2 269	1 903
eQ PE VI North LP	1 976	2 161
Amanda V East LP	4 225	4 296
Amanda IV West LP	676	697
Amanda III Eastern PE LP	1 162	1 830
Total	14 170	13 823
Real estate funds:		
eQ Residential	95	43
Funds managed by others:		
Large buyout funds	908	754
Midmarket funds	468	378
Venture funds	1 071	658
<b>Total</b>	<b>16 711</b>	<b>15 656</b>



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

Investment commitment	30 June 2021	31 Dec. 2020
Funds managed by eQ:		
Private equity funds of funds:		
eQ PE XIII US LP	844	0
eQ PE XII North LP	880	980
eQ PE XI US LP	607	711
eQ PE X North LP	513	638
eQ PE IX US LP	265	400
eQ PE VIII North LP	522	736
eQ PE VII US LP	252	424
eQ PE VI North LP	312	477
Amanda V East LP	488	645
Amanda IV West LP	427	427
Amanda III Eastern PE LP	273	348
Total	5 383	5 786
Real estate funds:		
eQ Residential	890	950
Funds managed by others:		
Large buyout funds	132	132
Midmarket funds	211	211
Venture funds	0	0
<b>Total</b>	<b>6 616</b>	<b>7 079</b>



## SEGMENT INFORMATION, EUR 1 000

1-6/2021	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	31 115	2 392	-	-		33 508
From other segments	75	-	-	-	-75	-
Interest income	-	-	-	5		5
Net income from financial assets	-	-	3 549	46		3 595
Other operating income	-	-	-	-		-
From other segments	-	-	-	38	-38	-
Operating income, total	31 190	2 392	3 549	90	-113	37 108
Fee and commission expenses	-275	-	-	-4		-279
To other segments	-	-	-75	-	75	-
Interest expenses	-6	-2	-	-3		-10
NET REVENUE	30 910	2 391	3 474	83	-38	36 818
Administrative expenses						
Personnel expenses	-10 865	-1 504	-	-1 126		-13 495
Other administrative expenses	-744	-105	-	-184	38	-994
Depreciation on tangible and intangible assets	-393	-87	-	-51		-531
Other operating expenses	-454	-60	-	-135		-650
OPERATING PROFIT (LOSS)	18 454	635	3 474	-1 413	0	21 149
Income tax				-4 257		-4 257
PROFIT (LOSS) FOR THE PERIOD				-5 670		16 892

1-6/2020	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	22 840	1 728	-	-		24 569
From other segments	75	-	-	-	-75	-
Interest income	-	-	-	-		-
Net income from financial assets	-	-	-276	-149		-425
Other operating income	-	-	-	-		-
From other segments	-	-	-	38	-38	-
Operating income, total	22 915	1 728	-276	-111	-113	24 144
Fee and commission expenses	-218	-	-	-4		-222
To other segments	-	-	-75	-	75	-
Interest expenses	-7	-2	-	-2		-12
NET REVENUE	22 690	1 726	-351	-117	-38	23 910



1-6/2020	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Administrative expenses						
Personnel expenses	-8 171	-1 109	-	-846		-10 126
Other administrative expenses	-678	-142	-	-159	38	-940
Depreciation on tangible and intangible assets	-387	-84	-	-52		-522
Other operating expenses	-446	-59	-	-136		-641
<b>OPERATING PROFIT (LOSS)</b>	<b>13 008</b>	<b>333</b>	<b>-351</b>	<b>-1 309</b>	<b>0</b>	<b>11 680</b>
Income tax				-2 297		-2 297
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-3 606</b>		<b>9 383</b>

4-6/21	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	16 203	1 328	-	-		17 531
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	1		1
Net income from financial assets	-	-	1 390	3		1 394
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
<b>Operating income, total</b>	<b>16 240</b>	<b>1 328</b>	<b>1 390</b>	<b>24</b>	<b>-57</b>	<b>18 926</b>
Fee and commission expenses	-137	-	-	-2		-139
To other segments	-	-	-38	-	38	-
Interest expenses	-3	-1		-2		-6
<b>NET REVENUE</b>	<b>16 100</b>	<b>1 327</b>	<b>1 353</b>	<b>20</b>	<b>-19</b>	<b>18 781</b>
Administrative expenses						
Personnel expenses	-5 688	-840	-	-558		-7 086
Other administrative expenses	-380	-50	-	-104	19	-514
Depreciation on tangible and intangible assets	-195	-44	-	-26		-265
Other operating expenses	-233	-32	-	-70		-335
<b>OPERATING PROFIT (LOSS)</b>	<b>9 604</b>	<b>362</b>	<b>1 353</b>	<b>-738</b>	<b>0</b>	<b>10 581</b>
Income tax				-2 128		-2 128
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-2 866</b>		<b>8 452</b>



4-6/20	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	11 489	1 278	-	-		12 767
From other segments	38	-	-	-	-38	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	0		0
Net income from financial assets	-	-	-944	175		-769
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	11 526	1 278	-944	194	-57	11 997
Fee and commission expenses	-104	-	-	-2		-105
To other segments	-	-	-38	-	38	-
Interest expenses	-4	-1	-	-1		-6
NET REVENUE	11 419	1 277	-981	191	-19	11 886
Administrative expenses						
Personnel expenses	-4 095	-716	-	-404		-5 215
Other administrative expenses	-296	-40	-	-89	19	-405
Depreciation on tangible and intangible assets	-196	-42	-	-26		-264
Other operating expenses	-221	-30	-	-80		-330
OPERATING PROFIT (LOSS)	6 612	449	-981	-408	0	5 672
Income tax				-1 080		-1 080
PROFIT (LOSS) FOR THE PERIOD				-1 488		4 592

1-12/2020	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	53 077	4 117	-	-		57 193
From other segments	150	-	-	-	-150	-
Net income from currency operations	-	-	-	-		-
Interest income	-	-	-	1		1
Net income from financial assets	-	-	69	-36		32
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
Operating income, total	53 227	4 117	69	41	-227	57 226
Fee and commission expenses	-451	-	-	-8		-459
To other segments	-	-	-150	-	150	-
Interest expenses	-14	-4	-	-5		-23
NET REVENUE	52 761	4 112	-81	29	-77	56 744
Administrative expenses						
Personnel expenses	-17 433	-2 373	-	-1 716		-21 523
Other administrative expenses	-1 475	-288	-	-293	77	-1 979
Depreciation on tangible and intangible assets	-800	-182	-	-104		-1 086
Other operating expenses	-981	-133	-	-285		-1 399
OPERATING PROFIT (LOSS)	32 072	1 137	-81	-2 370	0	30 757
Income tax				-6 148		-6 148
PROFIT (LOSS) FOR THE PERIOD				-8 517		24 610



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

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

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

	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
<b>Asset Management</b>					
Net revenue	16 100	14 809	18 130	11 941	11 419
Operating profit	9 604	8 850	11 290	7 773	6 612
<b>Corporate finance</b>					
Net revenue	1 327	1 063	1 372	1 014	1 277
Operating profit	362	273	440	365	449
<b>Investments</b>					
Net revenue	1 353	2 121	585	-316	-981
Operating profit	1 353	2 121	585	-316	-981
<b>Other segments and eliminations</b>					
Net revenue	1	44	48	59	171
Operating profit	-738	-676	-767	-294	-408
<b>Group total</b>					
Net revenue	18 781	18 037	20 136	12 698	11 886
Operating profit	10 581	10 568	11 549	7 528	5 672
Profit for the period	8 452	8 439	9 214	6 012	4 592



## CAPITAL ADEQUACY, EUR 1 000

	IFR 30 June 2021 eQ Group	CRR 31 Dec. 2020 eQ Group
Equity	58 678	67 545
Common equity tier 1 (CET 1) before deductions	58 678	67 545
Deductions from CET 1		
Intangible assets	-29 660	-29 761
Unconfirmed profit for the period	-16 892	-24 610
Dividend proposal by the Board*	0	-2 601
Common equity tier 1 (CET1)	12 127	10 574
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	12 127	10 574
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	12 127	10 574
Own funds requirement according to the most restrictive requirement		
Fixed overhead requirement	4 190	-
Risk-weighted items total – Total risk exposure	52 376	58 830
of which credit risk	-	54 064
of which market risk - currency risk	-	4 766
of which risk due to fixed expenses	52 376	-
Common equity tier 1 (CET1) / risk weights, %	23.2%	18.0%
Tier 1 (T1) / risk weights, %	23.2%	18.0%
Total capital (TC) / risk weights, %	23.2%	18.0%
Excess of total capital compared with the minimum level (8% capital adequacy ratio)	7 936	5 867
Excess of total capital compared with the target level (10% capital adequacy ratio)	6 889	4 691

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

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

## GROUP KEY RATIOS

	30 June 2021	30 June 2020	31 Dec. 2020
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	16 892	9 383	24 610
Earnings per average share, EUR	0.43	0.24	0.64
Diluted earnings per average share, EUR	0.41	0.23	0.60
Equity per share, EUR	1.48	1.33	1.74
Equity per average share, EUR *)	1.50	1.33	1.76
Return on investment, ROI % p.a.	52.1	31.1	35.9
Return on equity, ROE % p.a.	53.5	32.4	37.1
Equity to assets ratio, %	72.3	75.7	73.8
Cost/income ratio, Group, %	42.4	51.0	45.6
Share price at the end of the period, EUR	25.00	13.20	16.75
Market value, EUR million	990.8	505.7	651.1
Personnel calculated as full-time resources at the end of the period	94	93	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 2020 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.

## COMMITMENTS

On 30 June 2021, eQ's remaining investment commitments in private equity funds totalled EUR 6.6 million (EUR 7.1 million on 31 Dec. 2020). Other commitments at the end of the period totalled EUR 0.0 million (EUR 0.0 million on 31 Dec. 2020).