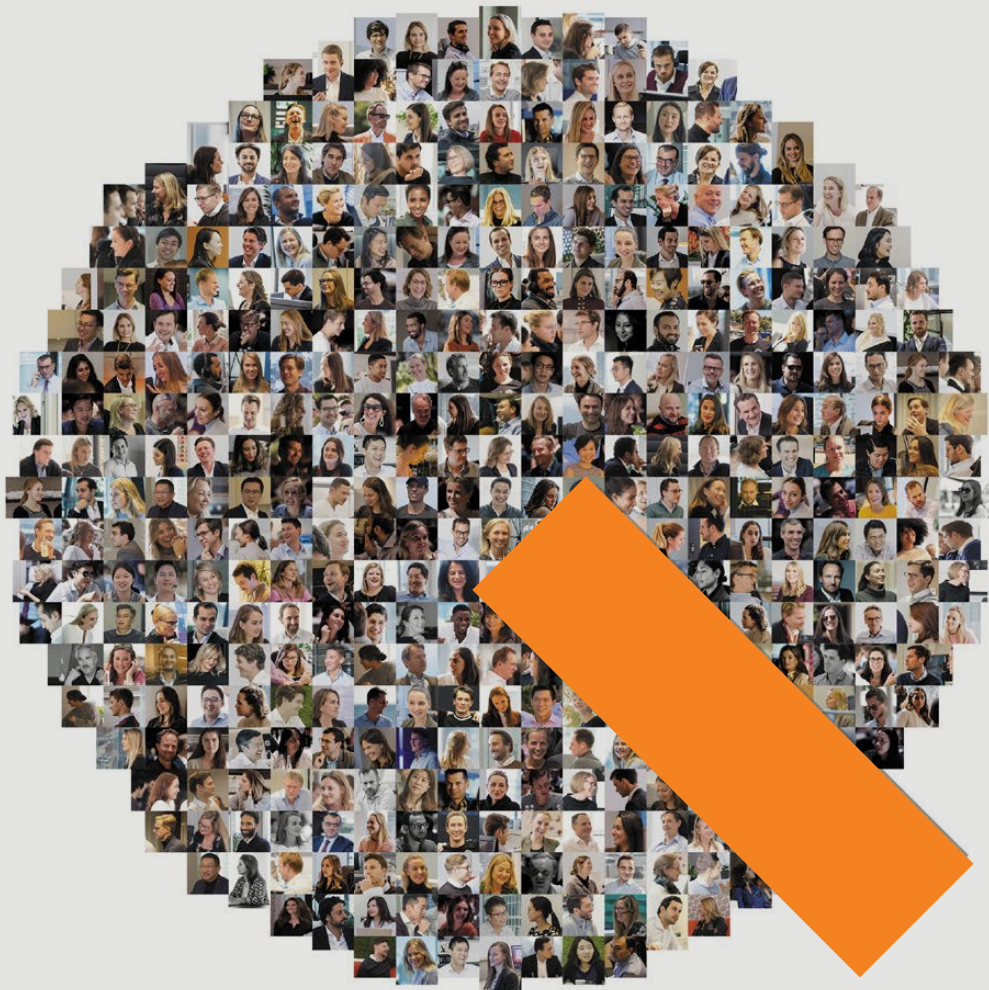


To future-proof companies and make a positive impact



Why we exist

PURPOSE

To future-proof companies and
make a positive impact

What we strive for

VISION

To be the most reputable investor and owner

What we do and how

MISSION

With the best talent and network around the world, EQT uses a thematic investment strategy and distinctive value creation approach to future-proof companies, creating superior returns to EQT's investors and making a positive impact with everything we do

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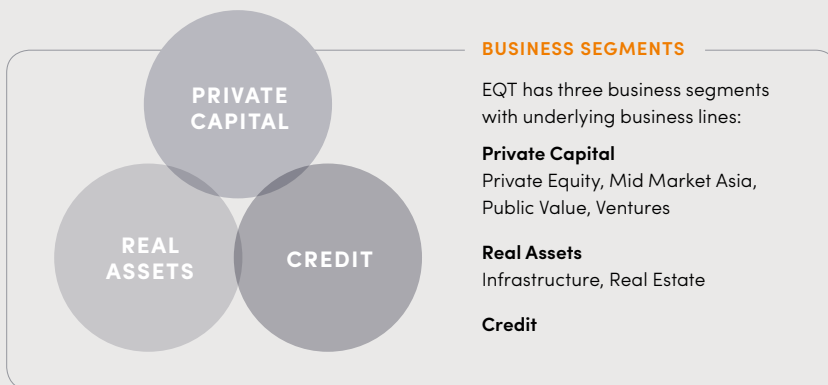
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EQT at a glance

EQT is a differentiated global investment organization with a 25-year history of investing in, owning and developing companies. With a Nordic heritage and a global mindset, EQT has a track record of consistent and attractive returns across multiple geographies, sectors and strategies.

San Francisco

New York



EQT AB GROUP

€40_{bn}

Assets under management

53%

Revenue growth

76%

Adjusted EBITDA growth

45%

Adjusted EBITDA margin

100%

Electricity from renewable energy sources in EQT's offices

706

Employees (FTE+) >40 nationalities



EQT VALUES

High performing
Respectful
Entrepreneurial
Informal
Transparent

¹⁾ Opened in February 2020.

EQT FUNDS



¹⁾ Of which 56 are investments by the EQT Ventures funds. Excludes investments by the EQT Credit funds.

²⁾ Reflects average annual development in EQT funds' portfolio companies since inception. Includes both historical and active funds but excludes the funds in Credit, Ventures and Real Estate.

2019 in brief



Investment and exit activity

- Total investments by the EQT funds of EUR 11.9bn (EUR 8.6bn). Investments include, among others, Galderma, Zayo, Aldevron and Waystar.
- Total gross fund exits of EUR 8.0bn (EUR 5.1bn). Exits include, among others, IVC, Press Ganey, Autostore, DCLI and Charleston.



Value creation in the EQT funds' portfolio companies

- Gross multiple on investment capital (MOIC) development in key EQT funds on, or above plan.



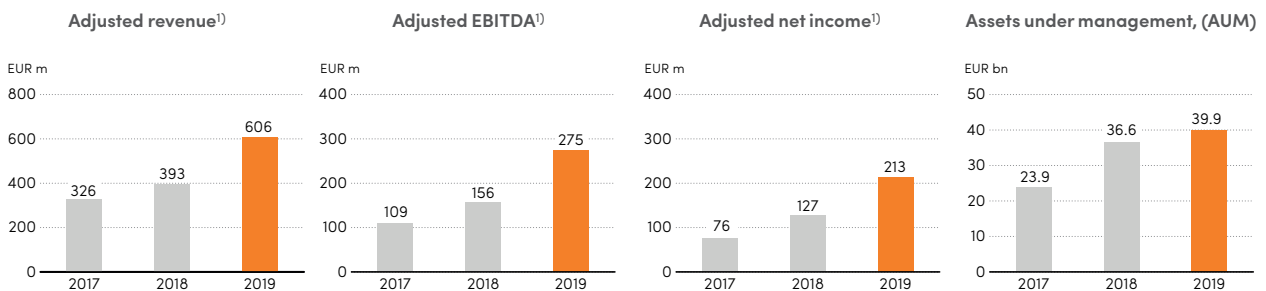
Key events

- EQT AB listed on the Nasdaq Stockholm Stock Exchange on 24 September.
- EQT expanded its European footprint by opening an office in Milan, Italy.
- EQT Foundation was launched.
- EQT elevated its societal ambitions.



Fundraisings

- EQT Infrastructure IV closed at EUR 9bn in March after less than six months of fundraising.
- EQT Ventures II closed at EUR 620m in November.



¹⁾ The metrics are alternative performance metrics for the EQT AB Group, for a full reconciliation see page 137.

The first 25 years in brief

The idea of starting a private equity firm, rooted in the Wallenberg family's traditions of responsible ownership, was born in 1993 during a dinner in Stockholm's Old Town. At the table were Conni Jonsson, at the time working at Investor AB, and his CEO, Claes Dahlbäck.

It is said that one needs to know the past to understand the present. Over the course of Sweden's modern history, the Wallenberg family has been the main influencer of the country's industrial, entrepreneurial and banking sphere, partly through its investment company Investor AB, founded in 1916. Inspired by the Wallenberg family's philosophy of responsible ownership, Conni Jonsson received a mandate from the board of Investor AB to establish EQT in 1994 with the backing from Investor AB, AEA Investors and SEB. The following year, EQT's first fund was launched, which targeted industrial companies in Sweden and its neighboring countries.

Over the coming years, EQT continued to grow its presence in the Nordics and with a strong track record of successful investments, EQT made its first major international move with the opening of its Munich office in 1999, despite many critics encouraging EQT to stay on its home turf. By 2006, the time had come to head East, and EQT's Hong Kong office was opened.

In 2007, EQT articulated what was already part of the firm's DNA – its core values. Because at EQT it is not enough that an employee delivers results, the person must also do so in accordance with the firm's values.

EQT had since the start explored a number of strategic initiatives aimed at complementing the traditional private equity model – some ending up more successful than others. The purpose however remained; to build a scalable platform from which investment strategies could share and cross-pollinate expertise, networks and resources. After establishing a comprehensive advisory network within various infrastructure sub-sectors, EQT was confident that its proven business model could provide a different approach to infrastructure investing than what was available in the market at the time. Therefore, the decision was made to formally launch an Infrastructure business line in 2008, initially led by former members of EQT's advisory network. Its creation proved to be a critical step in developing a multi-strategy platform, which soon after was further broadened with a Credit arm. 2008 was also the year when EQT opened its New York office and published its first Annual Review with the goal of increasing transparency towards broader groups of stakeholders.

2010 was the year when EQT accelerated its sustainability actions and became signatory to the UN-supported Principles for Responsible Investment. It was also around this time EQT established its sector teams, which enabled a more sophisticated deal sourcing process for EQT's prioritized industries. Over time, the sector teams would lay the foundation for the

thematic investment approach which is a key differentiator for EQT today.

In an effort to increase transparency and facilitate regulatory consistency at all levels of the organization, EQT resolved to manage all its future funds onshore in Europe in 2012. That same year, EQT decided to launch a Mid Market fund after seeing an attractive deal flow of medium-sized companies falling outside the larger buyout funds' mandate.

As EQT continued to grow, additional efforts were made to attract, develop and retain the best possible talent and in 2013, EQT Academy was established. The program provides employees at all levels with structured trainings to further strengthen their skills. Today it is recognized as one of the leading internal talent development programs in the industry.

Over time, Partners at EQT had steadily increased their ownership and by 2013, they owned 81 percent of EQT AB with Investor AB owning the remaining 19 percent.

In 2014, there was a changing of the guard at EQT as Thomas von Koch was appointed CEO and Conni Jonsson entered the role of full-time working Chairperson. During the following year, EQT Digital was established with the dual function of accelerating EQT's digital capabilities and supporting portfolio companies with digital expertise and more efficient ways of working. Later in 2015, the multi-strategy platform was further broadened with the introduction of the Real Estate business line, followed by Ventures in 2016.

Eight new funds had been raised since the decision was made to manage all future funds onshore, and in 2017 EQT took the next step in future-proofing its fund management by establishing one hub in Luxembourg for future fund domiciliation. In 2018, the multi-strategy platform was further diversified with the launch of the Public Value business line.

As EQT celebrated its 25-year anniversary in 2019, Christian Sinding, who joined the firm in 1998, was appointed CEO and Managing Partner.

That same year on 24 September, EQT AB entered a new chapter by listing on Nasdaq Stockholm Stock Exchange. The IPO has fueled EQT AB's financial muscles and created new opportunities for continued investments and global scaling of the EQT brand and platform. Moreover, the public setting offers a more transparent and open governance structure for EQT and its stakeholders, which is in line with the firm's values. With a strengthened balance sheet and proven business model in place, EQT is set to take the next step on its growth journey. **We have had 25 years of exceptional growth – and we are just getting started.**

Letter from the Chairperson

Taking the step onto the stock exchange certainly generates plenty of attention and with that, I am glad that I nowadays find myself in new situations where I am faced with the questions “who is EQT and what do you do?”

When explaining, I often take a step back and dust off our very first slogan; “EQT – more than capital”, which was coined at a time when the firm still was a start-up comprising a handful of employees working out of a small office in Stockholm. While the catchphrase has not been used in years, I believe it embodies the fundamental mindset that defines EQT and our active ownership approach still to this day. Allow me to elaborate.

Since the start in 1994, EQT funds have invested more than EUR 51 billion in hundreds of portfolio companies around the world. The funding has supported developments in R&D and innovation, add-ons, geographical expansions and much more. To this date, the investments have generated some EUR 40 billion in returns back to EQT funds’ investors, equivalent to around 2.5 times the invested capital on average¹⁾. But future-proofing companies and transforming business models require far more than just capital.

By taking an active role and working closely with management and the boards, EQT supports portfolio companies with hands-on governance and expertise, leveraged from both within the EQT platform as well as EQT’s global network of advisors. The combination of providing both capital and competence constitutes the essence of EQT’s active ownership approach and it cannot be replicated by others. It allows us not only to invest, but to be part of the solution and make a positive impact that prevails also after EQT funds’ ownership period, while creating attractive returns for EQT funds’ investors.

“Future-proofing companies and transforming business models require far more than just capital”

But shouldering the role as an active owner is not something that is done overnight. It requires trust from multiple stakeholders, and as an affiliate of the Wallenberg family’s long-standing network, EQT recognizes that trust is earned over time. At EQT, we have always been dependent on our license to operate to continue carrying out our mission.



Simply put, this has meant a continuous quest to gain and preserve confidence from portfolio companies’ employees, fund investors, unions, the media, politicians – and since the public listing, also EQT AB’s shareholders.

“The combination of providing both capital and competence constitutes the essence of EQT’s active ownership approach”

As EQT continues to scale into new regions and continents, I hold this as one of our most important objectives going forward. But when in doubt, or facing challenges such as the ongoing COVID-19 pandemic, I feel confident in being part of an organization that is built on values and a deeply rooted culture that bring together talented colleagues from Sydney in the East to San Francisco in the West.

So, you may wonder how I respond to “who is EQT and what do you do?”. Well, the answer remains the same today as it did in 1994; EQT future-proofs companies and makes a positive impact, guided by an active ownership approach that extends far beyond just capital.

Conni Jonsson
Founder and Chairperson

¹⁾ Based on a straight average of realized gross MOIC.

Letter from the CEO

“We make investments in companies that deliver a positive impact or have the potential to deliver a positive impact through our transformational support. This aligns perfectly with our purpose of future-proofing companies and making a positive impact with everything we do.”

2019 was an eventful year for EQT as a firm. We continued to improve as a responsible investor and owner, increasing transparency and building a foundation for further growth. We celebrated 25 years as a firm, marked a quarter century of “future-proofing companies and making a positive impact”, and we listed EQT AB on the Nasdaq Stockholm stock exchange.

“Moving into 2020, we enter a new decade in which we believe the private markets industry will be characterized by action to drive sustainable returns”

When realizing how fast things can change, bearing the outbreak of the COVID-19 pandemic in mind and how this has affected both the real economy and the lives of many, EQT’s strengthened balance sheet makes us well-positioned to continue delivering on our mission – being a safe pair of hands both for EQT funds’ investors and the portfolio companies. In good times and in bad.

EQT’s approach to support long-term transformation of companies has a long history and is closely linked to our Wallenberg family heritage. The elements of how to future-proof companies may differ over time, but today, there is no doubt that sustainability and digitalization are disrupting all industries while at the same time providing new opportunities. Both aspects are fully integrated in the EQT funds’ investment and ownership processes as we believe this leads to superior and attractive risk-adjusted long-term returns, both for our fund investors and for our shareholders.

2019 was also a special year for me personally. It was my first year as CEO of EQT and I was determined to push the boundaries further with regards to sustainable investing. We continued to develop EQT’s thematic investment strategy and elevated our societal ambitions further. Sustainability is now an integrated key measure, both in the due diligence and value creation plan processes, and we use the United Nations’ Sustainable Development Goals to evaluate where alignment exists and where we can make the most impact. We make investments in companies that deliver a positive impact or have the potential to deliver a positive impact

through our transformational support. As I have said many times, we see few reasons to start a separate impact fund – simply because we want every investment EQT makes to have a positive impact. Thanks to the thematic approach we have been pursuing for a long time across the different investment strategies, the funds’ portfolio is today robust with limited exposure to the sectors primarily affected by the COVID-19 outbreak. And importantly, EQT has the dry powder to support the funds’ portfolio companies.

Based on our societal ambitions we have defined three key dimensions of societal focus that we will measure and follow-up: Transparency & Accountability, Diversity & Upskilling and Clean & Conscious.

Transparency & Accountability: we are committed to publish EQT’s key ESG data and link incentive schemes to sustainability objectives.

Diversity & Upskilling: we know that diverse organizations create more innovation and more stable and attractive long-term returns. Currently, our primary focus is on improving gender diversity and we have a goal that 65 percent of the investment professionals’ recruits in 2020 will be female. Over the long-term, the only goal to aim for is gender balance across the investment professional, management and board levels.

Clean & Conscious: we have already shifted to targeting 100 percent renewable energy in all EQT’s offices and, where it is currently not possible to reduce emissions, we ensure they are offset in a positive manner. Importantly, all portfolio companies will start a transition to using renewable energy.

Looking at EQT in the future, we operate in a growing industry and are well positioned for further growth even though the current market turbulence will lead to a slowdown in the economies across the globe in general. I am looking forward to continuing this journey and using the balance sheet to further strengthen EQT’s position as a leading global investment organization, standing by the portfolio companies and being a responsible investor and owner in these challenging and uncertain times. We will also invest in strategies where EQT’s differentiators and ability to impact are the main drivers, while ensuring that the firm is operated in a scalable way. In the light of this, EQT has initiated a review of strategic options for the Credit business

segment, in which growth prospects are further away from EQT's core business and active ownership approach.

Notable business milestones in 2019 include the closing of our largest ever infrastructure fund, EQT Infrastructure IV at EUR 9 billion, and EQT Ventures II, which closed at EUR 620 million. During the year, EQT funds invested around EUR 12 billion across investment strategies in market-leading companies, such as Galderma in Switzerland, Zayo in the US, inxio in Germany and Metlifecare in New Zealand – all in line with EQT's thematic investment strategy. During 2019, EQT continued to source good companies and generate returns to the fund investors by utilizing EQT's distinctive and proven value creation approach.

“At the end of the day, it is our people that ensure we drive long-term sustainable performance”

In terms of performance, the EQT funds delivered a record EUR 8 billion in total gross fund exits, including exits such as Press Ganey and Contanda in the US, as well as AutoStore in Norway – the latter delivering the highest return in the EQT Equity funds in over ten years. I also would like to highlight EQT Real Estate's transformation of Code, today one of Paris' most sustainable office buildings. These companies and assets have been developed into stronger future-proofed businesses, creating value for both EQT's fund investors and society at large through increased innovation, higher employment, and sustainable development – EQT's purpose in a nutshell.

2019 also saw a record in co-investments for EQT's fund investors with more than EUR 7 billion in equity raised in parallel with the funds which is a good example of the strong relations we have with the investors. We see it as a partnership appreciating the responsibility they have to create value to their own clients, who are in many cases pensioners and insurance holders.

Moving into 2020, we enter a new decade in which we believe the private markets industry will be characterized by action to drive sustainable returns. This ambition plays a vital part in ensuring that we retain our “license to operate” and is even more important in light of the disruption the COVID-19 pandemic brings. I want EQT to take the lead in ensuring that investments made today contribute to a cleaner, more inclusive and more resilient tomorrow. The EQT Foundation, founded in 2019, will be a catalyst in supporting these important goals. Sharing the same challenges on this planet, we and the entire industry should use the power of the private equity business model and strive to make a positive impact with every investment. Being principals and with our governance model, we have all the tools to drive positive change.

And talking about the future: EQT's in-house Digital Business Development and Artificial Intelligence teams,



including the AI platform “Motherbrain”, help us stay ahead of the curve, leveraging digital expertise across the entire ownership cycle. EQT's own IT operations are modern and completely cloud-based, enabling EQT to grow and scale.

Finally, we took the opportunity to highlight our employees across different offices around the world throughout this report including some of the more than 150 new colleagues. I want to take the opportunity to thank all of you who contributed to making 2019 another great year for EQT – none mentioned, none forgotten.

COVID-19 has rewritten the 2020 outlook for the global economy. Each and every business will be affected, one way or the other, and the turmoil has merely started – nobody can predict how long it will take for the markets to get back on track again. For EQT, the focus is on being a long-term responsible investor and owner, with the imminent priorities to keep EQT's and the portfolio companies' staff safe, as well as contribute as much as we can in each of the local societies where we are active.

As a firm, we will continue to promote a strong, inclusive and diverse culture and further strengthen our ability to attract top talent and retain and develop our people – we have been around for 25 years and have a long-term perspective. EQT has experienced crises before and in fact also prepared for a downturn. I am confident that the EQT team will tackle also the challenges that we are facing with regards to the COVID-19 pandemic and how it will impact the global economy.

In all cases, we look forward to working closely together with our investors and portfolio companies – and make a positive impact with everything we do. At the end of the day, it is our people that ensure we drive long-term sustainable performance.

Christian Sinding
CEO and Managing Partner

Business model

5. Return capital

Successful investments determine the return of an EQT fund. Throughout EQT's 25-year history, EQT funds have demonstrated a track record of consistent and attractive investment performance. As a result, many of EQT funds' approximately 470 investors are present in numerous EQT funds within different investment strategies, which demonstrates the trust for EQT and the support for its long-term and scalable business model.

4. Exit

EQT funds have a long-term ownership approach and stand by the portfolio companies in good and bad times. The decision to sell a portfolio company to a future owner is made when certain milestones on its full potential journey have been reached. The most tangible outcome of EQT's business model to date is that portfolio companies have, on average, increased their employee base by 7¹⁾ percent, revenues by 10¹⁾ percent and earnings by 12¹⁾ percent annually during EQT funds' ownership. The average ownership period of a portfolio company is 5 years.

¹⁾ Reflects average annual development in EQT funds' portfolio companies since inception. Includes both historical and active funds but excludes the funds in Credit, Ventures and Real Estate.

1. Raise capital

EQT has a broad set of institutional fund investors from all corners of the world, including pension funds, financial institutions and sovereign wealth funds. These fund investors, serviced by the Fund Management team supported by EQT's in-house Client Relations and Capital Raising team, allocate capital to EQT funds, which in turn invest in portfolio companies.

2. Invest

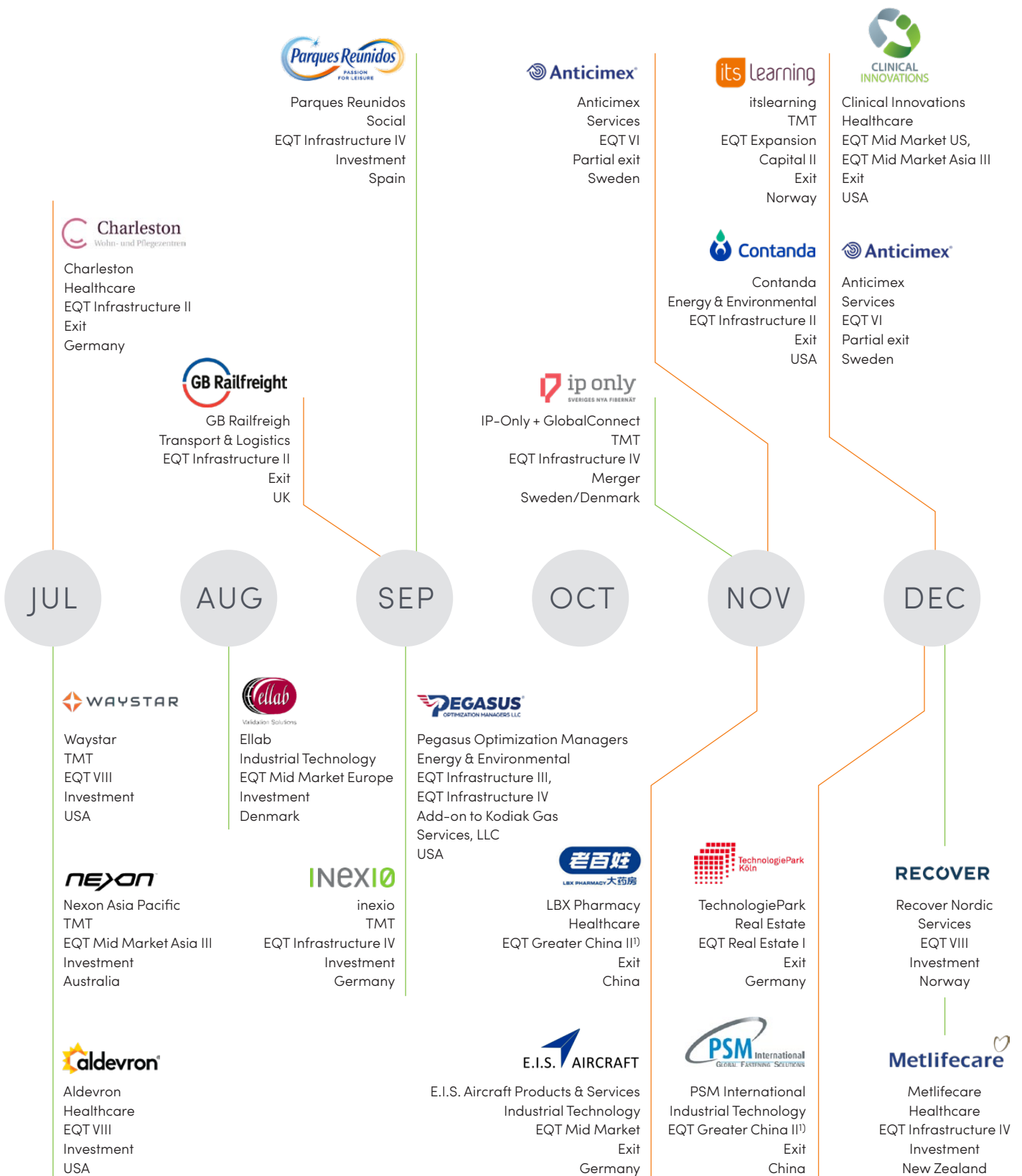
With a thematic investment approach in the prioritized sectors, EQT funds typically seek to make control or co-control investments in high-quality companies with growth potential in attractive industries. EQT funds are advised by dedicated EQT Investment Advisory Professionals with vast deal making experience, industry and sector expertise, and EQT's network of Advisors in local business communities and societies.

3. Future-proof

With an active ownership approach, clear governance model and a strong focus on performance, the EQT Investment Advisory Professionals support EQT funds' portfolio companies in reaching their full potential plan, a detailed plan formed to execute on certain targets. At the heart of this approach is the EQT Playbook, a toolbox setting out how EQT future-proofs companies, through supporting the EQT funds' portfolio companies in digitalization, sustainability and operational excellence.



Note: For investments characteristics in the EQT funds, please see link [🔗](#)



¹⁾ Fund not managed by EQT AB Group.

Excludes investments by EQT Credit, EQT Public Value and EQT Ventures funds.



Market, strategy & financial model

Market

The global savings market has experienced structural growth in recent years. This is expected to be sustained, supporting continued growth in assets under management.

Global savings market

The global savings market is serviced by asset management companies providing services to an investor base, consisting of institutional organizations such as pension funds, sovereign wealth funds and insurance companies, as well as high net worth individuals (HNWI) and retail clients.

Asset management firms offer investment services across both “traditional” asset classes, such as publicly traded equity and fixed income securities, and “alternative” asset classes, which include hedge and absolute return strategies typically invested in publicly traded securities, as well as private investments in private equity, venture capital, infrastructure, real estate and credit.

The market for asset managers, the Industry assets under management, has grown significantly in recent years, primarily because of:

- Investment returns from rising equity market valuations.
- Positive net flows, primarily driven by increased pools of wealth, which have grown alongside an ageing population globally, the persisting low interest rate environment and increased retirement funding needs.

These structural dynamics are expected to be sustained, supporting continued growth in assets under management.

Private markets

As demand from fund investors and asset managers increases, private markets investments is becoming an increasingly important asset class.

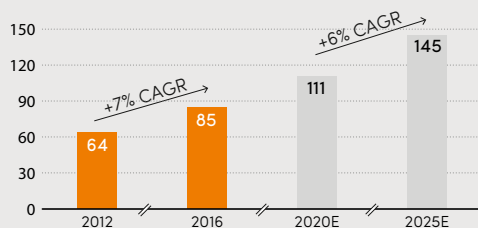
According to PwC, the private markets assets under management had an annualized growth rate of 15 percent between 2012 and 2016. The annual growth rate between 2020 and 2025 is expected to be 10 percent. This strong and constant level of industry growth has been underpinned by a number of secular growth trends, including:

- The strong growth in investible capital from institutional investors.
- The search for higher, differentiated returns in a low yield environment.
- The strong outperformance of private markets investments against public markets.

Returns from private markets investments have historically outperformed returns from public markets investments. According to a 2020 study published by McKinsey, private equity funds with vintages between 2009 and 2016 outperformed public market equivalent (PME) benchmarks.

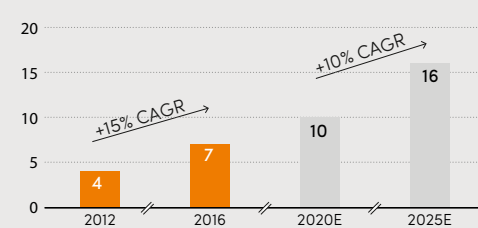
Expected growth in Industry AUM¹⁾

Industry AUM, USD trillion



Expected growth in private markets¹⁾

Private markets AUM, USD trillion



¹⁾ PricewaterhouseCoopers (PwC), Asset & Wealth Management 2017: Embracing Exponential Change. 4-year CAGR 2012–2016 and 5-year CAGR 2020E–2025E.

Some research has shown a convergence of returns in the United States, but equally important is the consistency of returns. For example, over the last 30 years, buyout firms in the United States have generated average net returns of 13 percent while the PME averaged 8 percent. Similarly, while the S&P 500 has averaged 8 percent returns for the past 140 years, it was negative 31 percent of the time.¹⁾

In addition to high absolute and relative returns, private markets investments can provide diversification, offer an inflation hedge and returns with a low correlation to other asset classes as well as generate stable income. As a result, private markets are expected to continue to play an important role in institutional portfolios in the future.

Rising allocations by institutional investors to private markets

According to Prequin’s survey in 2018, 84 percent of surveyed institutions plan to increase their current investments to private markets, and the chart below shows the anticipated plans for long-term asset allocation across key private markets strategies.

These trends are expected to drive continued growth in the private markets’ assets under management and revenues at a rate above that of the wider global asset management industry.

Private markets investments include a range of strategies, such as:

Private equity: Investing in private companies through controlling, co-controlling or influential minority stakes.

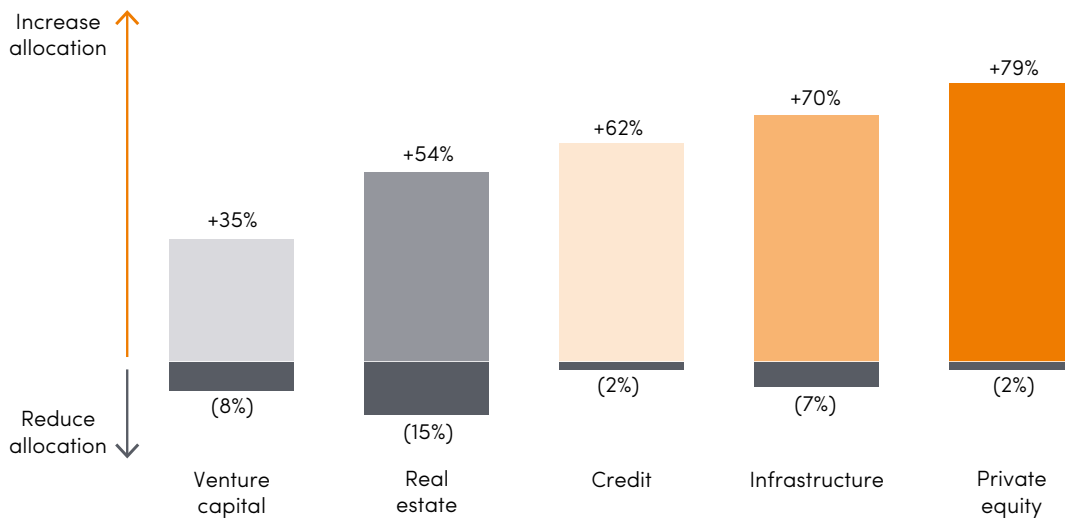
Infrastructure: Investing in either infrastructure assets (e.g. power assets, roads or airports) or companies which own and operate infrastructure (e.g. utility or fiber companies), with varying risk profiles and levels of active management.

Real estate: Investing in real estate assets (e.g. residential or commercial developments), with varying risk profiles ranging from core, low-risk strategies to value-add strategies (which focus on the active management and improvement of assets) to higher-risk opportunistic strategies.

Credit: Investing generally in unlisted credit assets with strategies addressing different parts of the credit spectrum, ranging from less risky senior debt to opportunistic distressed investments.

Venture capital: Investing in smaller, early-stage growth businesses, typically without the use of leverage.

Institutional investors’ anticipated plans for the longer term²⁾



¹⁾ Bain & Company, Global Private Equity Report 2020.

²⁾ Prequin, Future of Alternatives Report 2018.

EQT in the private markets

EQT is active in the private markets – a part of the global savings market. EQT’s fund investors have grown together with EQT through deep and long-standing relationships. Today, more than 470 fund investors, spread across the globe, have entrusted capital into EQT funds. During 2019, EQT funds distributed approximately EUR 8 billion¹⁾ to fund investors.

It is believed that fund investors will both increase their allocations to private markets and choose to work with managers that can deploy significant amounts of capital while delivering attractive, risk-adjusted returns. At the same time, EQT believes that fund investors are choosing to concentrate allocations to firms that can not only support larger funds, but also offer a wider range of strategies and asset classes across private markets.

For EQT, scale is becoming an increasingly competitive advantage. Scale allows EQT to redeploy resources and invest in growth, open new offices, scale sustainability and digitalization thinking in daily operations and to continue attracting talent. This scaling is complemented by growth in efficiency, driven by EQT’s digitalization efforts across its platform and within EQT funds’ portfolio companies.

Over the last decade, EQT has invested and grown its in-house Client Relations and Capital Raising (CR) team that supports the fund management and maintains the deep and long-standing relationship with the fund investors. The strong relationship with the fund investors is viewed by EQT as a competitive advantage when raising capital for the EQT funds.

Geographic split

Since EQT was founded in 1994, EUR 62 billion has been raised across 35 funds and investment vehicles. Approximately 73 percent of EQT’s current assets under management comes from fund investors outside of the Nordic region, compared to approximately 51 percent a decade ago. Americas and Asia Pacific fund investors account for a combined 42 percent of assets under management as of 31 December 2019.

The EQT CR team has grown to 44 professionals and the larger team, aided by efforts towards digitalization, has allowed for increased engagement with these important markets. The expansion of EQT’s geographic coverage has allowed EQT to solidify its status as a truly global firm. EQT has worked diligently to expand its geographic coverage to support this global investor base and now has offices in 16 countries.

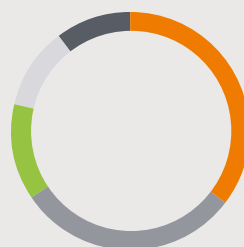
¹⁾ 2019 distributions figure does not include distributions from co-investment platforms.

AUM by fund investor geography



- Nordics, 27%
- Rest of Europe, 25%
- Americas, 22%
- APAC, 19%
- Middle East, 7%

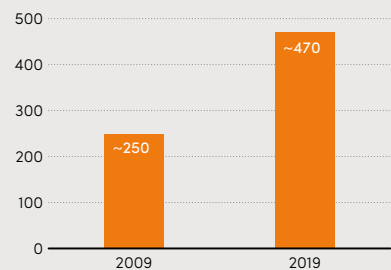
AUM by fund investor type



- Pension funds, 35%
- Financial institutions, 30%
- Sovereign wealth funds, 13%
- Fund-of-funds, 11%
- Foundations/Family offices, 10%

Fund investor base

Number of active/fee-paying fund investors



EQT and its fund investors

As EQT has grown, so has the fund investor base. As of 31 December 2019, the fund investor base included over 470 institutions and intermediaries, a figure that has nearly doubled since 2009, which illustrates the broad and deep relationships that EQT has established with its fund investors. At the same time, EQT has maintained a low concentration of fund investors, with no fund investor apart from Investor AB accounting for more than 2.5 percent of assets under management, which provides diversification and less dependency on single investors. The investor base is also well diversified by type, though the majority of fund investors come from pension funds and financial institutions. To complement EQT's efforts to expand globally, the firm will also continue to selectively target new fund investors.

In particular, the underpenetrated North American market and the large and largely untapped private wealth channel offer significant growth potential. Research indicates that high net worth individuals (HNWI) and family offices have a growing appetite for private equity investments and EQT hopes to establish new relationships and deepen existing ones in order to meet that demand. Diversifying the sources of capital is also one way of preparing for a possible economic downturn and safeguarding returns for fund investors. EQT also has a track record of establishing strategic partnerships for single-asset transactions, such as its collaboration with a subsidiary of the Abu Dhabi Investment Authority and the Public Sector Pension Investment Board (PSP Investments) on the acquisition of skincare company Nestlé Skin Health (now Galderma) and the joint acquisition of Waystar with Canada Pension Plan Investment Board. These kinds of partnerships allow EQT to leverage enhanced scale and efficiency to deliver consistent and attractive returns for its fund investors. Over the course of 2019, EQT funds distributed EUR 8 billion¹⁾ to its fund investors; since inception, EQT funds have returned EUR 40 billion to its fund investors. As the investment management industry shifts, so do the needs and expectations of EQT's fund investors. This includes co-investment opportunities, strategic partnerships and single-asset transactions, which will all continue to be a complementary part of EQT's offering.

How EQT navigates the business cycle

In an increasingly interconnected world, geopolitical and macroeconomic risks impact every component of the global economy – including the private markets where EQT operates. EQT seeks to mitigate some of these risks by preparing for a possible downturn in advance. For example, the firm's thematic investment approach ensures that EQT funds are investing with the trends and business lines work continuously to maintain low concentration in cyclical sectors across the portfolio. EQT also has the ability to tilt deployment towards non-cyclical sectors such as TMT and Healthcare. Co-investments and deal syndication are also beneficial to ensure the right allocation across sectors, geographies, currencies and other drivers. EQT is focused on standardization and simplification across the firm; one such example is the Global Investments Forum, which seeks to establish a consistent approach to investments, refinancing and value creation plans in each EQT fund across business segments.

EQT is also proactive at the EQT funds' portfolio company level. While the focus remains on each portfolio company's full potential plan, a detailed plan formed to execute on targets set for the portfolio company, the progress compared to plan is continuously tracked.

EQT also work to prepare for a possible downturn or external shock. For example, "what-if" preparations are a part of every full potential plan and Investment Advisory Professionals prioritize flexible and judicious financing packages offering limited or no covenants. A clear governance model is implemented across EQT funds and their portfolio companies are strengthened by leveraging EQT's in-house resources on sustainability and digitalization. Finally, EQT is differentiated by its continuous commitment to improvement, evidenced by its mantra of "everything can always be improved, everywhere, at all times".

¹⁾ 2019 distributions figure does not include distributions from co-investment platforms.

Strategy

EQT's vision is to be the most reputable investor and owner. EQT's mission is to leverage the Group's strong talent pool and global network to drive EQT's thematic investment strategy and value creation approach to future-proof the EQT funds' portfolio companies and generate superior returns – making a positive impact with everything EQT does.

EQT's strategy is underpinned by the following strategic ambitions:

- 1. Generate attractive returns.**
- 2. Stay ahead on culture, talent management and leadership.**
- 3. Future-proof EQT through digital innovation and transformation, and promote sustainable business solutions and practices.**
- 4. Continue to scale EQT's operating platform.**
- 5. Become one of the global leaders in Infrastructure, a global top five player in Private Equity and build or scale other growth strategies.**
- 6. Selectively expand geographical coverage.**

EQT's business lines represent a set of growth opportunities; including Emerging, Scaling and Leading investment strategies as well as niche strategies within Credit. Furthermore, EQT sees several expansion opportunities across the platform.

Emerging investment strategies

The ambition with the Emerging investment strategies is to develop these to become Scaling investment strategies over time, as EQT believes they have significant potential for growth and value creation in the long-term. Within Public Value, there is an opportunity to leverage EQT's Global Network, and take the private equity approach to other geographies where public markets have favorable governance structures. EQT's Public Value strategy is uniquely positioned to hold concentrated portfolios in target markets while increasing influence capabilities, thereby driving meaningful value creation. The Ventures platform also provides insights and scale for other strategies.

Scaling investment strategies

EQT is focused on and committed to growing and developing EQT's Scaling investment strategies, consisting of Real Estate, the Asia Pacific platform and Public Value over time.

The Scaling investment strategies have an established investment track record and opportunity for growth in the medium-term. There is also an opportunity to expand into larger, more mature investments as part of a new

investment strategy, Growth, positioned between the Private Equity and Ventures investment strategies.

Leading investment strategies

The ability to continue to support value creation in the EQT funds' portfolio companies and deliver consistent and attractive returns for fund investors is critical to achieving the ambition of becoming a global top five player within Private Equity and one of the global leaders within Infrastructure. To deliver these returns, EQT will continue to develop the EQT Playbook (see page 22) and its differentiated investment approach, aiming to select the most attractive investments and generate long-term value creation.

EQT will also seek to selectively expand its geographical coverage within the Leading investment strategies by building teams and investing in key targeted geographies where EQT either has a limited presence or no presence today. This will include investing in and developing a strong presence and capabilities in the largest private equity markets in Europe and North America. The Asia Pacific area is also a market with opportunities for both Infrastructure and Private Equity, and these investment strategies have already made transactions in that geography.

Expansion opportunities

In assessing and selecting new strategies, EQT has a clear framework. The key prerequisite for launching a new strategy or strategy extension is EQT's ability to actively impact the value creation of the investments of the EQT

funds and leverage the strengths of EQT’s operating platform. As such, EQT develops new strategies based on key strengths and a well-developed approach to value creation, rather than a focus on assets under management. Potential new strategies and expansion opportunities include:

- **Asia Pacific platform, (APAC):** EQT sees potential to further expand and build a scalable platform in the high-growth Asia Pacific region.
- **Growth:** EQT sees potential in investment opportunities between Ventures and Private Equity and is therefore exploring the opportunity for a new Growth strategy.
- **Public Value:** EQT sees potential to selectively expand its offering in Public Value over time by bringing its tried and tested value creation approach in the Nordics to other countries in Northern Europe while leveraging its local presence in these markets.
- **Real Estate:** EQT intends to develop a Real Estate strategy called “Managed-to-Prime”, with the ambition to cater certain fund investors looking for enhanced, long-term income.

Geographic reach

EQT aims to protect and strengthen its leading position in Europe through further growth in capabilities, assets under



management and geographic expansion. EQT intends to selectively increase its local coverage in the market, primarily in Europe’s largest private equity markets, but also in selected countries for specific strategies, such as Infrastructure and Real Estate.

In addition, EQT seeks to become a leader in North America within Private Equity and Infrastructure through strong investment performance and selectively adding high-quality fund investors. Expansion in the North American region will be focused on further strengthening EQT’s sector capabilities and expanding other business lines over time. The strong underlying macroeconomic and demographic trends in the Asia Pacific region make it an opportunity zone. As a next step, EQT seeks to expand its geographical scope in the region, including Australia and Japan.

Investment strategies



Deployment of capital from the IPO

With the IPO, EQT AB Group has strengthened its balance sheet to facilitate the acceleration of the Group’s growth of new and existing investment strategies across maturity cycles. Principal areas for the Company’s capital deployment in the medium term are expected to include the launch of the “Managed-to-Prime” strategy, the scaled platform in the Asia Pacific region and the Growth strategy. During the second half of 2019, Credit initiated a launch of its collateralized loan obligation (CLO) platform, as an expansion of its Senior Debt strategy.

EQT believes that the ability to deploy its own capital will positively impact fundraising for such new strategies. EQT intends to be disciplined in how it deploys its balance sheet, and expects to make investments in the range of EUR 50 million to EUR 250 million per initiative over the medium term.

EQT AB Group will focus its balance sheet investments on initiatives that will support the Group’s strategy and risk management, the expected returns on capital and, in cases where capital has been deployed into co-investments or funds, the efficient recycling of capital once strategies have become scaled or fund investments have been realized.

Acquisitions may form part of EQT’s future growth, where team and cultural fit are the most important criteria in evaluating potential acquisition targets.

Strategic review of Credit

EQT believes that all its investment strategies need to operate at scale. Therefore, in January 2020, EQT initiated a strategic review of future options for Credit. This review should be seen in the context of Scaling as well as in relation to EQT’s core business of active ownership i.e. where EQT can make a strong impact and fully utilize the EQT platform.



Financial targets and dividend policy

The EQT AB Group’s board of directors has adopted the following medium- to long-term financial targets over a fund cycle:

Measure	Target	2019
Revenue growth	Total revenue growth over time, to exceed the long-term growth rate of the private markets industry	53%
Adjusted EBITDA margin	Adjusted EBITDA margin, over time, to be in the range of 55 percent to 65 percent	45%
Dividend policy	To generate a steadily increasing annual dividend in absolute Euro-denominated terms	EUR 200 million

Financial model

EQT AB Group's financial model is long-term, simple and scalable. Consistent and attractive relative returns to fund investors determines the future growth of EQT AB Group's revenues, the ability to raise capital for new funds and pay dividend to the shareholders of EQT AB.

The starting point for EQT's financial model is to deliver consistent and attractive returns to fund investors. If the EQT funds are successful in generating strong relative returns, there is likely to be investor demand for successor funds, growth in assets under management, management fees, carried interest and investment income to EQT AB.

A critical component of EQT's culture is its strong focus on investment returns by future-proofing and making a positive impact in the companies the EQT funds invest in. This is – and has always been – the basis for EQT's business and the key strategic building block for EQT.

The EQT funds' capital commitments primarily derive from investors with a long-term perspective, such as pension funds, financial institutions and sovereign wealth funds. Capital commitments are normally raised in a focused process upon initiation of the fund, managed by the Fund Management team, supported by the in-house Client Relations and Capital Raising team. When a fundraising has been completed no further commitments are accepted meaning the EQT funds are normally close-ended. The amount of capital raised is a key determining factor for management fees.

Management fee generation

Management fees (typically in the form of priority profit share under the fund agreements) are recurring in their nature as they are calculated as a fixed percentage rate generated on total commitments or net invested capital, normally depending on the stage in a fund's lifecycle.

For a typical fund, management fees are based on committed capital during the commitment period and net invested capital during the post-commitment period. The change in fee base upon entering the post-commitment period normally occurs in conjunction with a successor fund being raised generating management fees on committed capital. The basis for management fees typically does not depend on underlying market valuations. However, EQT's financial model is integrated in the sense that if an EQT fund generates good fund returns, there is likely to be an investor demand for a successor fund which in turn will lead to growth in management fees for EQT AB Group. This will enable EQT to further develop and scale new and existing business lines.

Carried interest and investment income

Carried interest aligns interests between the EQT AB Group, the Group's Investment Advisory Professionals and the fund investors through a profit-sharing mechanism. The carried interest typically represents 20 percent of the fund's profits after fees and expenses. The amount is variable and fully dependent on the performance of the relevant EQT fund and the fund's underlying investments.

The EQT AB Group, the Investment Advisory Professionals and other potential Carried Interest Participants commit capital to and invest in the EQT funds through a Special Limited Partner (SLP). In return, the Carried Interest Participants are entitled to receive carried interest and investment income.





From its investment in SLP, the EQT AB Group is entitled to receive its pro-rata share of:

- Investment income generated by the fund, based on its commitment to the relevant fund, similar to other fund investors, and
- Carried interest, provided the relevant performance hurdles specified in the fund documentation have been met.

Going forward, EQT AB Group will typically make an investment corresponding to 35 percent of the total

investment in the SLP. In addition, EQT AB Group will typically take on 35 percent of the commitments and investments in the EQT co-investment schemes. The commitments and investments made via the carried interest structure and the co-investment schemes typically represent 2 percent of the total commitments in each EQT fund.

Operating expenses

The Group's operating expenses consist mostly of direct personnel expenses or operating expenses closely driven by the personnel base and size of operations, such as costs related to external consultants and travel.



“The EQT AB Group pursues a simple and scalable financial model with two integrated revenue streams: management fees and carried interest and investment income. Strong investment performance by the EQT funds supports growth in assets under management and, consequently, growth in management fees as fund investors invest in new funds. Attractive returns in the EQT funds also support the potential to generate carried interest. The vast majority of EQT AB Group's costs are related to its employees.”

Kim Henriksson, CFO



EQT Playbook

EQT Playbook

EQT Playbook is a differentiated toolbox setting out how EQT approaches investing and supports value creation in portfolio companies during the EQT funds' ownership period.

A key element of EQT's active ownership model is the EQT Playbook with a focus on driving growth and future-proofing EQT funds' portfolio companies through

digitalization, sustainability and operational excellence. The EQT Playbook is used across the business segments with small variations.



1. Thematic and sector-based approach



2. Local-with-locals



3. Governance model



4. EQT Network



5. House of Value Creation



6. Sustainability



7. Digitalization





1. Thematic and sector-based approach

EQT applies a thematic mindset in deal sourcing that aims to identify underlying macro trends and investment opportunities across sectors and strategies. With this approach, EQT targets high-quality companies with sustainable growth potential in attractive industries with secular growth drivers and strong downside protection.

EQT combines its thematic approach with deep sector expertise. Within the selected sectors, EQT generally targets companies with leading market positions and good prospects for future growth and operational improvements. Potential investment themes are regularly reviewed and examined.

Key themes

- Automation
- Big data
- Digitalization
- E-commerce
- Sustainability
- Urbanization

Key sectors

- TMT (technology, media and telecom)
- Healthcare
- Services
- Energy & environment
- Transport & logistics
- Industrial technology

2. Local-with-locals

EQT believes that local knowledge, local business relationships and local presence are all critical to securing a competitive edge in private markets, including access to local deal flow, being a preferred partner for management teams and ultimately winning deals. This local approach has resulted in close, long-term relationships between EQT, private owners and companies. The significant investments that EQT has made to strengthen its geographical reach allows EQT to combine extensive local knowledge and cultural understanding with deep global sector expertise. This means a majority of the EQT funds' investments to date have been made in geographies where EQT has a local presence.



3. Governance model

EQT's governance model is designed to enable accountability, promote fast decision making and empower EQT funds' portfolio companies' CEOs while also allowing for informal free thinking and limited internal politics.

The model is built upon clear roles and responsibilities for the management of the portfolio company, its board and the EQT AB Group. It is underpinned by a TROIKA forum that enables smooth communication and transparency.

The TROIKA consists of the portfolio company's Chairperson (typically appointed from the EQT Network), a responsible Partner at EQT and the portfolio company's CEO. Working closely together on an informal and transparent basis, the TROIKA is a sparring partner to the CEO and keeps EQT well-informed of the performance in the relevant EQT fund's portfolio company. This informal forum also creates a good relationship among the involved parties and helps to drive value creation in an aligned and effective way.

Further, common incentives are secured through the board and management participation programs. Under these programs, the board and select management team members are invited to invest in the portfolio company, creating a joint agenda and common goals.





4. EQT Network

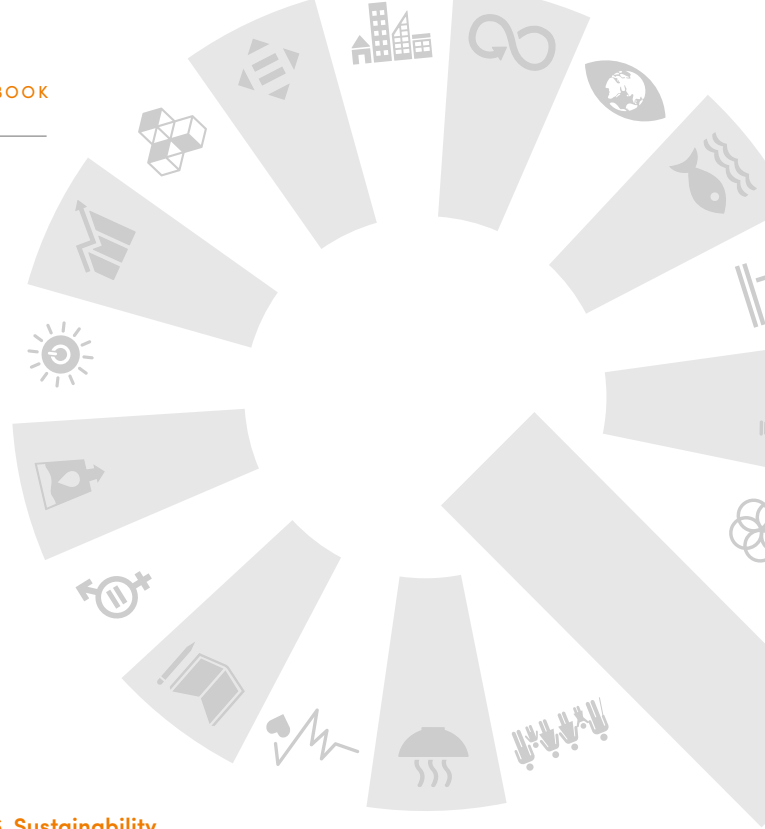
Since its foundation, EQT has built a global network of advisors with a variety of backgrounds, including entrepreneurs and current or former executives of major international corporations. Many of these relationships have evolved from EQT's connection to the Wallenberg sphere and its global network that spans across industries and sectors. The EQT Network is continuously renewed and expanded, and EQT believes that it provides the Group with a competitive advantage across the business segments in line with EQT's thematic investment approach. The advisors in the EQT Network are an integral part of the EQT Playbook, adding operational, strategic expertise and experience to the portfolio companies of the EQT funds. The advisors are engaged in the entire investment process from providing strategic advice on initial deal sourcing and assessment of potential investments, to joining the boards of portfolio companies.



5. House of Value Creation

The EQT AB Group applies an integrated framework of tools and best practices across its business segments to support value creation and performance in EQT funds' portfolio companies. The framework is divided into numerous value creation levers and tools, including revenue enhancements, change management, pricing, cost improvements and more transformational levers such as strategic realignment and add-on acquisitions.

Companies acquired by EQT funds will develop a full potential plan early on post acquisition, where a detailed plan is formed to execute on targets set for the portfolio company. The progress compared to the plan is continuously tracked.



6. Sustainability

EQT strives to scale solutions with a positive societal impact and instill sustainable practices in all companies the EQT funds invest in, from start-ups to already mature companies. EQT applies responsible investment and ownership principles and practices as an integrated part throughout the investment cycle. This extends from thematic sourcing and conducting focused sustainability due diligence to aiming to accelerate positive impact as an owner. See page 26 for deep dive.



7. Digitalization

EQT aims to drive digital transformation for all companies in which EQT funds invest. Its digital efforts center around a firmly held belief that digitally leading firms are future winners, and EQT has therefore made significant investments in its digital capabilities. EQT AB Group looks to apply best-in class digital approaches and tools throughout the investment cycle, from the sourcing of deals through, for example, its proprietary Motherbrain, to the due diligence of potential opportunities and the support in improvement of the EQT funds' portfolio companies.

Deep dive: Sustainability in portfolio companies

Every investment has an impact on society, whether intended or not – EQT strives to make a positive impact in everything it does. EQT integrates responsible investment and ownership principles into all EQT funds’ investments, from start-ups to mature companies, for the benefit of fund investors, shareholders and the wider society.

EQT’s approach to sustainability

At each stage of the investment and ownership process, EQT strives to promote a mindset and culture to deliver positive impact. It does this by focusing on what matters, linking to value creation and leveraging the entrepreneurial approach of EQT’s Investment Advisory teams and the EQT Network. These teams, in advising and supporting the Fund Management team, make sure that sustainability is considered and assessed during investment sourcing and due diligence, and is also continuously monitored.

An essential part of EQT’s value creation is the governance model, typically including the appointment of the board of directors of the EQT funds’ portfolio companies. This allows EQT to accelerate portfolio companies’ positive societal impact, sustainability performance and disclosure practices by setting clear expectations and providing strategic guidance.

EQT’s [Responsible Investment & Ownership \(RI&O\) Policy](#) describes EQT’s view on sustainability throughout the investment process. The policy is aligned with key international conventions and standards, including the Ten Principles of the United Nations Global Compact.

Since the initial adoption of the RI&O Policy in 2010, EQT has tracked performance against three simple process key performance indicators (KPIs) to ensure that sustainability topics are being taken into account by Fund Management, Investment Advisory teams and EQT funds’ portfolio companies. Below are the metrics from 2019 for EQT funds’ applicable investments:

- ≥95 percent of investment decisions were made with the support of a formally documented sustainability analysis.
- 100 percent of portfolio companies communicated a sustainability-related code, policy or similar guidelines.¹⁾
- ≥95 percent of portfolio companies held an annual strategic board discussion on sustainability.¹⁾

The annual performance of these KPIs has since 2013 been reported in EQT’s publicly available [RI Transparency Reports](#), which EQT prepares as a signatory to the Principles for Responsible Investment (PRI). The historical performance have generally been above 90 percent, with deviations from target (100 percent) being further examined.

¹⁾ Excludes portfolio companies owned by EQT funds less than 1 year and early stage investments.

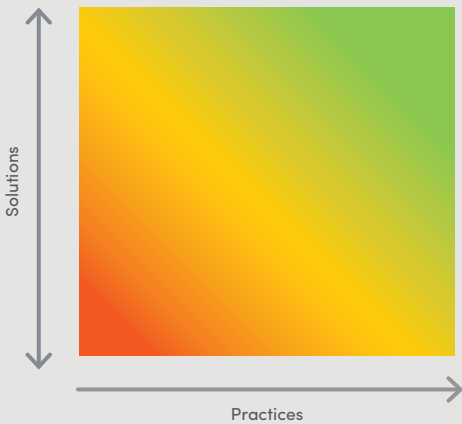
Integrating sustainability into investment and ownership

RESPONSIBLE INVESTMENT		RESPONSIBLE OWNERSHIP	
Deal sourcing	Due diligence	Transformation	Exit
EQT’s thematic sourcing and investment approach is guided by the Sustainable Development Goals (SDGs), evaluating where alignment exists and identifying portfolio companies that make a positive societal impact or have transformation potential.	EQT considers material sustainability topics as part of its due diligence, assessing target companies’ societal impact and how it might be improved through concrete actions post-investment.	EQT has clear expectations of EQT funds’ portfolio companies, including managing sustainability at a strategic level and improving in line with EQT’s Societal Impact Framework.	EQT aims to future-proof EQT funds’ portfolio companies and highlights progress against sustainability KPIs as part of the exit story.

EQT’s Societal Impact Framework

EQT believes that two elements – solutions and practices – can together provide valuable insights into a company’s overall resilience and long-term profitability. EQT’s Societal Impact Framework utilizes both elements to assess and visualize sustainability performance at the level of the portfolio companies of the EQT funds.

EQT Societal Impact Framework



Solutions is an assessment of **what** the company does, the extent to which its products and/or services contribute to solving environmental and social challenges in society.

Practices is an assessment of **how** the company impacts the environment and society through its direct and indirect operations.

The overall ambition during EQT funds’ ownership is to improve portfolio companies’ performance both in terms of their sustainable solutions and practices.

Sustainable solutions – a cutting-edge challenge












A key question to ask a company about its societal impact is: How do your products or services contribute to solving major environmental and social challenges? It is a difficult question to answer, especially in quantitative terms – and, like many other organizations, EQT is on a journey to work out how to best map and articulate these contributions.

EQT began aligning its responsible investment and ownership approach with the SDGs in 2014, using an early version from the United Nations Global Compact LEAD platform to help set priorities. The 17 SDGs were formally introduced in 2015 as part of Agenda 2030 and provide a blueprint for addressing the major environmental and social challenges society faces.

In 2016, EQT started to work with independent experts to analyze how each portfolio company in an EQT fund mapped against the SDGs. This was a major first step in understanding current state and where to take further action. The core challenge for the next few years will be to measure progress against the SDGs in a practical and meaningful way, for individual portfolio companies and the portfolio as a whole.

Sustainable practices – expectations of portfolio companies

In the first year of ownership, EQT funds’ portfolio companies are introduced to the EQT RI&O Policy and the Sustainability Blueprint. The EQT Sustainability Blueprint articulates the sustainability expectations, expressed in a set of KPIs which portfolio companies are reporting on annually. EQT assesses each portfolio company’s maturity against these expectations to track their journey and performance over the ownership period.

Expectations of portfolio companies	KPI
EQT Absolutes Four actions to build a sound sustainability foundation	Confirm adherence to the United Nations Global Compact Principles Communicate a sustainability-related code/policy or similar guidelines Share material from the annual strategic board discussion on sustainability Share the materiality assessment
EQT Core KPIs Six mandatory KPIs to foster and inspire sustainable value-creating behavior and measure progress	Ethics & anti-corruption training  Diversity  Employee engagement   Greenhouse gas (GHG) emissions    Water usage   Waste to landfill  
Portfolio company-specific KPIs Minimum three KPIs designed to capture and manage market- and sector-specific opportunities and risks	Examples include energy efficiency, health and safety, customer satisfaction and responsible supply chain



Gender diversity in EQT funds’ portfolio company boards – ample room for improvement

EQT believes that diversity has a positive impact on its own operations and the wider society, and strives to foster an environment that values and respects differences. As the EQT funds typically have control over the appointment of portfolio companies’ boards of directors, this is a significant opportunity to influence their approach to diversity and promote strong governance.

One area of diversity where EQT wants to drive change relates to gender. As of year-end 2019, an average of 16 percent of the independent board members and 9 percent of board Chairpersons were female. In portfolio companies acquired by EQT funds between 2018–2019, the numbers were 19 and 10 percent, respectively.

EQT recognizes that this needs to change and work is ongoing to improve the gender balance. To accelerate action, in early 2020, a goal was set that at least 25 percent of the independent board members that EQT appoints should be female. The long-term aspiration is to achieve an equal gender balance across the boards of EQT funds’ portfolio companies.

Gender diversity across EQT funds’ portfolio companies, average

	Total	Acquired 2018–2019	Target 2020
Independent board members, % female	16	19	25
Chairpersons, % female	9	10	

Note: The metrics above cover EQT funds’ portfolio companies within Private Equity, Mid Market Asia and Infrastructure as of year-end 2019, i.e. the investment strategies where EQT funds typically have control or co-control.

Climate action in EQT funds’ portfolio companies – starting the transition to renewable energy

By investing in companies that provide solutions to climate change issues, EQT funds can accelerate action. In addition, through its active ownership approach, EQT engages with EQT funds’ portfolio companies to improve their environmental performance. Preparing them for market conditions where climate impact is increasingly considered and enhanced disclosures required. EQT recognizes that portfolio companies’ revenues, costs, operations and employees could be exposed to climate-related risks, directly or indirectly. Poor management of these risks could result in financial losses, including an impact on the relevant EQT fund.

To enhance awareness of portfolio companies’ own environmental impacts including greenhouse gas (GHG) emissions, water usage and waste, EQT has conducted an environmental review of EQT funds’ portfolio companies. Below are the average/median GHG emissions intensities for portfolio companies owned as of year-end 2019. A majority (> 80 percent) of the companies were assessed to have a comparatively low GHG emissions intensity, defined as below 410 tons CO₂e/USD m net sales (scope 1+2+3), a result based on the type of industries they belong to.

GHG emissions intensity estimates (t CO₂e/USD m net sales)

	Scope 1+2	Scope 1+2+3
Average	199	376
Median	54	182

Note: Estimates based on Environmentally Extended Input-Output analysis to assess a portfolio company’s GHG emissions based on its industry belonging. Even though some portfolio companies measure and report actual GHG emissions, only estimates are included above.

The result from these assessments have provided valuable guidance on how to engage with different portfolio companies. In early 2020, within the strategic focus area of Clean & Conscious, EQT has decided to support EQT funds’ portfolio companies in starting the transition to renewable energy sources in order to accelerate climate action at scale. In practice, this means aiming to take down the GHG emissions in scope 1+2 to zero.

Making a positive impact through EQT funds' investments

One of EQT's principles is to "invest with the trend" – and there is no greater trend than to *invest in the future we want*. By trend, EQT does not mean a short-term fad, but long-term drivers that influence the ability of companies to create value. *Investing in the future we want* means investing in solutions that enable people to thrive through technology and innovation, deliver a better quality of life to more people and contribute to a cleaner environment.

Many of the EQT funds' portfolio companies are making a contribution to the innovative, low-carbon infrastructure the world needs. For example, in 2019, the EQT VIII fund invested in rail component manufacturer **Dellner Couplers**. Dellner's safety-critical components form a key part of the drive to expand low-carbon rail transport and EQT is committed to support the company to stay in the forefront of sustainability. The EQT Infrastructure funds have invested in a number of companies involved in the development of fiber-based data communications, such as **IP-Only** and **inexio** in 2019, developing critical infrastructure that for example provides economic opportunities to less urbanized areas and reducing the need for commuting.

Health and wellbeing is another important thematic investment area for EQT, and several of EQT funds' portfolio companies are committed to improving quality of life through innovation and new ways of collaborating. In July 2019, healthcare company **Certara**, active in model-informed drug development and regulatory science, announced the launch of a new practice area 'Certara Global Health', which aims to leverage Certara's technological expertise to help widen access to healthcare globally.



Environmental benefits can be found in more or less surprising places – pest control, storage and transportation:

Pest control business **Anticimex** was digitalized early on during EQT VI's ownership, bringing cost efficiencies, lower environmental impact and improved working conditions through the reduced use of chemicals and more efficient logistics. The company has been in EQT VI's portfolio since 2012, and has almost quadrupled its revenues since first investment, proving the benefits the company's services bring to society. In 2019, EQT VI announced two partial sell-downs in the company.



In November 2019, shipping container terminal operator **Fenix Marine Services**, a portfolio company of EQT Infrastructure III, unveiled the first hydrogen fuel cell electric utility tractor rig (UTR), developed in partnership with Toyota. The UTR is designed to pull cargo containers and is being piloted at the Port of Los Angeles, with a potential to significantly reduce carbon emissions at this port and beyond.

AutoStore, an automated storage and retrieval system equipment manufacturer, uses robotics for collecting stored goods in a warehouse. Each robot uses less energy than a vacuum cleaner, requires very little air cleaning, heating and cooling and runs in the dark. EQT VII exited AutoStore during 2019 and the environmental benefits of the company's product was one of the reasons behind the investment's success.

During 2019, the first EQT Ventures fund announced two interesting investments supporting electrification of one of the most emission-intensive sectors, transportation. **Heart Aerospace** is working to build a revolutionary electric aircraft – creating a fast, affordable and green air travel solution. **Einride** is a start-up taking on the challenge of automating and bringing electrification to the trucking industry – making the movement of goods emission-free, safe, and cost-effective.

These are just a few of many examples from EQT funds' portfolio of investments illustrating how EQT future-proofs both companies and society, striving to make a positive impact with everything it does.

Business overview

The EQT AB Group has three business segments:
Private Capital, Real Assets and Credit.

Within each segment there are Investment Advisory teams focusing on specific strategies. The Investment Advisory teams provide advice and support to the EQT Fund Management team.

All business segments are supported by EQT Central.

Private Capital

Private Capital is EQT AB Group’s largest business segment, established in 1995, as was the first EQT private equity fund, and consists of four business lines: Private Equity, Mid Market Asia, Ventures and Public Value.

KEY INVESTMENT PERFORMANCE METRICS¹⁾

20%

Net IRR

2.5x

Realized Gross MOIC

Since inception, EQT has focused on investing in good companies with an ambition to make them better and more future-proof during EQT funds’ ownership. The EQT funds managed and advised by the EQT AB Group within the Private Capital business segment has grown significantly over the years, driven by strong client demand as a result of good and consistent fund returns, irrespective of investment region, company size, exit route or investment source.

As of year-end 2019, the ten EQT funds within the Private Capital business segment had EUR 22 billion of assets under management (AUM), which corresponds to approximately 55 percent of EQT’s total AUM. The funds pursue a variety of investment strategies across companies of different sizes and with differing growth potential across Europe, North America and Asia Pacific.

EQT funds within the Private Capital business segment made total investment of EUR 4.9 billion (EUR 5.1 billion) and total gross fund exits of EUR 5.5 billion (EUR 3.5 billion) during 2019.

Private Capital shows adjusted revenue of EUR 331 million for 2019, an increase of 29 percent compared to the EUR 256 million for 2018 due to the full-year effect of management fees from EQT VIII. Gross segment result increased to EUR 207 million (EUR 163 million) and the business segment had 236 FTE+ at year-end, across 16 offices.

Private Equity

There are six active EQT funds within the Private Equity business line, investing across Europe and North America. It has two primary investment strategies: large-scale private equity (investments above EUR 125 million) and mid-market private equity (investments between EUR 40 million and EUR 125 million). Both strategies focus on thematic control investments and seek high-quality, market-leading, medium-sized to large companies in Europe and the US with significant value-creation opportunities.

Large-scale private equity

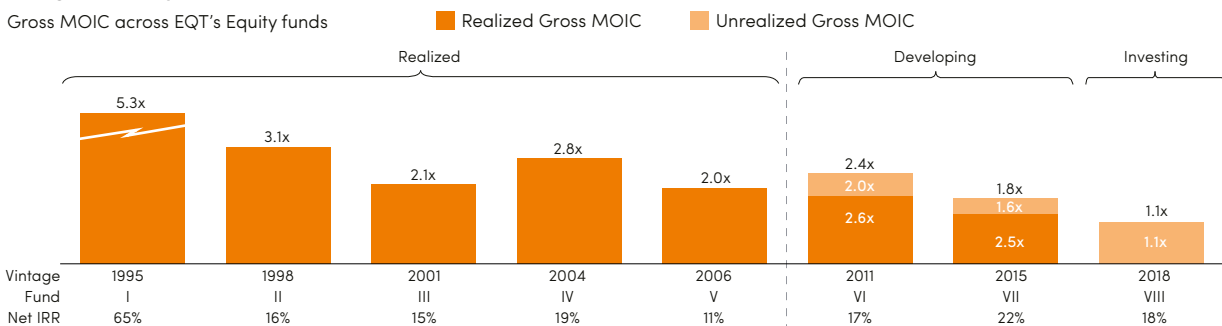
In large-scale private equity, there are three active EQT funds. The latest fund is EQT VIII, which is a 2018 vintage fund with total commitments of EUR 10.9 billion is the fifth largest fund ever raised in Europe. EQT’s strategic ambition is to become a global top five player in private equity.

The large-scale private equity business has delivered consistent and attractive returns since inception, this is visible across vintages as well as when looking by region, company size or by entry multiple (measured as EV/EBITDA).

¹⁾ Includes EQT funds raised prior to 2012 which are not managed by the EQT AB Group, excludes Public Value.

Strong investment performance^{2) 3)}

Gross MOIC across EQT’s Equity funds



²⁾ Note that EQT I, EQT II, EQT III, EQT IV and EQT V are not managed by the EQT AB Group. EQT VI is not managed or operated by the EQT AB Group, however, it is included due to the change of entitlement for revenue from EQT VI.

³⁾ Realized funds include funds in which all portfolio companies have been divested, although there might still be unrealized values left.

BUSINESS SEGMENTS



¹⁾ Opened in February 2020.

Key metrics

	2019	2018
Fund investments, EUR bn	4.9	5.1
Gross fund exits, EUR bn	5.5	3.5
Adjusted revenue, EUR m	331	256
Gross segment results, EUR m	207	163
Margin, %	63	64
AUM, EUR bn	22.0	22.3
Avg. AUM, EUR bn	22.2	19.6
FTE+ (end of period)	236	226

Performance of selected funds¹⁾

	Gross MOIC		Expected Gross MOIC
	31 Dec 2019	31 Dec 2018	
EQT VI	2.4x	2.3x	On plan
EQT VII	1.8x	1.5x	On plan
EQT VIII	1.1x	1.0x	On plan

¹⁾ Data for current Gross MOIC reflects only closed investments and realizations. For Private Equity funds, "On Plan" refers to expected Gross MOIC between 2.0–2.5x.

EQT Private Capital funds managed by the EQTAB Group as of 31 December 2019

Fund	Start year	Committed capital	Status
EQT VI	2011	EUR 4,815 m	Fully invested
EQT VII	2015	EUR 6,853 m	Fully invested
EQT VIII	2018	EUR 10,921 m	Investing
EQT Mid Market	2013	EUR 1,054 m	Fully invested
EQT Mid Market US ¹⁾	2015	USD 695 m	Fully invested
EQT Mid Market Europe	2016	EUR 1,616 m	Investing
EQT Mid Market Asia III	2016	USD 744 m	Investing
EQT Ventures	2016	EUR 505 m	Fully invested
EQT Ventures II	2019	EUR 620 m	Investing
EQT Public Value	2018	EUR 502 m	Open-ended

¹⁾ A discontinued strategy.

Mid-market private equity

Within the Mid Market Asia business line, there is the EQT Mid Market Asia III fund, a 2016 vintage fund with total commitments of EUR 0.5 billion.

Mid Market Asia

The Mid Market Asia business line advises the EQT Mid Market Asia III fund, a 2016 vintage fund with commitments of USD 0.7 billion. The strategy seeks control or co-control investments in high-quality, medium-sized companies in Greater China and Southeast Asia with significant value-creation opportunities.

The existing presence in the region provides a platform for an Asia Pacific business line beyond mid-market private equity, in particular within large-scale private equity funds. EQT intends to expand the EQT funds' geographic investment scope in Asia Pacific, supported by new offices in Australia (opened in February 2020) and Japan.

Ventures

There are two active EQT funds within the Ventures business line. The latest Ventures fund is EQT Ventures II, a 2019 vintage fund, with approximately EUR 620 million in fee-generating capital. Ventures is an early-stage business line, pursuing venture capital investments across Europe and North America since 2016.

Ventures seeks fast-growing, innovative and technology-driven companies across all industries, from anywhere in the world, with a focus on Europe and the US. It aims to support great entrepreneurs throughout different stages of growth, providing access to capital and in-depth specialist experience. Ventures seeks to address the ongoing disruption and the need of technological transformation. Deploying a data-driven approach across the entire investment process, the Ventures Investment Advisory team uses Motherbrain to find and prioritize potential investments (see page 52).



Public Value

The EQT Public Value fund had a breakaway year in 2019. The fund has an open-ended structure, with a stable capital base, locked up for an average of 5 years. At year-end, the EQT Public Value fund had assets under management of EUR 0.6 billion.

The fund applies EQT's private equity approach to public companies by supporting value creation as an active owner through hands-on engagement and board representation. At year-end, EQT AB Group was represented on the Board of all disclosed portfolio companies of the EQT Public Value fund. The fund invests in public, mid-market companies in Northern European countries with favorable governance structures.

Shareholder engagement is essential to the Public Value strategy. The team works closely with existing management, boards and other shareholders, and aims to establish significant influence in the companies in order to support value creation and deliver attractive returns.



"EQT creates long-term value by leveraging the EQT Network of advisors and our leading expertise in digitalization and sustainability. By future-proofing and developing companies, EQT creates strong financial returns and a positive impact for wider society too."

Marcus Brennecke, Co-Head Private Equity Advisory team



"Investing thematically allows EQT to identify positive trends and minimize cyclical risks. With the help of EQT's global expert sector teams and an extensive local coverage across our targeted geographies, this thematic approach to investing enables EQT to continue to source unique and attractive investment opportunities across the globe."

Per Franzén, Co-Head Private Equity Advisory team



NEW YORK OFFICE

Real Assets

Real Assets is EQT AB Group’s second largest business segment, established in 2008 at the same time as the first EQT Infrastructure fund, and consists of two business lines: Infrastructure and Real Estate.

KEY INVESTMENT PERFORMANCE METRICS¹⁾

17%

Net IRR

2.6x

Realized Gross MOIC

EQT’s ability to effectively scale strategies is illustrated by the development of the Infrastructure business line, which managed to attract more than EUR 9 billion in its latest fund-raise, a significant growth since the launch of its inaugural fund in 2008.

As of year-end 2019, the five funds within the Real Assets business line had EUR 14 billion (EUR 11 billion) in assets under management (AUM), which corresponds to approximately 35 percent of EQT’s total AUM. The funds pursue value-add infrastructure and real estate investments across Europe, North America and Asia Pacific.

During 2019 the five funds made total investments of EUR 4.7 billion (EUR 2.4 billion) and total gross fund exits of EUR 1.4 billion (EUR 0.6 billion).

Adjusted revenue for business segment Real Asset amounted to EUR 231 million, an increase of 144 percent compared to the EUR 95 million for 2018, due to the full-year effect of management fees from EQT Infrastructure IV.

Gross segment result increased to EUR 177 million (EUR 58 million) and the business segment had 106 FTE+ at year-end, across eight offices.

Infrastructure

The three active EQT funds within the Infrastructure business line invest across Europe and North America. The latest Infrastructure fund, EQT Infrastructure IV, a 2018 vintage fund with total commitments of EUR 9.1 billion, is one of the largest infrastructure funds ever raised. EQT’s strategic ambition is to become one of the global leaders in value-add infrastructure investing.

Infrastructure uses focused investment themes and sourcing, targeting high-quality companies with infrastructure characteristics and strong value creation potential over a typical four to six-year investment horizon. The business line pursues a value-add investment strategy rather than focusing on core infrastructure. Infrastructure seeks to identify investment opportunities in medium-sized infrastructure businesses with potential for operational value creation in Europe, North America and Asia.

Strong investment performance

Fund	Vintage	Gross MOIC	IRR	Quartile
EQT Infrastructure I	2008	2.5x	17%	1st Quartile
EQT Infrastructure II	2012	2.1x	19%	1st Quartile
EQT Infrastructure III	2016	1.5x	18%	1st Quartile

Since 2017, EQT has a partnership with Temasek, one of the leading investment companies in Asia, headquartered in Singapore. The partnership is offering a point of entry into the Asia Pacific infrastructure market and enabling deep, local coverage via Temasek’s local offices and a joint hub in Singapore.

EQT expanded to Australia in February 2020 and plans to expand to France during the year.

Real Estate

The two active EQT funds within the Real Estate business line invest in value-add real estate across Europe. The focus is on a value-add European real estate strategy.

The Real Estate Advisory team adopts a bricks-and-mortar approach to investing. Funds focus on a “beds and sheds” strategy and will opportunistically target other asset classes.



“EQT Real Assets have an operationally focused value-add investment strategy, targeting assets that EQT can transform using its growth-focused approach to build long-term sustainable value.”

Lennart Blecher, Head of Real Assets Advisory team

¹⁾ Includes EQT funds raised prior to 2012 which are not managed by the EQT AB Group.

BUSINESS SEGMENTS



¹⁾ Opened in February 2020.

Key metrics

	2019	2018
Fund investments, EUR bn	4.7	2.4
Gross fund exits, EUR bn	1.4	0.6
Adjusted revenue, EUR m	231	95
Gross segment results, EUR m	177	58
Margin, %	77	61
AUM, EUR bn	14.0	11.0
Avg. AUM, EUR bn	13.9	6.4
FTE+ (end of period)	106	86

Performance of selected funds¹⁾

	Gross MOIC		Expected Gross MOIC
	31 Dec 2019	31 Dec 2018	
EQT Infrastructure II	2.1x	1.9x	On plan
EQT Infrastructure III	1.5x	1.3x	Above plan
EQT Infrastructure IV	1.1x	1.0x	On plan

¹⁾ Data for current Gross MOIC reflects only closed investments and realizations. For Infrastructure funds, "On Plan" refers to expected Gross MOIC between 1.7–2.2x.

EQT Real Assets funds managed by the EQT AB Group as of 31 December 2019

Fund	Start year	Committed capital	Status
EQT Infrastructure II	2012	EUR 1,938 m	Fully invested
EQT Infrastructure III	2016	EUR 4,046 m	Fully invested
EQT Infrastructure IV	2018	EUR 9,127 m	Investing
EQT Real Estate I	2016	EUR 373 m	Fully invested
EQT Real Estate II	2019	Target EUR 750 m	Fundraising/Investing

Credit

The business segment Credit was established in 2008, as was the first EQT Credit fund, and consists of three niche strategies, Special Situations, Direct Lending and Senior Debt.

KEY INVESTMENT PERFORMANCE METRICS¹⁾

13%

Net IRR in Special Situations

€7.7bn

Invested capital

>170

Companies financed

EQT's Credit strategies cover the full scope of sub-investment grade corporate risk. Typical investments range from syndicated leveraged buyout financings to special situations, direct financing and distressed secondary value investments.

As of year-end 2019, the four EQT funds within the Credit business line had EUR 3.9 billion in assets under management (AUM), which corresponds to approximately 10 percent of EQT's total AUM. The EQT Credit funds invest in a range of debt instruments and capital structures across Europe and North America. There are also a small number of separately managed accounts for some of the larger fund investors.

During 2019, the EQT funds within Credit made total investments of EUR 2.3 billion (EUR 1.1 billion) across the Credit platform. Total gross fund exits amounted to EUR 1.1 billion (EUR 1.0 billion), including realized investments and interest payments.

The business segment had 41 FTE+ at year-end, across four offices.

Credit has the following niche strategies:

Special Situations

EQT Credit Opportunities III fund, a 2016 vintage fund, has total commitments of EUR 1.3 billion and invests across Europe and North America. EQT's financing capabilities within Special Situations span across facilitating balance sheet transformations, providing bespoke capital, identifying and crystallizing deep value in the secondary market and financing other special situations.

Direct Lending

There are two EQT Mid-Market Credit funds, investing primarily in Europe, focusing on high-quality businesses. EQT Mid-Market Credit II fund, is a 2016 vintage fund, with total commitments of EUR 1.8 billion.

Senior Debt

Invests in a portfolio of large, liquid, European credits with economic downside protection.

Other

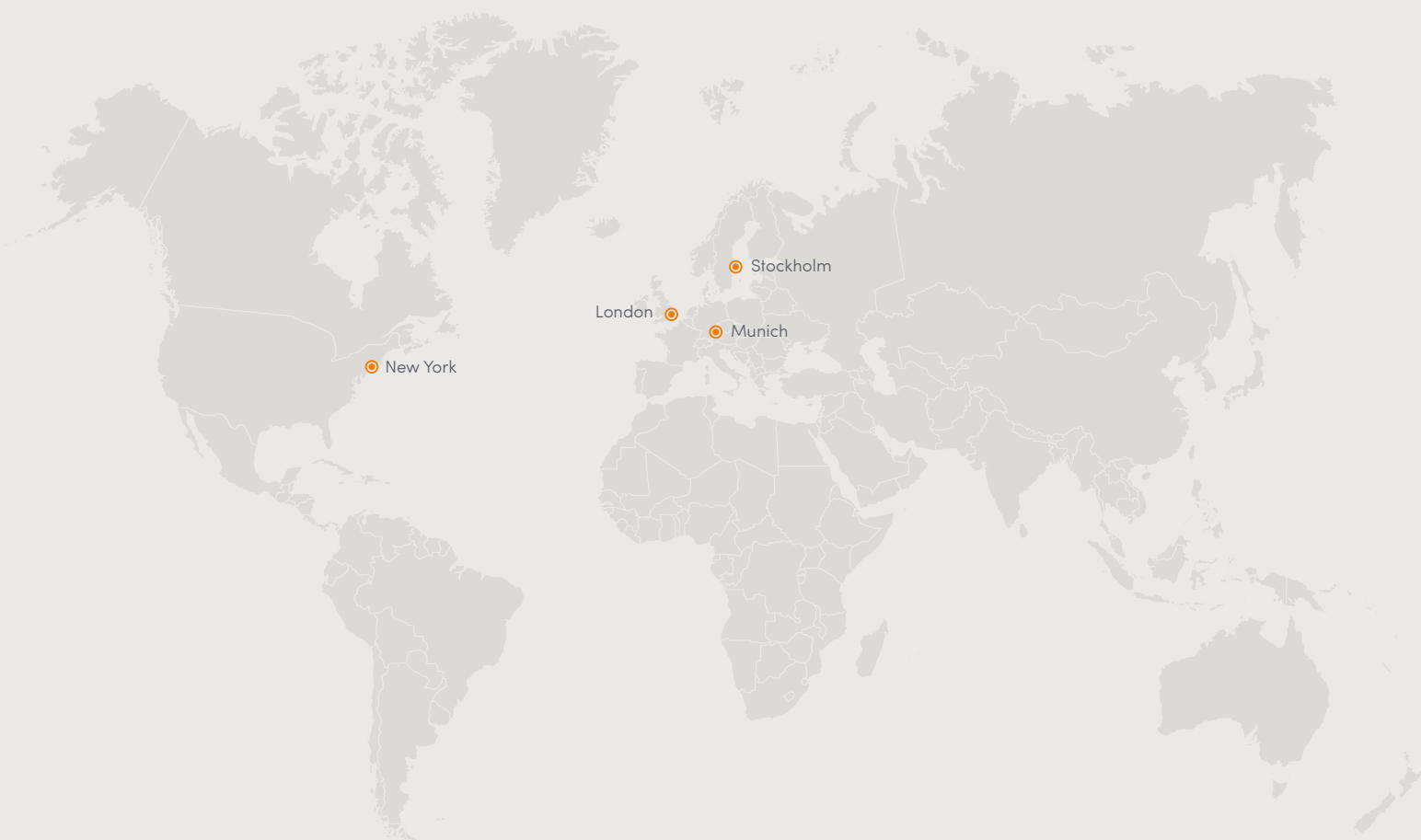
EQT has initiated a review of strategic options for the business segment Credit.

¹⁾ To date across the EQT Credit business segment. Statistics calculated on the following EQT-funds: Credit I, Credit II and Credit Opportunities III.



“At EQT Credit, we are highly selective in the businesses we advise to lend to, focusing on businesses with strong market positions, attractive growth prospects and positive ESG profiles. The Advisory team takes a due diligence focused approach, which is supported by our extensive use of external advisors to better our understanding of the business we invest in and the risks we are taking.”

Andrew Konopelski, Head of Credit Advisory team



Key metrics

	2019	2018
Fund investments, EUR bn	2.3	1.1
Gross fund exits, EUR bn	1.1	1.0
Adjusted revenue, EUR m	36	35
Gross segment results, EUR m	12	21
Margin, %	34	60
AUM, EUR bn	3.9	3.2
Avg. AUM, EUR bn	3.5	3.1
FTE+ (end of period)	41	34

EQT Credit funds managed by the EQT AB Group as of 31 December 2019

Fund	Start year	Committed capital	Status
EQT Credit II	2012	EUR 845 m ¹⁾	Fully invested
EQT Credit Opportunities III	2016	EUR 1,272 m	Investing
EQT Mid-Market Credit	2015	EUR 525 m ¹⁾	Investing
EQT Mid-Market Credit II	2017	EUR 1,791 m ¹⁾	Investing

¹⁾ Management fees are to a larger extent based on net invested capital within Credit compared to Private Capital and Real Assets.

Central

EQT’s operating platform is a critical part of the strategy and a key source of competitive advantage and differentiation. EQT has made significant investments to create a future-proof and scalable operating platform, with a capacity to efficiently support the Group’s growth ambitions, across both current and new, geographies and strategies.

A robust operating platform has enabled EQT to scale its business and diversify across multiple strategies. The benefits of its operating platform are not only translated into a higher level of efficiency and higher quality across its operations, but also allow Investment Advisory Professionals to focus more on investments. The platform is well invested with 323 FTE+ in operations as of year-end 2019 (256 FTE+).

Because of its scalable nature, the operating platform enables EQT AB Group to efficiently launch new funds, expand strategies and enter new geographies and markets. Ongoing investments in the operating platform have focused on scaling through automation initiatives, such as within fund administration and the reporting to the fund investors. These investments are expected to aid the EQT AB Group’s ambition, to grow central costs at approximately half the rate of growth in assets under management on average, over the medium-term.

As the EQT AB Group continues to grow, it will strive to maintain the quality of service and delivery through a focus on establishing process efficiency, continuing to future-proof the Group’s IT setup, create a scalable and fit-for-purpose fund management function whilst delivering a high-quality end product to its fund investors.

Operating platform

The platform comprises a number of specialist functions which support EQT across all areas that are not directly related to the Group’s investment advisory activities. Key functions performed by employees across the platform are:

- Managing and operating the EQT funds, including meeting fund investors’ reporting requests.
- Advising on capital raising matters and servicing fund investors.
- Providing cutting-edge digital tools and solutions.
- Managing the EQT AB Group’s employees and talent.
- Providing central management and finance services.
- Ensuring that EQT manages and complies with the legal, tax and regulatory environment in its various jurisdictions.

CENTRAL

Client Relations & Capital Raising

EQT Digital

Fund Management

Human Resources

Specialist teams



“The EQT operating platform is a competitive advantage. To increase the level of automation and become more efficient we invest in technology and people. This will help us scale EQT and stay relevant over time.”

Caspar Callerström, COO

Client Relations and Capital Raising

The EQT AB Group's in-house Client Relations and Capital Raising (CR) team was established in 2008 and became fully responsible for advising the Fund Management team on capital raising activities in 2012.

Since 2009, EQT has almost doubled its fund investor base to around 470 active investors. Today, CR supports the Fund Management team in serving a global market of fund investors in six offices across Europe, North America and Asia Pacific. The EQT AB Group applies a consistent philosophy across its capital raising activities:

- Relationship building and fundraising are closely interdependent.
- Every engagement with fund investors counts.
- Best-in-class fund investor service is at the core.

CR's responsibilities in advising and supporting the Fund Management team span across capital raising projects (including fundraising, co-investments and separately managed accounts), strategy development and investor servicing for each of the EQT funds across the investment platform. CR is also responsible for arranging EQT's Annual Investors' Meeting (AIM) and regional investor days.

EQT's CR function is divided into two functions. The Advisory team works globally, advising and supporting the Fund Management team, leading all capital raising projects, monitoring fund and portfolio company performance and communicating with fund investors. The Coverage team builds and maintains relationships with existing and potential fund investors across all regions from its offices in Stockholm, London, New York, Madrid and Hong Kong.

The EQT AB Group's capital raising strategy rests on three pillars:

- EQT AB Group aims to retain current fund investors by deepening the relationship in existing investment strategies through high-quality service. EQT recognizes that fund investors have options in a crowded market and EQT therefore seeks to improve the overall customer journey through a variety of initiatives, including the forthcoming Investor Portal. This portal will combine EQT's commitment to its fund investors and its strong belief in digitalization.
- EQT AB Group aims to increase the level of cross selling and leverage the multi-strategy offering with existing customers across strategies. At present, some 35 percent of EQT's assets under management comes from fund investors investing in only one business segment and many fund investors consider themselves to be under-allocated to the private markets asset class compared to their own targets. As such, there remains a substantial opportunity for deeper collaboration and cross-sell with existing fund investors.

- EQT AB Group aims to selectively add new, high-quality fund investors while maintaining low customer concentration. For example, the underpenetrated North American market and the largely untapped private wealth channel offer significant growth potential.

Fund Management

The Fund Management is in charge of decision-making, activities and affairs with regards to the EQT funds, i.e. investment decisions, actions during ownership, and exits. The Fund Management team is currently present in Luxembourg, Amsterdam and London, where the EQT AB Group has established one entity in each jurisdiction which is regulated by and categorized as alternative investment fund managers under the AIFM Directive.

EQT's fund management operations have undergone significant change in recent years, with all of EQT funds from 2012 being domiciled onshore. In 2017, it was decided to create a single hub in Luxembourg for all future EQT funds to harmonize and future-proof the fund management operations. Creating one single onshore hub was a natural next step in EQT's ambition to standardize and safeguard transparency at all levels of the organization. The decision to centralize the management of the EQT funds in Luxembourg provides numerous benefits over time, including increased scalability given the shared resource and knowledge which reside within the hub, increased quality of service due to the deep specialization and enhanced operations, and benefits from simplicity, having only one regulator as counterparty.

The guidelines for the governance of, and the specific terms for, the EQT funds are set out in the legal documentation entered into between the respective fund and its investors. An EQT fund generally has a General Partner and a Fund Manager with its own board, and in most cases also an Investment Advisory Committee, which acts independently from the EQT Investment Advisory team that identifies, evaluates and recommends investment opportunities to the Fund Manager of the EQT fund. The Fund Manager is the decision-making body for the fund and responsible for all decisions with respect to investments and divestments.

The EQT AB Group manages most of its fund administration function in-house. Key responsibilities include fund oversight, fund compliance, as well as performing certain middle office tasks related to fund administration and business support. The EQT AB Group also has an in-house team that is responsible for supporting the Fund Management team in Valuation & Reporting, based in Stockholm.

Future-proofing EQT



Elevating EQT's societal ambitions

In an ever-changing world, future-proofing EQT means constant challenging of norms and ways of operating to become a better employer, advisor, business partner and citizen. EQT is now elevating its societal ambitions.

Aligning with stakeholders and contributing to society

EQT believes that strategic alignment with the United Nations Sustainable Development Goals (SDGs) and being on a trajectory for strong sustainability performance are an indication of a company's overall resilience and long-term profitability – and EQT is no exception.

EQT recognized early on its role in society and started to measure its impact, initially focusing on returns for the benefit of end-investors such as pensioners, and on the number of jobs created through its activities. In 2010, EQT adopted and published a responsible investment and ownership policy as one of the pioneers in the industry. Since then, EQT has systematically improved its policies and practices, in tune with stakeholders' expectations, but also to drive the industry forward.

EQT's ways of contributing to society

- **Lead by example:** In order to remain relevant and successful, EQT must nurture its value-based culture, set clear ambitions for its own business practices, and partner

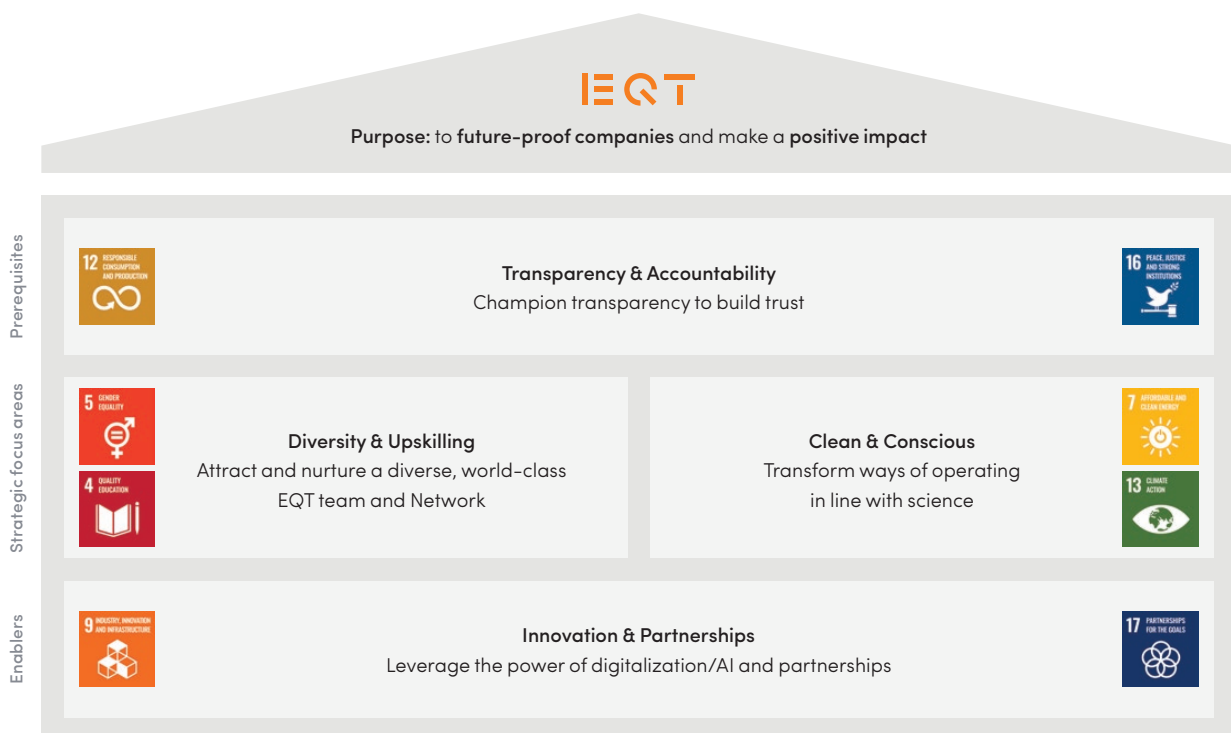
with others in the broader financial and economic ecosystem to promote responsible investment and ownership.

- **Accelerate action:** EQT's most significant contribution to making a positive impact at scale is aligning the EQT funds' thematic investment strategy with the SDGs and being a purpose-driven, active and responsible owner.

EQT's elevated societal ambitions

During 2019, EQT developed its elevated ambitions – the next phase of EQT's commitment to lead by example. The ambitions were developed with EQT's purpose as a guiding star, and by engaging stakeholders, analyzing best practice and setting clear priorities.

In this quest, EQT has identified three dimensions to focus on going forward; **Transparency & Accountability**, **Diversity & Upskilling** and **Clean & Conscious**, under which ambitions, concrete goals and milestones are being set as part of EQT's overall strategy. **Innovation & Partnerships** is recognized as an enabling dimension to scale these ambitions.



Mindset, culture and capabilities

A long-term, strategic approach to sustainable business begins with the right mindset – one that prioritizes the integration of financial and environmental, social and governance (ESG) considerations with a goal to make a positive impact with everything it does.

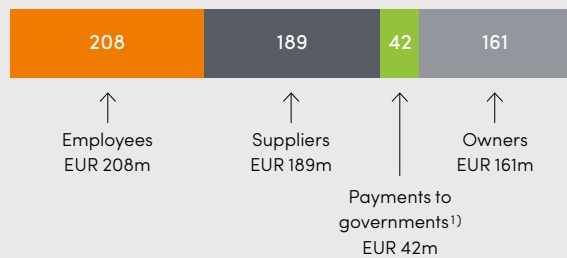
EQT has a Sustainability team acting as catalysts and facilitators within sustainability. The role of the team is to disseminate knowledge into the organization, bring more diverse perspectives to the table and inspire action. The Fund Management and Investment Advisory teams are further supported by a global team of Sustainability Ambassadors, appointed for all business lines and sector teams. The ambassadors support the continuous development of the investment process to fully embed responsible investment and ownership practices and meet regularly to share best practice.

EQT invests in awareness-building and training on sustainability for all employees, including the board of directors, who are upskilled through regular reporting on key issues and participation in sustainability-specific meetings and conferences. In 2019:

- New employees were trained on responsible investment and ownership as part of their introduction process, with additional context for new Investment Advisory Professionals.
- Sustainability was a key topic of targeted training, conferences and workshops, deepening employees’ and EQT Network Advisors’ understanding of the SDGs and inspiring them to lead by example and accelerate action.
- Employees were engaged through competitions, micro-events and new ways of collaborating and communicating, such as the EQT Climate Challenge and a Sustainability Hackathon.

EQT’s direct economic contribution

EQT AB Group generates economic value for society through its direct business activities, and in 2019 distributed a total of EUR 439m between employees, suppliers and governments, whereas EUR 161m was retained or distributed to owners.

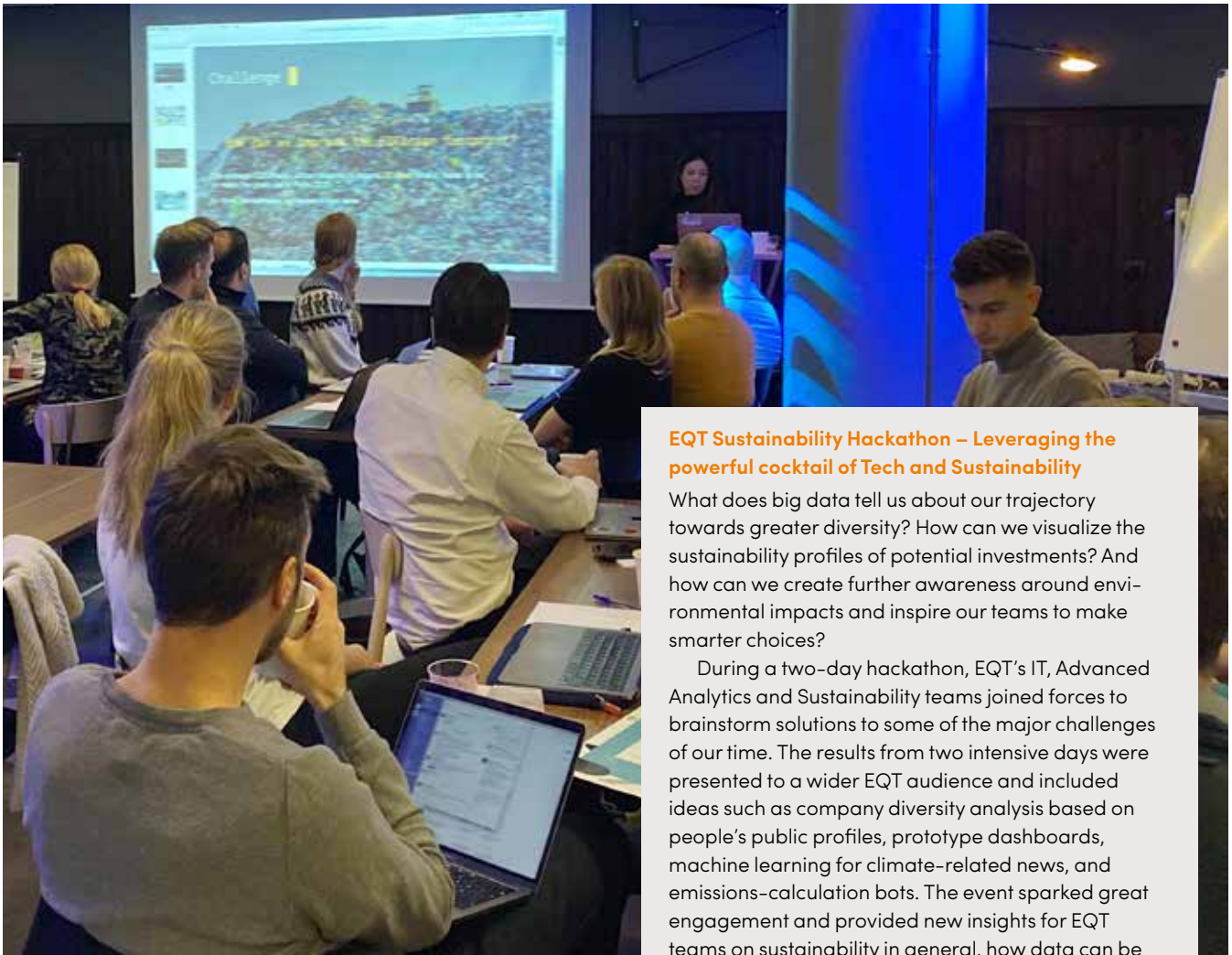


¹⁾ Tax, social security charges and non-deductible VAT.

EQT’s indirect economic contribution is far greater than the direct economic contribution

It includes the growth of EQT funds’ portfolio companies, the creation of innovation and jobs in those companies and the value created and distributed to fund investors. Examples of these contributions can be found in the Introduction (see e.g. page 3) and in the cases presented on page 29.

For more information on how EQT funds accelerate action in portfolio companies, see page 26. Additional sustainability disclosures can also be found on page 123.



EQT Sustainability Hackathon – Leveraging the powerful cocktail of Tech and Sustainability

What does big data tell us about our trajectory towards greater diversity? How can we visualize the sustainability profiles of potential investments? And how can we create further awareness around environmental impacts and inspire our teams to make smarter choices?

During a two-day hackathon, EQT’s IT, Advanced Analytics and Sustainability teams joined forces to brainstorm solutions to some of the major challenges of our time. The results from two intensive days were presented to a wider EQT audience and included ideas such as company diversity analysis based on people’s public profiles, prototype dashboards, machine learning for climate-related news, and emissions-calculation bots. The event sparked great engagement and provided new insights for EQT teams on sustainability in general, how data can be utilized for innovation, and how the power of collaboration can create real solutions for the future – an example of Innovation & Partnerships in practice.

Driving system-wide transformation

EQT believes that its business model, which couples active ownership and a long-term approach, can drive transformational change towards a sustainable future. For society to prosper long-term, there is a need to accelerate and scale the optimization for risk, return *and* real-world impact, shifting responsible investing from a niche pursuit to an integrated way of doing business. The private markets have a critical role to play in transforming the financial community into the next generation of responsible investors and owners, and EQT strives to promote this perspective throughout the industry and beyond.

Some highlights of EQT’s collaborative activities in 2019:

- Participating in the World Economic Forum’s think tank on building an effective ESG ecosystem.
- Being member of the Principles for Responsible Investment’s (PRI) Corporate Reporting Reference Group, working towards a global, standardized and comparable reporting system.
- Continued engagement with Invest Europe, having previously been the first chairperson of the RI Roundtable, now sharing insights and experiences as one of the trainers within the Integrating Responsible Investment course.
- Participating with industry colleagues in the pilot evaluation of the United Nations Development Programme-powered SDG Impact initiative, bringing the practitioners’ perspective to the development of a new set of impact practice standards.

Deep dive: Clean & Conscious

Rising sea levels, extreme weather, ocean acidification and biodiversity destruction – the climate crisis is one of the largest challenges society faces. Stakeholders, especially younger generations, expect companies to take urgent action.

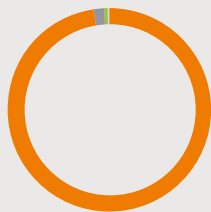
Climate change and the ongoing transition to a low-to zero-emission society poses physical and transitional risks such as interruptions from extreme weather events, increased pricing of greenhouse gas (GHG) emissions and changing customer behavior. However, it will also be a source of opportunity, innovation and differentiation.

EQT is committed to addressing climate change and started to track EQT AB Group’s GHG emissions in 2014. EQT is annually measuring, reducing and offsetting the climate impact, while reporting transparently on footprint and actions.

GHG emissions 2019 – measure, reduce and offset

In 2019, EQT AB Group’s absolute GHG emissions totaled 17,374t CO₂e, an increase of 18 percent compared to 2018, primarily due to increased number of employees. However, the CO₂e intensity per employee was more or less in line with 2018. As in previous years, the majority of these emissions arise from business travel.

CO₂e emissions by source 2019 (metric tons)



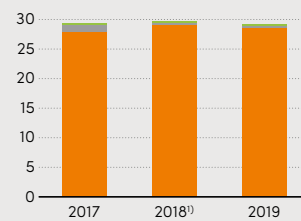
- Business travel, 16,979
- Energy consumption, 255
- Office consumables, 138
- Waste, 2

Committed to clean energy

All EQT offices operate on 100 percent electricity from renewable energy sources, partly as a result of EQT making an active decision to acquire Energy Attribute Certificates (EACs). As a result, the net CO₂e emissions from electricity consumption, scope 2, totaled 0.

Acknowledging the climate impact from flights, several initiatives to reduce this have been initiated including the improvement of video conference solutions, leading to close to 61,000 virtual meetings held in 2019. EQT has also actively reduced energy consumption for physical data centers following a decision to move to 100 percent cloud-based operations. Moreover, additional climate smart actions have been taken in local offices, including applying environmental requirements for suppliers, reimbursing public transport travels, donating leftover food to limit food waste and arranging sustainability awareness events for employees.

CO₂e intensity (tons/FTE)



- Business travel
- Energy consumption
- Office consumables and waste

GHG emissions offset

EQT AB Group strives for carbon neutrality and annually offsets all GHG emissions that cannot be avoided or reduced, through support for carbon reduction initiatives. In 2019, EQT supported a renewable electricity project. In line with its entrepreneurial culture, EQT also accelerated its investments in off-grid solar companies with operations in developing economies, utilizing sourcing expertise from the Swedish crowdfunding platform TRINE.

Transforming its way of operating

In addition to continuing to use electricity from renewable energy sources in all of EQT’s offices, the elevated ambition in the strategic focus area of Clean & Conscious is to take a science and evidence-led approach to transforming its way of operating. Over the next year, EQT plans to review what this means in practice and to develop climate-related targets in line with the science in order to stay on a 1.5–2.0°C trajectory. EQT also aims to accelerate action with EQT funds’ portfolio companies and enhance their climate disclosure and performance including a goal to start transitioning portfolio companies to use renewable energy sources.

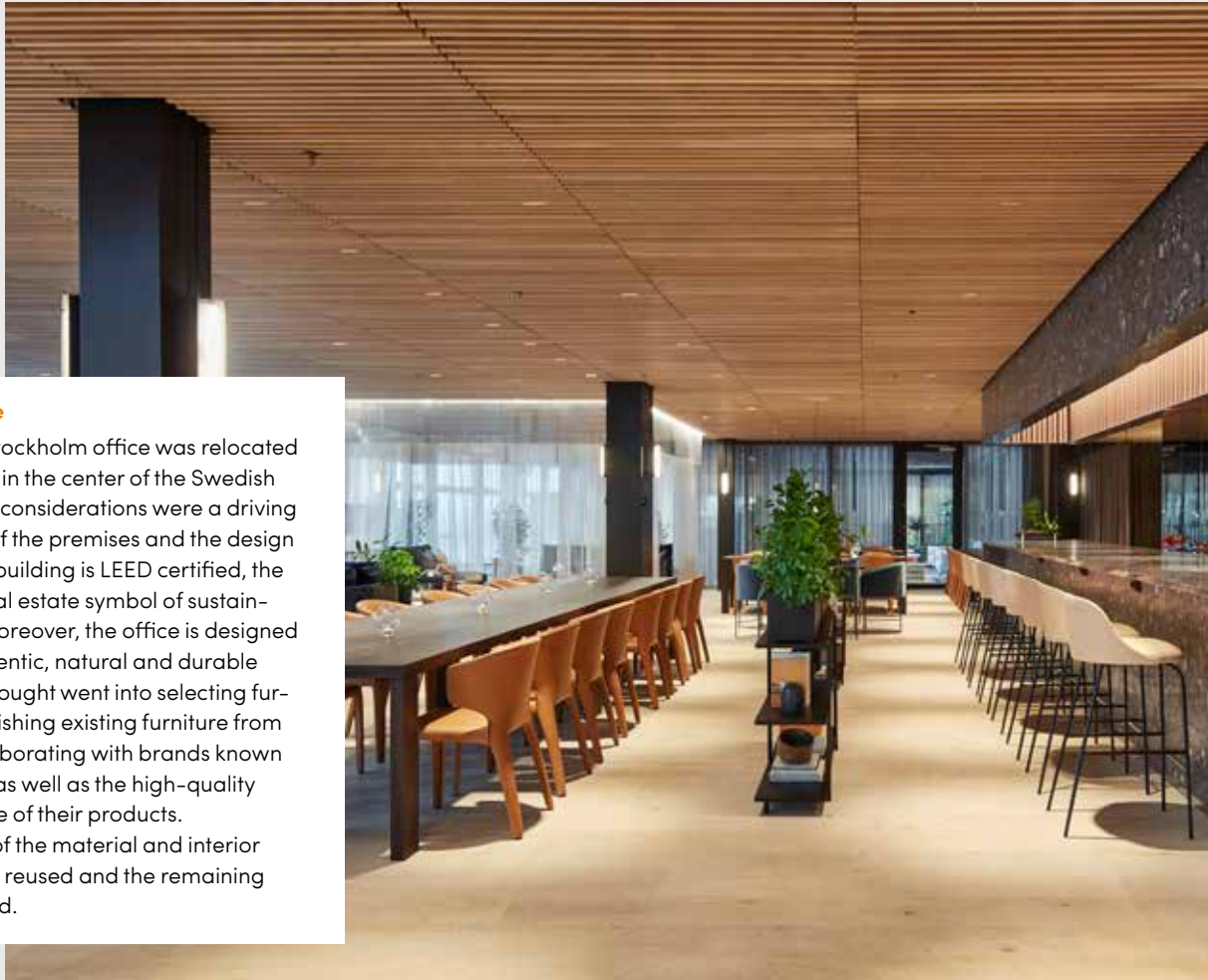
¹⁾ Has been restated following external assurance.

Note: CO₂e intensity is based on annual average of employees (FTEs). For additional GHG emissions disclosures, please see page 128.



EQT Climate Challenge 2019

Following an interactive sustainability session, gathering input from all employees, the internal EQT Climate Challenge was launched as an educational and gamified way of reducing environmental footprint through behavioral change. By responding to sustainability-related questions and being asked to do climate-smart “deeds” through an app, EQT employees collected points and competed as teams, offices and individuals. Over three weeks, more than 3,000 actions to lower emissions were taken. Examples included sorting waste, going a day without buying anything with plastics and travelling by bike to work.



Stockholm office move

In May 2019, the EQT Stockholm office was relocated to newly built premises in the center of the Swedish capital. Environmental considerations were a driving factor in the selection of the premises and the design of the workspace. The building is LEED certified, the globally recognized real estate symbol of sustainability achievement. Moreover, the office is designed with high-quality, authentic, natural and durable materials. The same thought went into selecting furniture, including refurbishing existing furniture from the old office and collaborating with brands known for their responsibility, as well as the high-quality and long-lasting nature of their products.

In total, 65 percent of the material and interior from the old office was reused and the remaining 35 percent was recycled.

People

People are the most important asset of EQT. To preserve the strong culture and future-proof the Group, EQT works to continuously strengthen its ability to attract top talent and retain and develop its employees.

EQT AB Group's employee base has grown rapidly, but carefully, over recent years. EQT seeks to retain its position as an industry leader by hiring not only the best performers and those who are aligned with EQT's culture and values, but also by providing employees with opportunities to develop throughout their careers. EQT believes diverse and collaborative teams attain the best results and is committed to promoting an inclusive environment through key initiatives and training for personal and professional growth.

Securing talent

EQT's brand plays a crucial role when attracting the best talent in a highly competitive market. The culture at EQT is a key component of its reputation and important in securing and retaining talent. EQT is proud that its strong and carefully nurtured culture is rated by new joiners as one of the main reasons for choosing EQT AB Group as an employer, with 56 percent choosing culture as the main reason to join in 2019, compared to 47 percent in 2018.

EQT also places great emphasis on growing talent within the Group. Approximately 70 percent of the Partners have been promoted internally.



OSLO OFFICE

EQT's values are not just decorations for its office walls. Instead they function as a compass and are deeply ingrained in daily operations, the hiring process, performance assessment and decision-making.



High performing means giving people responsibility and freedom to act and base evaluation on performance – there is always room for improvement.



Respectful means acting with integrity and having respect for each other and external stakeholders in everything we do.



Entrepreneurial means being innovative, action-oriented and having a sense of urgency about driving change.



Informal means being non-hierarchical – everyone is encouraged and expected to speak their mind.



Transparent means being open and honest, with each other as well as with external stakeholders.

Engagement and feedback

A key component of EQT's people strategy is supporting employees to realize their potential, through training, mentoring and regular feedback. Feedback is an important part of EQT's culture, and the Group works with structured 360-degree feedback, as well as everyday direct feedback, to develop and improve individual performance.

Since 2018, EQT has also used an advanced analytics tool to measure employee engagement on a regular basis to support managers in making better people-related decisions by tracking trends and maintaining active conversations with employees.

EQT's focus on people and culture has been critical in ensuring long tenures among senior management and Partners. Over the course of the twelve months ending 31 December 2019, employee turnover was around 11 percent, of which only 2 percent was assessed as regrettable.

Diversity and inclusion

EQT acknowledges that the industry EQT is in has historically found it challenging to attract and retain female Investment Advisory Professionals. EQT AB Group is not exempt from this and recognizes the work that still needs to be done in addressing its gender imbalance. Over the last five years, EQT has introduced a number of focused initiatives to address this challenge. At the same time, EQT focuses on growing and promoting talent internally, meaning that it will take time for change to be fully reflected at a senior level (Director or Partner).

EQT Academy

Business continuity relies on a steady stream of proficient leaders who are ready to step up in all parts of the organization. Therefore, EQT focuses development not only on high performers' skills and qualifications, but also their executive leadership, ability to nurture the EQT culture and feedback skills.

The EQT Academy is a well-established part of the Group, providing training for each career stage and function within the business, and focusing on the skills relevant to each employee's development. In 2019, the EQT Academy delivered twelve different courses to over 245 employees, including:

- Introduction days for new employees.
- Leadership programs for 40 future leaders.
- 20 training sessions on working with respect, one of EQT's values, for all employees.
- Four on-site digital leadership forums, hosted by the Digital Business Development team, with around 130 Investment Advisory Professionals participating globally.



In 2019, 24 percent of all junior Investment Advisory Professionals (Associates) were women. Following a decrease in female Investment Advisory Professional hires across seniority levels between 2018 and 2019, from 25 percent to 19 percent, EQT has intensified its efforts in this area. EQT has set a goal whereby a majority of new Investment Advisory Professional hires in 2020 should be women. Going forward, this goal will span over other aspects of diversity, ensuring that EQT remains a successful and inclusive employer.



EQT Women’s International Network (WIN) is an employee-driven initiative focused on attracting more women to EQT, increasing retention of female EQT employees and implementing policies to develop EQT’s inclusive workplace. It runs a mentoring program and a global network of WIN supporters across the firm. During 2019, EQT also launched its new Family Friendly Guidelines, a support and benefits package designed to ensure EQT is a flexible workplace for parents.

EQT believes that all aspects of diversity – such as gender, ethnicity, religion, age, nationality, sexual orientation, educational and socioeconomic background – are important and that diverse teams produce better results. One example is that EQT AB Group has more than 40 nationalities being represented across EQT’s offices in 16 countries, spanning five continents including the recently opened office in Sydney, Australia at the beginning of 2020.

EQT’s commitment to diversity and inclusion does not only concern its own organization. To inspire change in the broader financial industry, in 2019 EQT communicated that working teams at their key advisors, such as commercial, tax, legal and financial advisors, need to comprise at least 25 percent of the underrepresented gender. In doing so, EQT aims to create a ripple effect in the industry and deliver its mission of making a positive impact with everything it does. For more information on diversity in the EQT funds’ portfolio companies, see page 28.

Priority areas

EQT’s focus on high performing teams remains a top priority. In 2020, it will continue to promote a strong, inclusive culture, further increase its ambitions to promote diverse recruitment, focus on leadership training and development and launching unconscious bias training.

EQT is planning further improvements to its talent acquisition process and upgrades to its technical tools allowing managers and teams to improve data-driven decision-making. Today’s new employees are digital natives, bringing a new approach to flexibility and productivity, and EQT is evolving its ways of working to meet the expectations of the workforce of the future.

Compensation philosophy

EQT AB Group has a performance driven organization focused on long-term value creation in line with its culture. Team and individual performance are important, therefore EQT rewards both. As performance is key to EQT’s success, higher performance is rewarded with higher compensation. All staff are encouraged to take ownership and contribute to EQT’s success and are rewarded for innovative ideas and collaboration.

In practice this means:

- Fair and transparent total cash compensation.
- Long-term incentives and investment opportunities.
- Total incentives approach, linked to individuals’ value contribution to the firm.
- Compensation based on geography and in line with local practice.
- Retention should be managed by mapping out future career paths, as well as the right mix of long-term incentives.

Key employee metrics

	2019	2018
Employees (FTE+), numbers	706	601
Employees (FTE), numbers	645	527
Temporary employees (FTE), %	1	2
Average age, years	35	35
Education cost per employee, EUR	2,162	1,620
Employee turnover, %	11	12
Employees, female, %	43	44
New hires, female, %	40	57
Investment Advisory Professionals, female, %	16	16
New hires, Investment Advisory Professionals, female, %	19	25
Partners, female, %	3	3
Senior executives, female, %	14	9
Senior leaders ¹⁾ , female, %	20	9

¹⁾ Senior leaders are defined as members of key committees and forums, primarily consisting of business line and function heads.

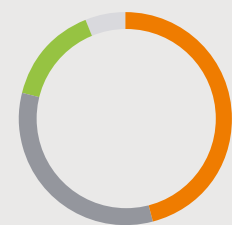
For additional employee disclosures, please see page 129.

Employees per region



- Nordics, 42%
- Rest of Europe, 27%
- UK, 14%
- North America, 10%
- Asia, 7%

Employees per segment



- Central, 46%
- Private Capital, 33%
- Real Assets, 15%
- Credit, 6%



Digitalization

Applying deep sector expertise and curiosity for innovation has always been part of EQT's DNA and this approach is even more vital in the digital era. EQT's digital mission is to ensure that EQT and EQT funds' portfolio companies are digital leaders in their respective industries, now and in the future.

Leveraging digital technology is a critical element of future-proofing both the EQT AB Group itself, as well as the EQT funds' portfolio companies. As part of this mindset, EQT has for several years made significant investments in its Digital team, IT infrastructure and digital capabilities.

Digital mission

Through the use of new technologies and digital ways of working, EQT intends to:

- Continuously make each EQT fund an ever smarter and innovative investor.
- Support all EQT funds' portfolio companies to become future-proof digital leaders in their industries and markets.
- Make EQT's operations and customer experience more efficient, transparent and precise.
- Ensure that EQT, as a recognized digital leader, drives transformation of the global investment ecosystem.

Integrated digital capabilities

EQT Digital comprises multiple teams that together take ownership of digital maturity and the use of technology across the whole of EQT. This ranges from internal operations to how technology is used throughout the deal process, from sourcing, due diligence and support in portfolio development to exit.

EQT Digital integrates capabilities across all its teams and extended network:

- Digital Business Development: supporting EQT funds' investment and portfolio company development.
- Information Technology (IT) and Advanced Analytics: improving digital performance internally, ensuring that EQT's systems are future-proof and developing EQT's proprietary artificial intelligence (AI) and big data tool.

Digital Business Development

The Digital Business Development team provides industry-specific digital insights and support and is active throughout every stage of an EQT funds' investment, from deal sourcing and due diligence to transformation and exit. EQT's Digital

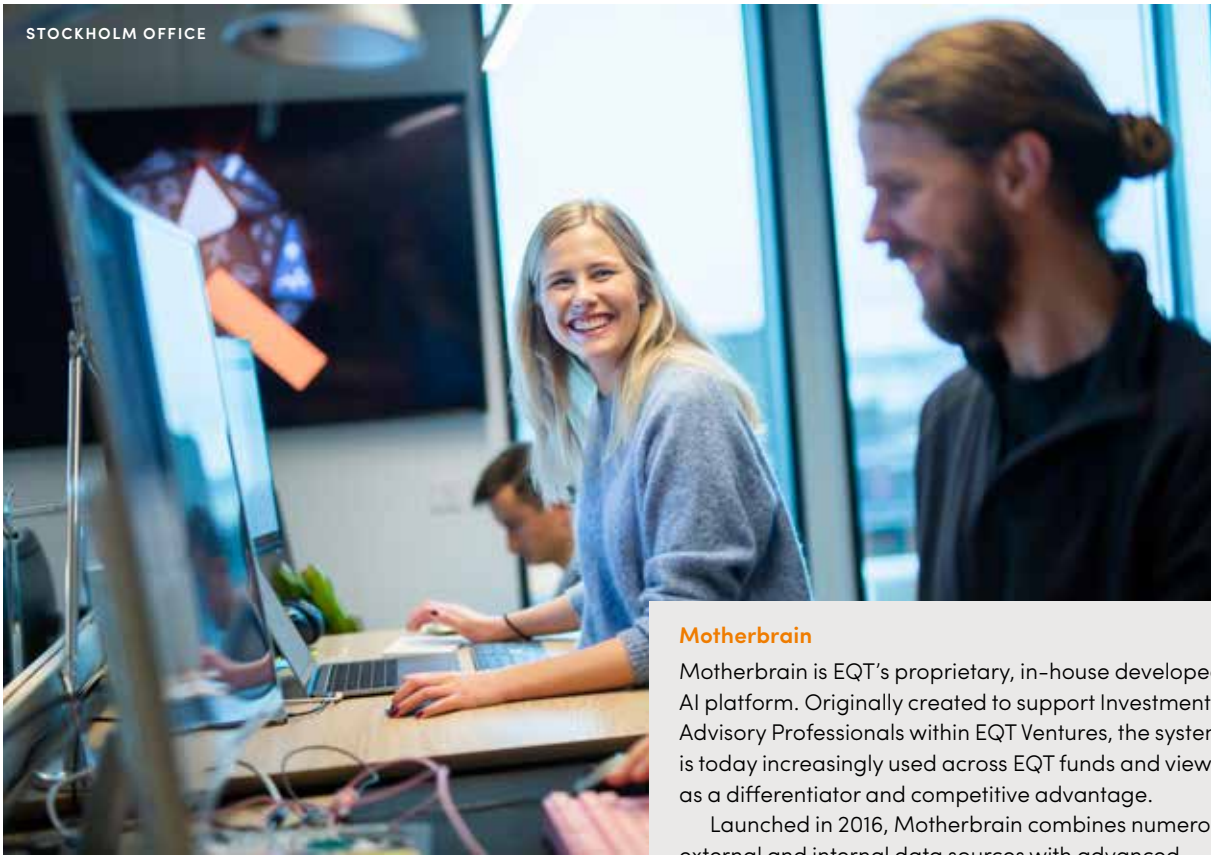
Framework provides the Fund Management team, supported by the Investment Advisory teams, with a consistent approach and toolbox to support value creation and drive cross-portfolio initiatives such as within cyber security.

The team is global with local leadership extended across three active hubs in the Nordics, DACH (Germany, Austria and Switzerland) and North America, and is fully embedded within the Investment Advisory teams. Team members have senior operational leadership experience within digital growth and IT and are responsible for advising and supporting the investment process and EQT funds' portfolio companies, as well as curating a network of best-in-class EQT Advisors, consultants and tech vendors across all EQT geographies.

IT and Advanced Analytics

EQT believes in "the art of the possible" and therefore has a customer-centric approach in internalizing the possibilities of technology, as well as practicing what is preached to portfolio companies. Today, all of EQT AB Group's mission-critical infrastructure is cloud-based and critical vendors are compliant with the highest security standards in each area (ISO27001, SOC2 et al). Continuous anti-phishing testing and penetration testing is conducted to create internal awareness and ensure high resilience to cyber-attacks. EQT values data privacy and applies data protection controls, and frequent testing, across the IT environment. Examples of such protection includes proper segregation of duties and well-defined user access management by following the principle of least privilege access needed for one's responsibilities.

EQT began its current digital transformation journey in 2015, focusing initially on internal IT systems and processes. It has made significant investments to transition from a model reliant on traditional tools and approaches, to a modern way of working with cloud-based systems and next-generation working tools and applications. More recently, EQT has focused on enabling automation across the organization, in order to improve efficiency and eliminate unnecessary manual processes.



EQT has a team responsible for the continuous development of EQT’s proprietary AI platform, known as Motherbrain. The team comprises user experience researchers, software engineers, and data scientists with the aim of further enhancing Motherbrain’s capabilities and developing further applications for AI across the organization.

Priority areas

EQT aims to develop automation at scale, and to further develop a data-driven decision-making culture across its operations while providing a sophisticated service to its fund investors. This part of EQT’s digital transformation journey is focused on three areas:

- Continue to modernize EQT’s operating platform and lead the way the private markets industry leverages modern technology in its back- and middle-offices.
- Enable a data-driven decision-making culture, using machine learning and big data to solve investment problems.
- Continue to scale EQT’s systematic approach, working with the Fund Management team and Investment Advisory Professionals to assess and win the right deals and in supporting the EQT funds’ portfolio companies to drive their digital transformation and maturity.

Motherbrain

Motherbrain is EQT’s proprietary, in-house developed AI platform. Originally created to support Investment Advisory Professionals within EQT Ventures, the system is today increasingly used across EQT funds and viewed as a differentiator and competitive advantage.

Launched in 2016, Motherbrain combines numerous external and internal data sources with advanced analytics and machine learning to augment EQT’s investment advisory activities. It provides a unique platform for knowledge sharing, decision intelligence, and exploration of industries, people and companies globally, employing algorithms to provide early alerts of growing companies with potential high value – before they are widely known in the market.

Since its launch, the EQT Ventures fund has fully sourced several acquisitions through Motherbrain, including Peakon in March 2017, AnyDesk in January 2018, WarDucks in March 2019 and Second Cognition in July 2019. Similar technology is used to source add-on acquisition targets for portfolio companies, for example as part of a roll-up strategy or as part of a geographical expansion strategy, which are both frequent scenarios across the EQT funds. Motherbrain also sources M&A targets and identifies competitors for potential new deals, using augmented data to verify or challenge investment hypothesis.

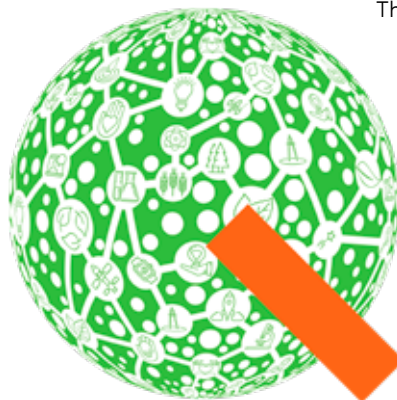
The EQT Foundation



MUNICH OFFICE

In September 2019, EQT announced the launch of the EQT Foundation to drive the EQT AB Group’s global philanthropic efforts. The EQT Foundation aligns its efforts to EQT’s mindset of making a positive impact with everything it does and works to maintain a clear connection to EQT’s business model, purpose and vision.

The independently operated EQT Foundation received around one percent of the shares in EQT AB’s IPO, a donation from SEP Holdings BV and certain Partners at EQT, securing recurring revenue streams for the Foundation and establishing a preliminary endowment. At year end, the approximately market value of the endowment amounted to SEK 1 billion.



The purpose of EQT Foundation, is to use the proceeds generated from its shareholding, as well as other donations for the furtherance of its mission of creating a more inclusive tomorrow and pushing the frontiers of societal impact. In the long-term spirit of the Swedish Wallenberg family, the Foundation prioritizes lasting engagement with all its stakeholders across the public, private and non-profit sectors. The Foundation relies on focused grant-making, a carefully designed investment strategy and strategic partnerships to maximize positive social impact. It leverages the passion, competencies, and heritage of the entire EQT AB Group and its employees to shape a better, more inclusive tomorrow.



Board of directors' report

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Board of directors' report

The board of directors and the CEO of EQT AB (publ) (reg. no. 556849-4180) with its registered office in Stockholm, Sweden submit the annual report and consolidated financial statements for the 2019 financial year.

Revenues and net income

Revenues for the year increased to EUR 599.7m (EUR 393.2m), of which management fees accounted for 96 percent (98 percent). The increase in revenues has been driven by the significant increase in assets under management from fundraising activities during 2018 and during first half of 2019.

Total operating expenses for the year amounted to EUR 391.5m (EUR 244.3m), driven by further expansion and build-out of the operating platform.

EBITDA increased by EUR 59.3m to EUR 208.2m (EUR 148.9m). Adjustment items affecting EBITDA amounted to EUR 66.6m (EUR 7.3m), of which EUR 28.1m (EUR 7.3m) related to the reorganization of EQT's corporate structure and preparations for the IPO and EUR 6.5m (EUR 0.0m) related to adjustment of revenue due to different accounting treatment of the acquired entitlement to carried interest in April 2019. In addition to the above, EUR 15.4m directly attributable to the issue of new shares in connection with the IPO has been recorded in equity. Items affecting comparability also include a provision of EUR 32.0m in relation to the VAT ruling announced by the Supreme Administrative Court of Sweden on 27 January 2020. Adjusted EBITDA amounted to EUR 274.7m (EUR 156.2m).

Depreciation and amortization amounted to EUR 29.8m (EUR 18.8m), primarily related to facility lease agreements. The current year depreciation also includes the new facilities in Stockholm and Milan.

Net financial items amounted to EUR -5.5m (EUR -1.7m). This is comprised of financial income of EUR 2.6m (EUR 5.2m) primarily related to currency translation differences, as well as of financial expenses of EUR -8.1m (EUR -6.9m) related to both currency translation differences and lease agreements according to IFRS 16.

Income taxes amounted to EUR 13.2m (EUR 7.5m) primarily driven by an increased profit before tax.

Net income increased to EUR 159.6m (EUR 120.9m). Adjustment items affecting net income, including tax effects, amounted to EUR 53.7m (EUR 5.7m). Adjusted net income was EUR 213.3m (EUR 126.6m).

Earnings per share before and after dilution amounted to EUR 0.188 (EUR 0.195) and EUR 0.187 (EUR 0.195) respectively.

Cash flow and financial position

Goodwill and Other intangible assets amounted to EUR 36.9m (EUR 29.4m). The increase in Other intangible assets primarily relates to the acquisition of entitlement to management fee surplus in EQT VI GP, in April 2019, amortized linearly over three years.

Property, plant and equipment of EUR 112.5m (EUR 56.9m) increased mainly due to new facility lease agreement assets for the Stockholm and Milan offices.

Financial investments increased by EUR 52.5m to EUR 70.5m (EUR 18.0m) driven by additional investments from EQT AB Group into EQT funds, acquisition of increased revenue entitlement from selected EQT funds in April 2019 and revaluations of existing interests in the EQT funds.

Current assets amounted to EUR 1,193.2m (EUR 412.9m), where an increase in cash and cash equivalents contributed EUR 644.1m mainly due to the share issue in connection with the IPO.

Equity increased to EUR 1,081.8m (EUR 331.2m), an increase mainly related to a 32 percent growth in net income and a EUR 703.6m increase due to new shares issued in connection with the restructuring and IPO.

Non-current liabilities of EUR 78.0m (EUR 41.7m) has increased mainly due to new facility lease agreement liabilities.

Current liabilities of EUR 269.1m (EUR 152.9m) increased due to accrued personnel expenses and the VAT liability.

Expectations for 2020

Increased geographical presence with new Investment Advisory offices being planned.

Personnel

Number of full-time equivalent employees (FTE), at year-end 2019, amounted to 645 (527). The increase is driven by further expansion and build-out of EQT AB Group's operating platform.

Significant events during 2019

Significant events and transactions

Christian Sinding was appointed CEO and Managing Partner of EQT AB and Caspar Callerström was appointed Deputy CEO, both with effect from 1 January 2019. Thomas von Koch was appointed Chairperson of Asia Pacific and Deputy Managing Partner of EQT AB.

In December 2018, it was resolved to carry out a reorganization with the main purpose of establishing EQT AB as the ultimate parent company in the EQT AB Group, simplify the

ownership interest in the Company as well as to prepare for the listing of the Company on Nasdaq, Stockholm. During the first half of 2019 the reorganization continued and included the events and transactions described in Note 15.

On 24 September 2019, EQT AB's ordinary shares were listed on Nasdaq Stockholm under the symbol "EQT". The price in the IPO was set at SEK 67 per share. The IPO attracted strong interest from both Swedish and international institutional investors as well as the general public in Sweden. The Offering was more than 10 times over-subscribed. At the time of the IPO EQT had more than 40,000 shareholders.

Acquisition of entitlement to revenue

In April 2019, EQT AB Group, through re-negotiations of existing contracts, acquired the contractual right to management fee surplus of EQT VI GP (i.e. management fees reduced by operating and financial expenses, if any, of EQT VI GP).

The acquisition of entitlement to management fee surplus in EQT VI GP was based on fair market value, assessed through a discounted cash flow valuation. Revenue from the acquired management fee surplus will be recognized in full and the intangible asset will be linearly amortized over three years with no residual value.

At the same time, EQT AB Group, also through re-negotiations of existing contracts, increased its share of carried interest entitlements in a number of EQT funds, and also acquired 5.73 percent of the contractual rights to carried interest and investment income generated by the EQT VI fund. The acquisitions of contractual rights to carried interest entitlement were based on net asset value (i.e. the full contingent mark-to-market value), which is higher than accrued revenue if the acquired contractual rights had been valued in accordance with IFRS 15 and the, by the Group, applied discounts. Revenues from carried interest will be recognized once IFRS 15 accrued revenues exceed the fair market value (i.e. deal value).

Following these transactions, the Group will continue to provide fund management and investment advisory services, but with a modified compensation model. Payments for the above-mentioned transactions were made in cash (EUR 23.7m) and through share issue in kind of 982,669 ordinary shares (SEK 1,337.4m).

Incentive programs

The annual shareholders' meeting in EQT AB in June 2019 resolved to implement a share program for the EQT AB Group employees. The objective of the program is to align employees' performance to the interest of the shareholders, based on performance metrics tailored to EQT's strategic goals. The share program is divided into five separate annual grants, with maximum dilution of approximately 0.3 percent per annual grant, and approximately 1.0 percent in total. During the initial year of each grant an amount may be earned, depending on the outcome of the performance metrics, which after that year is settled in the number of shares in EQT that corresponds to the amount earned. The shares constitute class C shares, with rights to receive

dividends and with 0.1 vote, that will be held for three years before being converted into ordinary shares that can be traded. No vesting conditions apply during the three-year holding period. During the second half of 2019 a new share issue of 8,663,490 class C shares, was carried out at quota value corresponding to a value of SEK 0.8m and subsequently repurchased. Total expense during 2019 for the share based program amounts to EUR 11.0m.

In connection with the Offering, a number of employees received additional remuneration, conditional upon the completion of the listing. The expense recognized amounts to EUR 10.5m in total.

Certain employees (non-partners) in EQT were entitled to a bonus payment corresponding to any increase in the price of the Company's shares during the approximately first three months following the first day of trading, up to a certain maximum amount. The bonus payment is made by an entity outside the EQT AB Group indirectly owned by certain partners, and the EQT AB Group will be indemnified for any social security cost incurred in connection with such a bonus. This payment has not resulted in an outflow of resources for EQT AB Group but due to the fact that the selected persons are employees in EQT AB Group and that the bonus payment is dependent on the share price of EQT AB this is, from an accounting perspective, treated as a share-based payment. Total expense recognized for EQT AB Group amounts to EUR 3.1m (which has been fully reimbursed), with the same amount recognized as an addition to equity.

Related parties

Following a new share issue resolved by an extraordinary shareholders' meeting on 19 December 2018 and allotted by the board of directors on 2 April 2019 following the receipt of necessary regulatory approvals Investor AB became a related party to EQT AB. Through the new share issue Investor AB, via its wholly owned subsidiary Investor Investments Holding AB, increased its ownership in EQT AB from approximately 19 percent to approximately 23 percent.

In conjunction with the listing, a total of 114,358,068 shares were offered by selling shareholders (in addition to the new shares offered). As one of the selling shareholders Investor AB, via its wholly owned subsidiary Investor Investments Holding AB, offered 26,967,384 shares which decreased its ownership in EQT from approximately 23 percent to 18 percent. Hence, from the date of the listing Investor AB is no longer a related party to EQT. For further details on related parties see Note 24.

Events after the reporting period

In light of the investment level of EQT VIII, preparations for the successor fund EQT IX has intensified and the target size for the EQT IX fund has been set at EUR 14.75bn. The actual fund size is dependent on the outcome of the fundraising process and may ultimately be higher or lower than the target size, however capped at EUR 15bn. The EQT IX fund's investment strategy and commercial terms are expected to be materially in line with the predecessor fund EQT VIII.

EQT has initiated a review of strategic options for the business segment Credit. The growth prospects of Credit are in avenues further away from EQT's core business of active ownership where EQT can make a strong impact and fully utilize the EQT platform.

On 27 January 2020, the Supreme Administrative Court of Sweden ("SAC") announced its decision on the appealed advance tax ruling regarding VAT for EQT AB's Swedish subsidiary EQT Partners AB. The SAC mainly subscribed to the approach of the Swedish Tax Agency why, as a result of current accounting practice, a one-off provision of EUR 32m has been taken in 2019. The decision is not expected to have a material impact on EQT AB Group's future financial position or result.

As for any organization, the COVID-19 development brings uncertainty and disruption – the financial effects on EQT AB Group is dependent on the duration of the outbreak but a period of uncertainty and disruption may lead to a slowdown of transaction activities, longer fundraisings and affect fund performance. Overall, EQT has a well diversified portfolio of funds and investments thanks to a thematic investment strategy. The situation is carefully monitored and the investment advisory teams are in close dialogue with respective portfolio companies.

Parent company

The parent company's profit before tax increased to SEK1,602.6m (SEK 1,100.4m), mainly due to increased dividend received from subsidiaries. A decision to incorporate a separate treasury entity was made and in conjunction with the formation of the subsidiary a shareholder's contribution of EUR 800.0m was decided upon, to be settled in cash during 2020.

The share

Since 24 September 2019 EQT AB's ordinary shares are listed on the Nasdaq Stockholm (Large Cap) stock exchange. The quota value of the shares is SEK 0.1. The number of ordinary shares as of 31 December 2019 was 952,983,900. In addition, during the second half of 2019 a new share issue of 8,663,490 non listed class C shares was carried out at quota value, corresponding to a value of SEK 0.8m. See Note 26 for further information.

All Partners (who in total owned approximately 74 percent of the Company immediately before the Offering) have for the benefit of the Company agreed, with certain exceptions, not to transfer or dispose of their respective holdings in the Company (as per the day before the first day of trading) during a period of five years after the first day of trading, without prior written consent from the Company. These lock-up undertakings will expire with respect to 25 percent of the shares subject to lock-up after three years and an additional 25 percent after four years, provided that the holder's employment within the EQT AB Group has not been terminated by either party on said date. If the employment is terminated at any time during the five-year lock-up period, all shares still subject to lock-up at such point in time will be locked up for the remainder of the

five-year lock-up period. The Company intends to procure that coordinated sell-downs of shares that are not still subject to the lock-up take place following the third and fourth year, respectively, after the first day of trading for Partners who then wish to sell.

Investor AB and related entities, as well as the members of the board of directors and executive management who are not Partners but are shareholders in the Company, also agreed in conjunction with the listing, with certain exceptions, not to transfer or dispose of their respective holdings in EQT AB for a period of one year after the first day of trading, without prior written consent.

In addition to the above, there are no restrictions on the transferability of shares due to statutory provisions, articles of association or, as far as the company is aware, in shareholder agreements.

Sustainability

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, EQT has elected to prepare the statutory sustainability report separately from the Board of directors' report. The scope of the statutory sustainability report is given on pages 130.

Proposed guidelines for executive remuneration (remuneration policy)

These guidelines are updated to comply with new EU regulations but in content no material changes are made to the previously determined guidelines for executive remuneration.

The board of directors' proposal for guidelines for executive remuneration

The CEO, the deputy CEO and other members of the Executive Committee (executive management) fall within the provisions of these guidelines. To the extent a board member conducts work for EQT, in addition to the board work, consulting fees and other compensation for such work may be paid. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual shareholders' meeting 2020. These guidelines do not apply to any remuneration separately decided or approved by the shareholders' meeting.

EQT has a clear remuneration philosophy (including for variable cash) applicable across the whole group which also governs the remuneration to the Executive Committee and links compensation to EQT AB Group's business strategy, sustainability, long-term interests and long-term value growth for its shareholders.

Most important is to incentivize fund performance and ensure aligned interest with our limited partners in the EQT funds, EQT AB's shareholders as well as EQT's long-term approach. EQT is a performance-driven organization focused on long-term value creation in line with our culture. Team performance and individual performance are important – therefore we reward both. Performance is key to our success and we award higher performance with higher compensation.

To be able to achieve the business goals, EQT needs to be able to attract and retain world class talent suitable for each role. To achieve this, EQT applies market competitive total compensation.

EQT compensate locally based on geography and in line with local practice and regulations, taking into account, to the extent possible, the overall purpose of these guidelines.

The principles in these guidelines enable EQT AB to offer the Executive Committee a competitive total remuneration. For more information regarding the EQT AB Group's business strategy, please see EQT AB's webpage, www.eqtgroup.com.

EQT SHARE PROGRAM

An incentive program, the EQT Share program, has been implemented in the EQT AB Group. The EQT Share program has been resolved by the shareholders' meeting and is therefore excluded from these guidelines. The program includes members of the Executive Committee in EQT AB. The performance criteria used to assess the outcome of the program are distinctly linked to the EQT AB Group's business strategy, sustainability, long-term interests and value growth for its shareholders. These performance criteria comprise financial targets, inter alia, revenue growth and EBITDA and in addition thereto the general competitiveness as well as the individual meeting or exceeding EQT AB Group's highly set expectations on adding value to the EQT platform. The participants will invest a variable amount (financed by EQT) in C shares after a performance year, whereupon a three-year (approximately) holding period follows. For more information regarding the EQT Share program, including the criteria which the outcome depends on, please see eqtgroup.com/shareholders/corporate-governance/incentive-programs/.

TYPES OF REMUNERATION, ETC.

The remuneration shall be on market terms and may consist of the following components: fixed remuneration, variable cash remuneration, pension benefits and other benefits. Additionally, the shareholders meeting may – irrespective of these guidelines – resolve on, among other things, share related or share price related remuneration.

Fixed remuneration

The fixed remuneration, i.e. base salary, should be competitive and reflect responsibility and performance.

Variable remuneration

The satisfaction of criteria for awarding variable cash remuneration, within the EQT Bonus program, shall be measured over a period of one year. The variable cash remuneration may amount to no more than 100 percent of the annual base salary, apart for variable cash remuneration to the Capital Raising and Client Relations responsible, which may amount to no more than 700 percent of the annual base salary.

The EQT Bonus program consists of a performance assessment of the business as well as an individual perfor-

mance assessment. Important business performance factors determining the size of the bonus is the success of the underlying business measured by business performance in the funds (investments and exits as well as portfolio and fund performance), business profitability, fundraising as well as organizational development. The individual performance is assessed versus agreed targets as well as meeting, exceeding or not meeting high set individual performance expectations for the individual in the current role.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee shall be responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other members of the Executive Committee, the CEO shall be responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by EQT AB.

The Executive Committee partly consists of owners of EQT AB. Owners with ownership above 1.5 percent of the shares of EQT AB may not be comprised by the EQT Bonus program, i.e. variable cash remuneration, nor the EQT Share program. Therefore, total remuneration for the majority of the Executive Committee consists of base salary, pension benefits and other benefits.

Pension

All members of the Executive Committee shall be covered by defined contribution pension plans, for which pension premiums shall be based on the members' base salary and paid by the company during the period of employment. For current members of the Executive Committee pension contributions shall be based on base salary and follow contribution levels in accordance with local market practice, except for the application of a cap. For Sweden, this means that it shall be comparable to the old BTP-plan with a contribution cap for base salary exceeding 40 Income base amounts. The pension premiums shall amount to no more than 25 percent of the annual base salary.

Other benefits

Other benefits, such as insurances (health, life, travel), sports contributions or occupational health services, should be payable to the extent this is considered to be in line with market conditions in the market concerned. Premiums and other costs relating to such benefits may amount to no more than 25 percent of the annual base salary.

TERMINATION OF EMPLOYMENT AND TERMS FOR SEVERANCE PAY FOR THE CEO

A twelve month notice period will apply if notice is given by the CEO or EQT AB. The CEO's employment terms include a non-competition clause. If used, this would entitle the employee to an additional compensation corresponding to a maximum of twelve months' salary, however, reduced by any remuneration paid by a new employer.

TERMINATION OF EMPLOYMENT AND TERMS FOR SEVERANCE PAY FOR SENIOR EXECUTIVES

In the event of notice being given by EQT AB Group, a notice period of nine months applies, while in the event of notice being given by the senior executive a period of notice of six months applies. The senior executives' employment terms also include a non-competition clause. If used, this entitles the employee to an additional compensation corresponding to a maximum of nine months' salary, however, reduced by any remuneration paid by a new employer. Base salary during the notice period and severance pay may not together exceed an amount corresponding to the base salary for eighteen months. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES TAKEN INTO ACCOUNT DURING PREPARATIONS OF THESE GUIDELINES

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of EQT AB Group have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the shareholders' meeting. The guidelines shall be in force until new guidelines are adopted by the shareholders' meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the Executive Committee, the application of the guidelines for exec-

utive remuneration as well as the current remuneration structures and compensation levels in the EQT AB Group. The members of the remuneration committee, apart from Conni Jonsson, are independent of EQT AB and its Executive Committee. The CEO and other members of the Executive Committee do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

DEVIATION FROM THE GUIDELINES

The board of directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there may be special cause for the deviation and a deviation should be necessary to serve the EQT AB Group's business strategy, sustainability, long-term interests and long-term value growth for its shareholders, or to ensure the EQT AB Group's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Corporate governance

EQT prepares its Corporate Governance Report as a separate document from the statutory annual report. Please see page 111.

Dividend

The board of directors proposes a dividend for 2019 of SEK 2.20 per share, to be paid out in equal installments in June and December 2020, respectively.

Holders of ordinary shares and class C shares are equally entitled to dividend. The dividend will be based on the number of shares outstanding at the date the dividend will be determined.

Managing risks

This section contains the risk factors and significant circumstances considered to be material to the EQT AB Group’s business and future development. The risks and uncertainties described below could have a material effect on the EQT AB Group’s operations, financial position and/or earnings.

The EQT AB Group identifies, assesses and manages risks based on EQT’s purpose, vision and mission. A group risk

analysis of business, strategic, legal, tax, operational and financial risks is performed annually by key representatives at EQT AB Group, including the COO, CFO, General Counsel, Head of Regulatory & Compliance and Head of Business Development using input from the Group Risk Director. The Group risk analysis is documented in a risk map, presented to the audit committee and the board of directors annually.

Business risks	Risk management
<p>Weak fund performance</p> <p>If the EQT funds, advised by entities in the EQT AB Group, were to perform unsatisfactorily, this could affect the carried interest and investment income received by the EQT AB Group and could damage EQT’s brand and reputation.</p>	<p>All proposed investments go through a thorough due diligence and approval process during which all key aspects of the transactions, company and industry are discussed and assessed. In addition, the portfolio companies’ performances are monitored on an ongoing basis.</p> <p>Strong governance rights ensure EQT’s ability to influence the business strategy and execution of the business plan in the portfolio company.</p> <p>Finally, size-limits per investment ensure that the fund is not materially affected by the underperformance of a single investment.</p>
<p>Market conditions and changed trends in private markets</p> <p>Difficult market conditions may impact the performance of the EQT funds by affecting the portfolio companies’ revenues and restricting their ability to source investment opportunities, exit investments, or obtain favorable debt financing for potential acquisitions.</p> <p>The EQT AB Group’s AUM is also affected by market trends, including increased competition or the risk that fund investors may decrease their allocation to private markets. If the positive trends in the asset management industry do not continue or if the industry becomes subject to negative trends, this may impede the EQT AB Group’s ability to raise capital for new funds.</p>	<p>To meet the demands of fund investors, the EQT AB Group has a multi-strategy platform including inter alia Private Equity, Real Estate, Infrastructure and Credit, enabling fund investors to simplify their investment manager relationships by investing across multiple investment strategies with the same manager.</p> <p>EQT has almost doubled its fund investor base from 2009 to approximately 470 fund investors as of 31 December 2019. Further, EQT has kept a low level of concentration of fund investors, with no fund investor accounting for more than 2.5 percent of AUM, which provides diversification and less dependency on single investors.</p>
<p>Inability to meet fundraising targets</p> <p>The development of the EQT AB Group’s AUM is primarily dependent on the EQT AB Group’s ability to raise new funds and deliver attractive returns to fund investors.</p> <p>Even if AUM grows as expected, the management fees may decline in percentage terms, due to supply and demand factors, historical and expected performance of the EQT funds and industry standard fee levels.</p>	<p>Whilst EQT does not have control over external macro-economic factors, EQT’s project-based fundraising processes help minimize the risk of not meeting fundraising goals by ensuring EQT acts on the opportunities available to the extent possible.</p>

Strategic risks	Risk management
<p>Dilution of Culture and Nordic heritage</p> <p>The EQT AB Group has a strong corporate culture based on core values. Growth and expansion across different geographical areas and markets may lead to organizational and cultural challenges.</p>	<p>The EQT AB Group works to uphold EQT's corporate culture. Staff alignment with EQT's corporate values is embedded into the recruitment process, employee retention initiatives, training and corporate events and is continuously supported by management and HR.</p>
<p>Dependency on key personnel and network of advisors</p> <p>The EQT AB Group's ability to recruit, retain and motivate employees is dependent on EQT's ability to maintain a positive brand and reputation, uphold its corporate culture as well as to offer attractive compensation arrangements.</p>	<p>The ability to attract, retain and develop talent is supported by several measures including e.g. a well-defined recruitment process, succession planning, a competitive and long-term approach to compensation, and a focus on development opportunities through the semi-annual performance review, coaching, mentoring and training platform (the "EQT Academy").</p>
<p>Brand and reputation</p> <p>EQT's brand and reputation are of great importance in the competition for investors in, and investment opportunities for, the EQT funds. If EQT's brand and reputation were to deteriorate, the EQT AB Group's ability to attract and retain talent and raise funds would be affected.</p>	<p>EQT AB has a dedicated Communications team responsible for monitoring and responding to negative press, whether it is based on false rumors or accurate facts. The Information Policy mitigates the risk of disseminating inaccurate information by setting out roles and responsibilities in communicating on behalf of EQT as well as a routine for media relationships.</p>
<p>Legal, regulatory and governance risks</p>	<p>Risk management</p>
<p>Regulatory risk Compliance with laws and regulations</p> <p>The EQT AB Group's business is subject to extensive regulations in Luxembourg, the Netherlands, the United Kingdom, the United States, Hong Kong and Singapore, as well as through EU-wide directives and regulations, such as the Alternative Investment Fund Managers Directive ("AIFMD"), the Money Laundering Directive ("AML") and the Market Abuse Regulation ("MAR"). The EQT AB Group is also affected by laws, regulations and marketing rules in the jurisdictions of fund investors and EQT funds' investments.</p> <p>Failure to comply with applicable laws or regulations may limit the operations of the EQT AB Group and lead to operational or sanction-related costs, fund investor claims, rescission rights, or loss of fund approvals.</p>	<p>The EQT AB Group has an in-house Regulatory & Compliance team that operates independently from asset management activities and is responsible for ensuring that the EQT AB Group has adequate measures and procedures to comply with its obligations and regulatory requirements.</p>
<p>Changing geopolitical conditions</p> <p>The EQT AB Group's business could be materially affected by political situations, including changes in laws and regulations, protectionism, national security measures and the overall geopolitical environment.</p> <p>On 31 January 2020, the UK withdrew from the European Union ("Brexit") which could have a material adverse effect on the EQT AB Group's UK operations, in particular the relationship between the UK Investment Advisors and the Fund Management team in Luxembourg, the activities of the Capital Raising advisory team as well as the work permissions of EU investment advisory professionals based in the UK. Brexit could also impact the operations of the EQT funds' portfolio companies, hence the performance of the EQT funds.</p>	<p>The EQT AB Group uses the services of reputable legal and tax advisors at central and local levels to ensure such developments come to EQT's attention and are dealt with in an efficient manner.</p> <p>Regulatory and tax developments arising from political situations are monitored by the Regulatory & Compliance team and the Tax & Structuring team.</p>

Legal, regulatory and governance risks	Risk management
<p>Conflicts of interest</p> <p>EQT funds may invest in different parts of the same company’s capital structure or investment opportunities could fall within the investment mandate of several EQT funds. Other conflicts arising from transactions between EQT funds, or involving individuals such as board members, employees and EQT Advisors may also occur.</p> <p>Failure to appropriately deal with conflicts of interest could result in litigation arising from investor dissatisfaction or fund investors withdrawing or cancelling their commitments to the EQT fund.</p>	<p>The governing documents of EQT funds include a section on how conflicts of interest are handled and disclosed. This may include restrictions placed on the EQT fund’s investment size, as well as the establishment of an Investors’ Committee.</p> <p>In circumstances where an investment involves two EQT funds, the board of directors of the relevant General Partner or Fund Manager may be split such that directors may only vote on behalf of one EQT fund. Whenever such a split is not feasible or practicable, the matter may be referred to the EQT Conflicts Committee for a recommended course of action. EQT maintains a conflicts of interest policy and a conflicts of interest log.</p> <p>Conflicts involving EQT employees are monitored by the Compliance team.</p>
<p>Legal and litigation risks</p> <p>The EQT AB Group may be adversely affected by ongoing or future legal disputes and proceedings due to negligence, malpractice, contract disputes, fund investors’ legal claims, infringement of intellectual property rights, public authorities’ investigations or audits.</p> <p>If those legal risks were to occur, they could have a significant negative impact on the EQT AB Group’s revenues, reputation and business opportunities.</p>	<p>To prevent certain legal risks, the Legal team issues various guidance and templates.</p> <p>The EQT AB Group and certain of its associated parties are indemnified under the EQT fund’s governing agreement with respect to their conduct in connection with the management of the EQT AB Group’s operations and the EQT funds.</p>
<p>Sustainability including climate risks</p> <p>The EQT funds invest in portfolio companies across various countries and sectors with different sustainability profiles. These companies may be exposed to climate risks, and/or engage in actions with negative societal impact, which could reflect badly on the EQT AB Group’s brand, reputation and/or lead to financial losses.</p>	<p>The Fund Manager of the EQT funds evaluates potential sustainability-related risks early in the investment process when conducting due diligence on target investments, where sustainability aspects are a key input in the investment decision process.</p> <p>Furthermore, portfolio companies are regularly assessed across a set of sustainability dimensions and KPIs. Should the portfolio company perform below expectations, remedial measures are put in place to improve its sustainability profile.</p>

Tax risks	Risk management
<p data-bbox="167 315 794 344">Inaccurate tax approach or change in tax laws</p> <p data-bbox="167 360 794 640">The EQT AB Group operates through several subsidiaries in Europe, Asia and North America. The tax strategies applied by the EQT AB Group are based on interpretations of the current tax legislation and treaties, including rules on transfer pricing. The EQT AB Group is from time to time subject to tax reviews and audits, potentially resulting in tax disputes. Since the laws, treaties and other regulations on taxation are subject to frequent changes and interpretations, there is a risk that EQT AB Group's tax position could increase, potentially with retrospective effect. This could affect EQT's brand, financial results and business opportunities.</p>	<p data-bbox="801 360 1423 472">Tax developments are monitored by the Tax & Structuring team, supported by reputable tax advisors at central and local levels. This ensures that new tax rules and interpretations come into EQT's focus and are dealt with in an efficient manner.</p>
Operational risks	Risk management
<p data-bbox="167 770 794 799">Risk of IT failure and loss or leak of information</p> <p data-bbox="167 815 794 954">The EQT AB Group processes and stores a variety of data both in electronic and physical form. Possible disruptions in the EQT AB Group's data processing systems could adversely impact business operations if the system is down for a period of time or if data is lost or leaked.</p>	<p data-bbox="801 815 1423 954">The EQT AB Group uses both on-premise and cloud storage facilities for storing, managing and using data. All data centers are guarded by modern firewalls with an around-the-clock team of technicians in multiple time zones. The EQT AB Group contracts with reputable IT vendors and has procedures in place to monitor service levels.</p>
<p data-bbox="167 983 794 1012">Third party risk and efficient control systems</p> <p data-bbox="167 1028 794 1144">The EQT AB Group's and the EQT funds' operations currently rely on the service provider Citco as administrator for the EQT funds. As such, issues arising with Citco may cause significant disruptions to the EQT AB Group's and the EQT funds' operations.</p> <p data-bbox="167 1167 794 1283">In the event Citco's operations would cease, or if Citco were to experience financial difficulties, EQT may be forced to change fund administration service provider, which could lead to significant operational challenges and costs.</p>	<p data-bbox="801 1028 1423 1200">The EQT AB Group has taken measures to ensure that disruptions caused by the dependency on Citco are mitigated, such as obligations for Citco under its contract with the EQT AB Group to assist in the transition of its services to another provider in the event of a termination by the EQT AB Group of Citco's services. Citco's operational performance is monitored on an ongoing basis.</p>
Fraud risk	<p data-bbox="801 1352 1423 1469">Internal financial reporting controls include preventive measures such as segregation of duties, independent four-eye checks on payments and changes of suppliers' bank account details, as well as monthly cash reconciliations.</p> <p data-bbox="801 1491 1423 1581">The EQT AB Group has put in place various detection techniques, including a whistleblowing process, financial audits and user access reviews.</p> <p data-bbox="801 1603 1423 1671">Background checks and personality tests are conducted on prospective employees.</p> <p data-bbox="801 1693 1423 1760">Finally, the EQT AB Group relies on a robust IT infrastructure which is regularly tested from a security standpoint.</p>

Financial risks	Risk management
<p data-bbox="162 309 794 342">Market, credit and liquidity risks</p> <p data-bbox="162 360 794 472">The EQT AB Group's financial income is exposed to the following risks: fluctuations in interest rates (interest rate risk), currency exchange rates (currency risks) and changes in Net Asset Value for investments held by the EQT AB Group (revaluation risk).</p> <p data-bbox="162 499 794 584">The EQT AB Group is also exposed to the credit risk of counterparties to receivables and contract assets, cash deposits, derivative instruments with a positive fair value and financial guarantees.</p> <p data-bbox="162 611 794 696">Liquidity risk may arise in relation to the operations of certain EQT entities, where cash inflows from management fees are not sufficient to meet cash obligations.</p>	<p data-bbox="794 360 1418 472">The Treasury department monitors and reports on those risk exposures on a periodic basis. In addition, the EQT AB Group uses risk mitigation tools, such as minimum credit ratings, cash forecasting and liquidity facilities. See Note 19.</p>

Consolidated income statement

1 January – 31 December

EUR m	Note	2019	2018
Management fees	5	574.3	383.7
Carried interest and investment income	5	25.4	9.5
Total revenue		599.7	393.2
Personnel expenses	7	-230.4	-151.1
Other operating expenses	6, 8	-161.1	-93.2
Total operating expenses		-391.5	-244.3
Operating profit before depreciation and amortization (EBITDA)		208.2	148.9
Depreciation and amortization	5, 11, 12	-29.8	-18.8
Operating profit (EBIT)		178.4	130.1
Financial income		2.6	5.2
Financial expenses		-8.1	-6.9
Net financial income and expenses	9	-5.5	-1.7
Profit before income tax		172.9	128.4
Income taxes	10	-13.2	-7.5
Net income		159.6	120.9
<i>Attributable to:</i>			
Owners of the parent company		159.6	120.9
Non-controlling interests		-	-
		159.6	120.9
<i>Basic earnings per share, EUR</i>	26	0.188	0.195
<i>Diluted earnings per share, EUR</i>	26	0.187	0.195

Consolidated statement of comprehensive income

1 January – 31 December

EUR m	2019	2018
Net income	159.6	120.9
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to the income statement</i>		
Foreign operations – foreign currency translation differences	-1.6	-1.0
Other comprehensive income for the period	-1.6	-1.0
Total comprehensive income for the period	158.0	119.9
<i>Attributable to:</i>		
Owners of the parent company	158.0	119.9
Non-controlling interests	-	-
	158.0	119.9

Consolidated balance sheet

EUR m	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Goodwill	11	14.7	14.9
Other intangible assets	11	22.2	14.5
Property, plant and equipment	12	112.5	56.9
Financial investments	19	70.5	18.0
Other financial assets	19	3.2	2.6
Other non-current asset	5	4.4	5.5
Deferred tax assets	10	8.2	0.4
Total non-current assets		235.7	112.9
Current assets			
Current tax assets		7.7	4.8
Accounts receivable	19	6.3	1.3
Other current assets	14	112.9	116.4
Prepaid expenses and accrued income	5, 13	157.8	26.0
Cash and cash equivalents		908.5	264.4
Total current assets		1,193.2	412.9
TOTAL ASSETS		1,428.9	525.8
EQUITY AND LIABILITIES			
Equity			
Share capital	15	9.1	0.0
Other paid in capital		837.4	227.8
Reserves		-6.6	-5.0
Retained earnings including net income		241.9	108.3
Total equity attributable to owners of the parent company		1,081.8	331.1
Non-controlling interest		-	0.0
Total equity		1,081.8	331.2
Liabilities			
Non-current liabilities			
Lease liabilities	16, 20	75.9	38.1
Deferred tax liabilities	10	2.1	3.6
Total non-current liabilities		78.0	41.7
Current liabilities			
Interest-bearing liabilities	16, 19	9.4	14.9
Lease liabilities	16, 20	14.4	8.4
Current tax liabilities		18.8	7.1
Accounts payable	19	12.5	13.3
Other liabilities	17	74.3	24.3
Accrued expenses and prepaid income	5, 18	139.6	84.9
Total current liabilities		269.1	152.9
Total liabilities		347.1	194.6
TOTAL EQUITY AND LIABILITIES		1,428.9	525.8

Consolidated statement of changes in equity

EUR m	Attributable to owners of the parent company						Non-controlling interest	Total equity
	Share capital	Other paid in capital	Translation reserve	Retained earnings	Total equity attr to owners of the parent company			
Opening balance at 1.1.2019	0.0	227.8	-5.0	108.3	331.1	0.0	331.2	
Total comprehensive income for the period								
Net income				159.6	159.6		159.6	
Other comprehensive income for the period			-1.6		-1.6		-1.6	
Total comprehensive income for the period	-	-	-1.6	159.6	158.0	-	158.0	
Transactions with owners of the parent company								
Dividends				-30.3	-30.3		-30.3	
Share issues	0.9	714.8			715.7		715.7	
Transaction cost (net of tax)		-12.1			-12.1		-12.1	
Bonus issue	8.2			-8.2	-		-	
Share based bonus				12.5	12.5		12.5	
Purchase of own shares and/or participations		-93.1			-93.1		-93.1	
Acquisition of minority				0.0	0.0	-0.0	-	
Total transactions with owners of the parent company	9.1	609.6	-	-26.0	592.7	-0.0	592.6	
Closing balance at 31.12.2019	9.1	837.4	-6.6	241.9	1,081.8	-	1,081.8	
Opening balance at 1.1.2018	0.0	73.5	-4.0	44.5	114.0	0.0	114.1	
Total comprehensive income for the period								
Net income				120.9	120.9		120.9	
Other comprehensive income for the period			-1.0		-1.0		-1.0	
Total comprehensive income for the period	-	-	-1.0	120.9	119.9	-	119.9	
Transactions with owners of the parent company								
Dividends				-51.1	-51.1		-51.1	
Share issues		154.3			154.3		154.3	
Purchase of own shares and/or participations				-6.0	-6.0		-6.0	
Total transactions with owners of the parent company	-	154.3	-	-57.1	97.3	-	97.3	
Closing balance at 31.12.2018	0.0	227.8	-5.0	108.3	331.1	0.0	331.2	

Consolidated statement of cash flows

EUR m	Note	2019	2018
Cash flows operating activities	21		
Operating profit (EBIT)		178.4	130.1
Adjustments:			
Depreciation and amortization		29.8	18.8
Changes in fair value		-11.4	-1.4
Foreign currency translation differences		-5.3	-0.2
Other non-cash adjustments		12.5	-
Increase (-) /decrease (+) in accounts receivable and other receivables		-32.4	-15.6
Increase (+) /decrease (-) in accounts payable and other payables		82.5	15.4
Income taxes paid		-10.3	-13.3
Net cash from operating activities		243.7	133.7
Cash flows investing activities			
Investment in intangible assets		-1.5	-3.8
Acquisition of property, plant and equipment		-17.1	-2.7
Investment in financial investments		-34.3	-7.5
Acquisition of entitlement		-23.7	-
Proceeds from disposals of financial investments		8.9	0.8
Investment in non-current assets		23.0	-28.1
Net cash from (+) / used in (-) investing activities		-44.7	-41.2
Cash flows financing activities			
Dividends paid		-30.3	-51.1
Repayment of borrowings		-5.5	-4.7
Proceeds from borrowings		-	14.9
Investment in short term loan receivable		5.5	-14.9
Payment of lease liabilities		-10.8	-7.3
Net of interest received and interest paid		-3.2	-1.3
Share issues		574.6	154.3
Purchase of own shares and/or participations		-93.1	-6.0
Net cash from (+) / used in (-) financing activities		437.2	83.9
Net increase (+) / decrease (-) in cash and cash equivalents		636.2	176.3
Cash and cash equivalents at the beginning of the period		264.4	89.2
Translation differences		7.9	-1.1
Cash and cash equivalents at the end of the period		908.5	264.4

Notes

Note 1 General information

EQT AB (publ), reg. no. 556849-4180, is a company domiciled in Sweden and listed on Nasdaq, Stockholm. The visiting address is Regeringsgatan 25, 111 53 Stockholm, Sweden. The registered postal address is Box 16409, 103 27 Stockholm, Sweden.

The consolidated financial statements comprise EQT AB ("the Company") and its direct and indirect subsidiaries, together referred to as the "EQT AB Group".

Note 2 Accounting policies

Basis of accounting

Compliance with legislation and standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the EU as of 31 December 2019. Additional disclosure requirements in the Swedish Annual Accounts Act (1995:1554) have been applied in accordance with RFR 1 Complementary Accounting rules for groups issued by the Swedish Financial Reporting Board.

EQT AB's consolidated financial statements were authorized for issue by the board of directors and the CEO on 30 March 2020. The consolidated financial statements are subject to approval by the annual shareholders' meeting on 8 June 2020.

Basis of measurement

Assets and liabilities are measured at historical cost, with the exception of financial investments which are measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Euro (EUR). For the parent company the functional and reporting currency is Swedish Krona (SEK).

All amounts have been rounded to the nearest million Euro with one decimal, unless otherwise indicated. Rounding may apply in tables and calculations, which means that the presented total amounts are not always an exact sum of the rounded amounts.

Classification

Non-current assets comprise amounts expected to be recovered or payment received after more than 12 months from the balance sheet date, while current assets comprise amounts expected to be recovered or payment received within 12 months from the balance sheet date. Non-current liabilities comprise amounts which the EQT AB Group, at the end of the reporting period, has an unconditional right to choose to pay later than 12 months after the end of the reporting period. If the EQT AB Group has no such right at the end of the reporting period – or the liability is expected to be settled within the normal operating cycle – the liability is reported as a current liability.

Use of judgments and estimates in the financial statements

Preparation of financial statements requires the use of judgment and accounting estimates that affect the application of the EQT AB Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Revisions of estimates are recognized prospectively.

The judgments, made by the management when applying IFRS, which may have significant effects on the financial statements and estimates that may contribute to significant adjustments in the financial statements of the following financial year are described in Note 3 Use of judgments and estimates.

Standards issued but not yet effective

New or revised standards and interpretations issued by the IASB and the IFRS Interpretations Committee but not yet effective, are expected to have an immaterial impact on the EQT AB Group's financial statements in the future periods of initial application.

Basis of consolidation and business combinations

Subsidiaries and control

CONTROL

Subsidiaries are entities controlled directly or indirectly by EQT AB. The EQT AB Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

NON-CONSOLIDATED SPECIAL ENTITIES

According to IFRS 10 Consolidation, an investor that has control over only specified and ring-fenced assets and liabilities within a legal entity, should, for consolidation purposes, treat portions of the entity as a deemed separate entity (silo). The specified assets of one silo is not available to meet obligations of other parts of the legal entity, including in the event of insolvency. Each silo's assets are the only source of payment for specified obligations of the silo. Silos that are not directly or indirectly controlled by EQT AB are not considered to be subsidiaries and are accordingly not consolidated. See Note 3 for further information of significant judgments used.

FUNDS

Each EQT fund, being composed of one or more Limited Partnerships (or the equivalent) is managed by a general partner and/or a manager (jointly "Fund Manager"). The Fund Manager is a direct or indirect subsidiary of EQT AB. The authority and powers of the Fund Manager are defined in the Limited Partnership Agreement (or similar).

Determining whether or not a Fund Manager should consolidate its managed funds is based on judgments of whether the Fund Manager is acting as a principal or an agent to the fund for accounting purposes. The assessment of the EQT AB Group's expected level of return is based on the funds' performance, i.e. the variable returns. Should a fund generate variable return EQT AB Group would be entitled to between two and seven percent of the variable return, which is not considered to meet the control criterion in IFRS on link between power and return. Instead, EQT AB Group is considered to be an agent in relation to the fund investors, for accounting purposes and, accordingly the funds are not consolidated.

Purchase price allocation

The EQT AB Group accounts for business combinations using the acquisition method when control is transferred to the EQT AB Group. The method implies that acquisition of a subsidiary is considered a transaction by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. An acquisition analysis determines

Note 2 cont.

the fair value of identifiable net assets acquired, liabilities assumed and any non-controlling interest. Transaction costs incurred are recognized directly in the income statement, with the exception of costs related to the issue of debt or equity securities.

Business combinations in which the consideration exceeds the fair value of separately recognized assets acquired and liabilities assumed, the difference is recognized as goodwill. Any negative difference is recognized in the income statement immediately.

Contingent considerations are measured at fair value at the date of acquisition. Obligations to pay contingent consideration that meet the definition of a financial instrument not classified as equity, are measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in the income statement. Contingent liability obligations classified as equity instruments are not remeasured and settlement effects are recognized within equity.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income or expenses and unrealized gains or losses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction. Functional currency is the currency in the primary economic environment in which an entity operates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognized in the income statement. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Revenue

IFRS 15 Revenue from Contracts with Customers is based on a five-step model that requires revenue to be recognized when control over services and their benefits are transferred to the customer.

Revenue is measured based on the consideration specified in the contracts and exclude amounts collected on behalf of third parties, discounts and value added taxes.

The EQT AB Group's revenue is generated from fund management services, carried interest and investment income.

The parties of agreements of fund management services comprise the EQT AB Group and the investors of each fund. Accordingly, the group of investors of each fund are identified as the customer of the EQT AB Group for accounting purposes. EQT AB Group is the recipient of the revenue.

For fund management services there is only one single performance obligation for each fund and its investors. The performance obligation comprises identifying and evaluating investment and divestment opportunities, providing support on structuring, fund management and monitoring and reporting on an ongoing basis over the life of each fund. The different activities are considered interrelated and part of the same obligation to perform fund management services for the benefit of the investors. EQT AB Group is entitled to consideration consisting of fixed fees based on either committed capital or the cost of invested capital, and variable profit

sharing fully dependent on the performance of the relevant fund and the fund's underlying investments.

The integrated revenue model of management fees and carried interest and investment income are described in more detail below.

The following describes the types of contracts, the services included in the performance obligations and when performance obligations are satisfied which determines the timing of revenue recognition.

Management fees

The performance obligation of the EQT AB Group is to manage and support the funds, through the Fund Managers, on an ongoing basis.

To manage and support on an ongoing basis represents a series of distinct services that increments on an ongoing basis and together is treated as one single performance obligation. Management fees are recognized over time over the life of each fund.

The management fee is based on agreements over the life of each fund, generally with the term of 10–12 years occasionally subject to one or more 12 months' extension periods.

The fee charged is normally based on commitments until the termination of the commitment period and thereafter based on the total cost of investments not yet realized or written off. If any investments remain after the term date management fees are charged on the total acquisition cost of such investments but at a lower rate for each six-month period until the agreed extension period expires.

The fees during the commitment and divestment period are payable half-yearly in advance and adjusted in the following half-year period, should any triggering events have occurred. Example of triggering events include launch of a successor fund, commencement of the divestment period/end of commitment period and multiple closings in funds in fundraising.

Management fees also comprises some revenue services provided to Fund Managers of EQT funds raised before 2012. This revenue is recognized over time based on cost, plus an agreed profit margin, charged semi-annually in advance based on estimated cost, adjusted to actual cost plus margin at year-end.

Carried interest

Carried interest is a share of profits that the EQT AB Group receives through its holdings in the Special Limited Partners as variable consideration fully dependent on the performance of the relevant fund and the development of the fund's underlying investments. The EQT AB Group is entitled to an agreed share of accumulated profits exceeding agreed thresholds ("hurdles") over the expected life of each individual fund.

Recognition of carried interest is normally assessed based on a three-step model:

- Hurdle assessment; the total hurdle is determined by the sum of total accumulated drawdowns paid by the Limited Partners ("LPs") and total accrued minimum return attributable to the LPs (the "Preferred return") as of the reporting date.
- Total discounted value assessment; the fair value of unrealized investments is determined as of the reporting date. The unrealized fair value will be adjusted, in accordance with established precautionary principles, to the extent that carried interest revenue should only be recognized once it is highly probable that the revenue would not result in a significant reversal of cumulative revenue recognized at final realization of the fund. The fund's other assets/liabilities and any total proceeds from realized investments as of reporting date are then added to the equation, and thus constitutes the total discounted value of the fund.

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- Carried interest recognition assessment; if the total discounted value exceeds the total hurdle, carried interest revenue is recognized.

Revenue is only recognized to the extent it is highly probable that the revenue would not result in significant revenue reversal of any accumulated revenue recognized on final fund settlement. The reversal risk is managed through adjustments of current fair values of unrealized investments through discounts of 30 to 50 percent. The discount applied for each fund depends on specific segment risks and the expected average remaining holding period. The discounts applied are assessed semi-annually.

Carried interest is either payable on a whole fund basis, in installments at the time of realization of investments, or in combinations of the two. Payment is further subject to satisfaction of certain tests relating to claw backs i.e. repayment requirements on final settlement of the fund.

See Note 3 for further information of significant judgments used in the process of applying the accounting policies on revenue recognition of carried interest.

Investment income

Investment income consists primarily of changes in fair value of the EQT AB Group's underlying fund investments. Changes in fair value are recognized in the income statement. Capital gains on realized investments are normally distributed within 3–5 days of an exit. For further information on accounting policies for financial instruments, see Note 2 "Financial instruments".

Cost of obtaining a contract

The EQT AB Group makes use of placement agents or other local representatives/agents in certain jurisdictions, where its own personnel is not authorized to market the funds. The fee for the services of finding new limited partners to invest in the funds are, subject to payment terms with relevant agent, paid when the fund holds final close and the fund's commitment period commences. The fee is capitalized as a non-current assets representing cost of obtaining contract. The cost of obtaining the contracts is expected to be recovered over the fund commitment period. The benefit of the cost is primarily considered to be attributable to the period when the fund investments are carried out. Therefore, the useful life of the asset is the commitment period which is expected to be between three to six years. The asset is amortized on a straight-line basis.

Leases

The EQT AB Group has opted for applying the early adoption of IFRS 16 Leases and hence the standard is applied from the date of initial application of IFRS on 1 January 2016.

At inception of a contract, the EQT AB Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in time in exchange for consideration. The lease contracts identified by the EQT AB Group mainly consist of office premises where the EQT AB Group is a tenant.

Measurement

The EQT AB Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of any costs to restore premises at the end of the lease term, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease term is estimated as the non-cancellable period plus any additional periods, covered by extension or termination options, that are judged to be reasonably certain to be used. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The right-of-use assets are depreciated during the lease term, generally three to ten years.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the EQT AB Group's incremental borrowing rate. Generally, the EQT AB Group uses its incremental borrowing rate as the discount rate as the implicit rate is not readily determinable for the rented office premises.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate or if the EQT AB Group changes its assessment of whether it will exercise an extension or a termination option. Re-assessment of the use of extension and termination options is made only in special situations, typically on occurrence of the last termination date within the previous lease term.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The EQT AB Group presents right-of-use assets in "Property, plant and equipment" and lease liabilities as a separate line item in the balance sheet.

Short-term leases and leases of low-value assets

The EQT AB Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The EQT AB Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial income and financial expenses

Financial income comprises primarily translation gains. Financial income also comprises interest on bank balances. Financial expense comprises translation losses and interest on interest-bearing liabilities and finance lease liabilities. Other financial income and expenses are insignificant.

Interest income and expense is recognized using the effective interest method. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Tax

Income tax expenses comprise current and deferred tax. Income tax is recognized in the income statement except when the underlying transaction is recognized in other comprehensive income or equity whereby related tax effect is recognized in other comprehensive income or equity.

Current tax comprises income tax payable or income tax receivable for the year. Current tax also includes any tax adjustments attributable to previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, recognition of deferred tax on temporary differences

Note 2 cont.

arising from initial recognition of goodwill are exempted. Deferred tax is measured based on how the underlying asset or liability is expected to be realized or settled. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for deductible temporary differences and tax losses—carry forward to the extent that it is probable they can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Financial instruments

The EQT AB Group's financial assets consist of financial investments, accounts receivable and other receivables and cash and cash equivalents. Financial liabilities comprise accounts payable, short and long-term interest bearing liabilities and other financial liabilities.

Cash and cash equivalents consist of on-demand deposits with credit institutions.

Recognition and initial measurement

Accounts receivable are initially recognized when issued. All other financial assets and financial liabilities are initially recognized when the EQT AB Group becomes a party to the contractual provisions of the instrument.

Financial assets (other than accounts receivable) and financial liabilities are initially measured at fair value plus, for assets or liabilities not subsequently measured at fair value through the income statement, transaction costs that are directly attributable to their acquisition or issue. Accounts receivable are initially measured at the transaction price.

Classification and subsequent measurement of financial assets and financial liabilities

FINANCIAL ASSETS

A financial asset is initially classified into one of three measurement categories. The classification depends on how the asset is managed (business model) and the characteristics of the asset's contractual cash flows. The measurement categories for financial assets are as follows:

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)
- Amortized cost (AC)

Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to realize the cash flows from the financial assets by holding the financial assets and collecting its contractual cash flows over the life of the assets and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost include accounts receivable, other long-term as well as short-term receivables and cash and cash equivalents.

Financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to realize the cash flows from the financial assets both by collecting the contractual cash flows and selling financial assets and

- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The EQT AB Group does currently not have any financial assets measured at FVOCI.

A financial asset shall be measured at FVPL unless it is measured at amortized cost or at FVOCI.

Financial assets measured at FVPL currently include Financial investments.

FINANCIAL LIABILITIES

Financial liabilities are either measured at amortized cost or at FVPL. All of the EQT AB Group's financial liabilities are measured at amortized cost using the effective interest rate method.

Derecognition of financial assets and financial liabilities

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the EQT AB Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The EQT AB Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. A financial liability is also derecognized when its terms are modified and the cash flows from the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Liabilities to pay dividend are recognized as soon as the Shareholders' Meeting has decided on the distribution of dividend.

Impairment of financial assets

A loss allowance is recognized to reflect the expected credit losses on financial assets not recognized at FVPL. For trade receivables and contract assets, the loss allowance is measured at an amount equal to the expected losses under the entire lifetime of the receivables and the contract assets. For other receivables and bank balances the loss allowance is measured at an amount equal to the 12 month expected credit losses, as long as there has been no significant increase in credit risk since initial recognition.

The 12 month expected credit losses are the portion of the expected credit losses that result from default events that are possible within 12 months after the reporting date or a shorter period if the expected life of the instrument is less than 12 months. If there is a significant increase in credit risk, a loss reserve is instead recognized to reflect the expected credit losses under the entire lifetime of the asset.

Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the EQT AB Group expects to receive. Expected credit losses are discounted using the effective interest rate of the asset.

The loss allowance is deducted from the gross carrying amount of the assets in the balance sheet.

Impairment of financial assets measured at amortized cost are reversed if the expected losses decrease.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value and subsequently at the higher of i) the amount initially recognized

Note 2 cont.

less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15 Revenue from Contracts with Customers, and ii) the amount of the expected credit loss allowance determined in accordance with IFRS 9 Financial Instruments.

Fair value measurement

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which EQT AB Group has access at that date.

When appropriate, the EQT AB Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the EQT AB Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes purchase price as well as expenditures directly attributable to put the asset in place and order to be used in accordance with the purpose of the acquisition. Accounting principles for impairment are described below.

Items of property, plant and equipment consisting of parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is removed from the balance sheet at disposal or when no future economic benefits are expected from the use or disposal of the asset. Gains or losses arising from disposal of an asset consist of the difference between sales price and the asset's carrying amount less cost of disposal. Gains and losses are recognized as other operating income/expense.

Right-of-use assets

Assets that are leased are measured in accordance with IFRS 16. Accounting principles for right-of-use assets and the corresponding liabilities, see Note 2 "Leases".

Subsequent expenditure

Subsequent expenditures are capitalized only if it is probable that future economic benefits associated with the asset will flow to the EQT AB Group and the cost can be measured reliably. All other subsequent expenditure are recognized as expense in the period they arise. Repairs are expensed on an ongoing basis.

Depreciation principles

Depreciation is made over the asset's estimated useful life using the straight-line method. Leased assets are also depreciated over the asset's useful life or, if shorter, the term of the lease considering any extension or termination options, that are judged to be reasonably certain to be used, see Note 2 "Leases".

The estimated useful life:

Equipment	3–5 years
Leasehold improvements	3–10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Goodwill

As from the acquisition date, goodwill acquired in a business combination is allocated to each cash-generating unit (CGU) or group of cash-generating units of the EQT AB Group expected to benefit from the synergies of the combination. Goodwill is measured at cost less accumulated impairment losses. Impairment test is undertaken annually in the fourth quarter or more frequently if events or changes in circumstances indicate potential impairment loss, see below. Expenditures for internally generated goodwill are recognized in the income statement as expenses when incurred.

Capitalized development cost

Development cost of new systems that are directly attributable to building and testing new systems controlled by the EQT AB Group are recognized as intangible assets when the following criteria are met:

- The system is technically and commercially feasible to carry out
- management intends to complete the system or service for own use or to sell it
- It can be demonstrated that generation of future economic benefits are probable
- there are sufficient resources to complete development and to use or sell the asset
- The expenditure attributable to the system can be reliably measured during its development

The criteria are applied by each project. If not all criteria are met, no item of expenditure is capitalized.

The EQT AB Group's assessment of generation of future economic benefits – revenue generation or cost savings – is made applying the principles in IAS 36 Impairment of assets which comprises discounting of future cash flows and, in case the project will generate cash flows only in conjunction with other projects or other assets, assessment is made for groups of cash generating units.

Expenditure from feasibility studies and development expenditure that do not meet the criteria above, are expensed as incurred. Development costs previously recognized as expense cannot be recognized as an asset in a subsequent period.

Expenditure associated with maintaining current systems are recognized as an expense as incurred.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses. Amortization of development assets begins when the asset is available for its intended use, i.e. when the asset is in its location and conditions necessary for operating as intended by management for revenue generation or for cost saving. Amortization is made over the expected useful life applying the straight-line method.

Other intangible assets

Other intangible assets constitutes acquired customer contracts, licenses and trademarks and are accounted for at cost less accumulated amortization and any accumulated impairment losses.

Customer contracts acquired through business combinations

The net assets acquired through the business combination of EQT Partners AB Group in 2007 included fund management services contracts with general partners of several funds. At the time of the acquisition, the cost of the acquired customer contracts was measured at fair value by discounting estimated contractual future cash flows over the remaining expected term of the contracts. The

Note 2 cont.

acquired customer contracts are recognized as an intangible asset and amortized over the expected remaining term of each contract.

Expenditures for internally generated brands are recognized in the income statement as expenses when incurred.

Subsequent expenditure

Subsequent expenditure are recognized as an asset only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are expensed as incurred.

Amortization principles

The amortization is made, applying the straight-line method, over the estimated useful life, unless the useful life is indefinite. Goodwill and other intangible assets with indefinite useful life or development assets that are not yet ready for use, are reviewed for impairment annually or more frequently if there are indications of any potential impairment from events or changes in circumstances. Intangible assets and determinable useful lives are amortized from the point in time they are available for the intended use.

Estimated useful life:

Software	3 years
Trademark	5 years
Development costs	5 years
Customer contracts	Remaining term of contracts, between 4–15 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Impairment

At each reporting date, the EQT AB Group reviews its assets to determine whether there is any indication of impairment. IAS 36 Impairment of assets is applied for impairment of assets other than financial assets and deferred tax assets. Any impairment or remeasurement losses on assets exempted from IAS 36, are determined in accordance with the accounting policies described in other parts of these accounting policies.

Impairment of Property, plant and equipment and Intangible assets

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit or groups of cash-generating units, exceeds its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less cost of disposal. Impairment tests are performed as soon as any indications of impairment losses arise for individual assets or cash-generating units.

Goodwill and development assets not yet ready for use, the recoverable amount is estimated at least annually, irrespective of any indication of impairment or not.

If an asset does not generate largely independent cash inflows and its fair value less cost of disposal cannot be used, the assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

In assessing value in use, the estimated future cash flows after tax are discounted to their present value using an after tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement. Any impairment loss to be recognized for a cash-generating unit is allocated primarily to goodwill and secondly pro rata to other assets of the cash-generating unit.

Reversal of impairment losses

Impairment of property, plant and equipment and intangible assets are reversed if there are indications that the need for impairment is no longer present and there has been a change in assumptions underlying the estimation of the recoverable amount. An impairment loss in respect of goodwill cannot be reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Equity

Purchase of treasury shares

Acquisitions of treasury shares are recognized as a reduction of equity. Proceeds from the sale of treasury shares are recognized as an increase in equity. Any transaction costs are recognized directly in equity.

Preference shares

Preference shares are recognized as equity in accordance with IAS 32 Financial Instruments – Presentation, since the EQT AB Group does not have any undertakings to redeem outstanding preference shares and dividends on preference shares are subject to approval by the Shareholders' Meeting. The board of directors is able to make a decision on redemption of preference shares.

Dividends

Dividends are recognized as a liability when the Shareholders' Meeting has approved the dividend.

Employee benefits

Short-term employee benefits

Short-term employee benefits are estimated and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the EQT AB Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Defined contribution plans comprise the pension-plans in which the EQT AB Group's obligation is limited to the fees the EQT AB Group undertakes to pay. In that case, the size of the employee's pension depends on the fees paid by the EQT AB Group to the plan or to an insurance company and the return on capital invested. Consequently, it is the employee who carries the actuarial risk (the compensation will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected benefits). Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

Defined benefit plans are plans for post-employment benefits other than defined contribution plans, where the employer is obligated to pay future pensions to the retiree on a certain benefit level.

Termination benefits

Termination benefits are expensed at the earliest of:

- When the EQT AB Group can no longer withdraw the offer of those benefits and
- When the EQT AB Group recognizes costs for a restructuring program including the terminations.

Benefits expected to be settled within 12 months of the reporting date are recognized as current liabilities. Benefits not expected to be settled

Note 2 cont.

within 12 months of the reporting date are recognized at present value as long-term liabilities.

Share-based payments

A share incentive program with separate annual grants during five years starting with a first performance year in 2019 is recognized as an equity-settled share-based payment. In each tranche, participants may earn a bonus during an initial performance year, for the sole purpose of investing in class C shares in EQT AB following said performance year. The shares cannot be sold during the following three-year period. No vesting conditions apply during this period. The expense is for each tranche recognized over the initial performance year, with a corresponding amount recognized directly in equity. Expense for social security charges is recognized in an equivalent manner, with a corresponding entry as a liability.

Some employees of the EQT AB Group were entitled to a bonus payment based on the increase in the share price during the initial three months after commencement of trading of the share on Nasdaq Stockholm. The payment, including related social security charges, is made by an entity outside the EQT AB Group. The amount paid is recognized as personnel expense in the Group, with a corresponding amount recognized directly in equity.

Provisions

A provision differs from other liabilities due to uncertainties about the date of settlement or the amount required to settle the obligation. A provision is recognized in the balance sheet when a legal or informal obligation exists due to a past event and it is probable that an outflow of resources is required to settle the obligation and the amount can be measured reliably.

Contingent liability

Disclosure of contingent liabilities is provided when there is a potential obligation attributable to past events and the existence of the obligation will be confirmed by one or several uncertain events, which are not within the EQT AB Group's control, or when an obligation exists that is not recognized as a liability because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be estimated with sufficient reliability.

Note 3 Use of judgments and estimates

The management of the EQT AB Group makes estimates and assumptions concerning the future as well as exercises judgment in applying the accounting principles when preparing financial statements. Estimates and judgments are continually evaluated and the assessments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The sources of uncertainty in the assessments given below refer to those that entail a risk that the value of assets or liabilities may have to be significantly adjusted during the following year, together with significant judgments in the application of the EQT AB Group's accounting policies.

Carried interest

Carried interest is a share of profits that the EQT AB Group receives through its holdings in the Special Limited Partners as variable consideration fully dependent on the performance of the relevant fund and the development of the fund's underlying investments. The EQT AB Group is entitled to an agreed share of accumulated profits exceeding agreed thresholds ("hurdles") over the expected life of each individual fund.

Estimates are needed to assess the risk that achieved earnings will be reversed before realization, due to risk of lower future overall performance of the fund, considering the remaining exposure of unrealized investments and time until winding up of the fund.

Management of the EQT AB Group needs to make assumptions and use estimates when determining whether or not revenue should be recognized including the timing and measurement of revenue from carried interest. Revenue should only be recognized to the extent it is highly probable that the revenue would not result in significant reversal of any accumulated revenue recognized on final settlement. The reversal risk is managed through adjustments of current unrealized fund values by imposing discounts of 30 to 50 percent. The discounts applied depends on specific segment risks and the expected average remaining holding period of each fund. The discounts applied are assessed semi-annually.

The carrying amount of the net contract asset related to carried interest at 31 December 2019 was EUR 118.7m (EUR 4.9m).

Investment income

Investment income consist primarily of changes in fair value of the EQT AB Group's underlying fund investments. Determining the fair value for the investments require subjective assessment with varying degrees of judgement regarding e.g. liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific financial asset. The valuation is determined based on management's judgment about the assumptions to reflect what market participants would use in pricing the asset. The valuation techniques applied by the EQT AB Group for valuing the financial investments are applied consistently, and only change if deemed necessary to reflect a representative fair value.

The carrying amount of financial investments at 31 December 2019 was EUR 65.5m (EUR 18.0m), see Note 19.

Non-consolidated special entities

According to IFRS 10 Consolidation, an investor that has control over only specified and ring-fenced assets and liabilities within a legal entity, should, for consolidation purposes, treat portions of the entity as a deemed separate entity, a so called "silo". The silo concept means that the EQT AB Group only consolidates the silo and not the whole entity. The specified assets of one silo is not available to meet obligations of other parts of the legal entity. Each silo's assets are the only source of payment for specified obligations of the silo. Silos that are not directly or indirectly controlled by EQT AB are not considered to be subsidiaries and are accordingly not consolidated.

EQT AB is an indirect investor in each EQT fund, typically through separate entities, one separate entity for each EQT fund. These indirectly owned entities have different shareholders with different economic rights and responsibilities. In general, these entities have different share classes, one share class tracking carried interest related movements and one share class tracking management fee related movements. The management fee share class is 100 percent held by the EQT AB Group and consolidated in full. The carried interest related share class tracks investments and proceeds from the EQT AB Group's investments in the funds, via its holding in the Special Limited Partners, see Note 2 "Subsidiaries and control".

Note 4 Operating segments

The CEO of EQT AB Group has been identified as the chief operating decision-maker. EQT AB Group is divided into operating segments based on how the CEO reviews and evaluates the operation. The operating segments correspond to the internal reporting used to assess performance and to allocate resources.

EQT's operations are divided into three business segments: Private Capital, Real Assets and Credit. The operations of all three business segments consists of providing investment management services to the respective fund and its investors. The investment management services comprise i.a. structuring and investment advice, investment management and monitoring as well as reporting and administrative services.

The business segment Private Capital consists of business lines Private Equity, Mid Market Asia, Ventures and Public Value. The business segment Real Assets consists of business lines Infrastructure and Real Estate. The business segment Credit consists of EQT's credit investment platform.

The CEO assesses the operating segments based on the line items presented below, primarily on revenue and Gross segment results. Segment revenues have been adjusted by removing the fair value adjustment of acquired contractual rights to carried interest. Accordingly, the acquired contractual right to carried interest reflects the sellers carrying amount adjusted to EQT AB Group's accounting policies, i.e. the accrued income excluding the fair value uplift made at the acquisition date in the consolidated accounts of EQT AB Group. The difference between the carrying amount and fair value of accrued carried interest is primarily due to the constraint requirements of IFRS 15 of variable performance-based income reflected through the application of the Group's prudent

revenue recognition model for carried interest. Expenses directly incurred by each respective business segment are included in gross segment result, whereas items reported under Central have, in its entirety, not been allocated to any business segment. Central consists of management, client relations and capital raising, fund management, EQT Technology and other specialist functions such as HR and finance. Central revenue arises from services provided to Fund Managers of EQT funds raised before 2012, as well as to certain other non-consolidated entities.

Adjustments consists of revenue adjustments (see above) as well as items affecting comparability. Items affecting comparability are costs relating to the preparatory work as well as bonuses in relation to the IPO and the restructuring of the EQT AB Group including i.a. costs for legal, financial, commercial and other advisors. Items affecting comparability also include a provision of EUR 32.0m in relation to the VAT ruling announced by the Supreme Administrative Court of Sweden on 27 January 2020.

Gross segment result together with central items and Reconciliations constitute EQT AB Group's EBITDA. EBITDA is defined as Operating profit excluding depreciation and amortization of property plant and equipment and intangible assets.

Geographical areas

EQT AB Group's business of providing fund management services cannot reliably and fairly be reviewed by geographical areas. The EQT AB Group's clients, investors, may often be located in multiple jurisdictions and the funds through which the investors invest are located in a few centers where fund management services are provided, principally Luxembourg.

January–December 2019 EUR m	Private Capital	Real Assets	Credit	Central	Total adjusted	Items affecting compara- bility	Revenue adjustment	IFRS reported
Total revenues	330.7	231.5	35.8	8.1	606.1		-6.5	599.7
Personnel expenses					-216.7	-13.7		-230.4
Other operating expenses					-114.7	-46.5		-161.1
Total operating expenses	-123.6	-54.3	-23.5	-130.0	-331.4	-60.1	-	-391.5
Gross segment result¹⁾ / EBITDA²⁾	207.1	177.2	12.3	-121.8	274.7	-60.1	-6.5	208.2
Margin, %	62.6%	76.6%	34.4%		45.3%			34.7%
Depreciation and amortization					-29.8			-29.8
EBIT					244.9	-60.1	-6.5	178.4
Net financial income and expense					-5.5			-5.5
Income taxes					-26.1	12.9		-13.2
Net income					213.3	-47.3	-6.5	159.6

¹⁾ Gross segment result relate to the segments Private Capital, Real Assets and Credit.

²⁾ EBITDA relates to Central, Total adjusted and IFRS reported.

January–December 2018 EUR m	Private Capital	Real Assets	Credit	Central	Total adjusted	Items affecting compara- bility	Revenue adjustment	IFRS reported
Total revenues	256.1	94.9	35.1	7.0	393.2			393.2
Personnel expenses					-151.1			-151.1
Other operating expenses					-85.9	-7.3		-93.2
Total operating expenses	-93.2	-37.3	-13.9	-92.6	-237.0	-7.3	-	-244.3
Gross segment result¹⁾ / EBITDA²⁾	163.0	57.6	21.2	-85.6	156.2	-7.3	-	148.9
Margin, %	63.6%	60.7%	60.5%		39.7%			37.9%
Depreciation and amortization					-18.8			-18.8
EBIT					137.4	-7.3	-	130.1
Net financial income and expense					-1.7			-1.7
Income taxes					-9.1	1.6		-7.5
Net income					126.6	-5.7	-	120.9

¹⁾ Gross segment result relate to the segments Private Capital, Real Assets and Credit.

²⁾ EBITDA relates to Central, Total adjusted and IFRS reported.

Note 5 Revenue

Management fees

The EQT AB Group earns management fees for fund management services, typically based on agreements over the life of each fund, generally with a term of 10–12 years. Management fee is a recurring revenue and the fees are predominately based on the committed capital during the commitment period and the cost of invested capital during the divestment period.

The management fee is payable half-yearly in advance and adjusted in the following half-year period should any triggering events occur. Examples of triggering events include launch of a successor fund, commencement of the divestment period/end of commitment period and multiple closings in funds in fundraising.

For further information of the EQT AB Group's management fee, see Note 2 "Management fees".

Carried interest

Carried interest is a share of profits that the EQT AB Group receives through its holdings in the Special Limited Partners as variable consideration fully dependent on the performance of the relevant fund. Carried interest is either payable at the end of the life of the fund or paid as installments at the time of realization within each fund, or a combination thereof.

In April 2019, EQT AB Group through re-negotiations of existing contracts, increased its share of carried interest entitlements in a number of EQT funds, and also acquired 5.73 percent of the contractual rights to carried interest and investment income generated by EQT VI. The acquisitions of contractual rights to carried interest entitlement were based on net asset value, (i.e. the full contingent

mark-to-market value) which is higher than accrued revenue if the acquired contractual right had been valued in accordance with IFRS 15 and the, by the Group, applied discounts. Revenues from carried interest will be recognized once IFRS 15 accrued revenues exceed the fair market value (i.e. deal value).

For further information of the EQT AB Group's carried interest, see Note 2 "Carried interest".

Investment income

Investment income consists primarily of changes in fair value of the EQT AB Group's underlying fund investments. Changes in fair value are recognized in the income statement. Capital gains on realized investments are normally distributed within 3–5 days of an exit.

Contract assets and contract liabilities

Contract assets and contract liabilities are reported within Prepaid expenses and accrued income, see Note 13, and Accrued expenses and prepaid income, see Note 18.

Deferred income and accrued income are reported as contract assets and contract liabilities, respectively. The EQT AB Group presents contract assets and liabilities relating to carried interest and management fee separately. The contract asset and liability regarding management fee arise from timing differences between the time of generating the revenues and payment. The timing difference is mainly related to the beginning of the life of a fund, before the final close of a fund, or after the end of the commitment period of the fund.

Specifications of changes in contract assets and contract liabilities related to carried interest

EUR m	2019		2018	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Opening balance	5.8	-0.9	1.3	0.0
Revenue recognized during the period	14.0		8.0	
Realization of carried interest	-7.7		-3.5	-0.9
Acquisition of entitlement	107.5			
Closing balance	119.6	-0.9	5.8	-0.9

Specifications of changes in contract assets and contract liabilities related to management fee

EUR m	2019		2018	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Opening balance	15.6	-3.6	4.7	-4.2
Transfers from contract assets recognized at the beginning of the period to receivables	-15.6		-4.7	
Revenue recognized that was included in the contract liability balance at the beginning of the period		3.6		4.1
Revenue recognized during the period not yet invoiced/not yet chargeable	28.1		15.6	
Payment in advance during the period for performance obligations not yet performed		-5.3		-3.6
Closing balance	28.1	-5.3	15.6	-3.6

Cost of obtaining a contract

EUR m	2019	2018
Opening balance	5.5	3.8
Additions	0.8	4.4
Depreciation	-2.0	-2.6
Total changes net	-1.2	1.7
Closing balance	4.4	5.5

Note 5 cont.

Long-term contracts

Management fee is normally calculated on the underlying EQT funds' committed capital during the commitment period, between 3–6 years, depending on fund duration. After the commitment period has ended, the investment cost is used as basis for calculating management fee. During this period, management fee is based on the respective fund's remaining invested capital measured at cost. In addition to management fees, the EQT AB Group may be entitled to carried interest via its holdings in Special Limited Partners as a variable consideration based on the performance of the fund and its underlying investments. The life of the fund is uncertain, and is depending on the progress of the fund management work, market development and both investment and divestment opportunities arising. The life of the fund is normally 10–12 years.

Carried interest is dependent on the performance of the investments, including volatility in the market, resulting in a large number of possible outcomes. Timing and magnitude of future revenue is therefore considered uncertain and cannot be reliably estimated. Accordingly, no such disclosures are provided. Disclosures of commitments are presented in Note 19.

Clients

EQT AB Group has a broad client base where no single client comprises more than 10 percent of revenue.

Note 6 Other operating expenses

EUR m	2019	2018
Administrative expenses ¹⁾	98.9	54.9
External services ¹⁾	51.9	27.8
IT expenses net of capitalization	10.3	10.5
Total other operating expenses	161.1	93.2

¹⁾ Summary of items affecting comparability

In 2019 items affecting comparability of EUR 46.5m (EUR 32.0 on Administrative expenses and EUR 14.5m on External services) relates to costs as a result of the preparatory work as well as bonuses in relation to IPO process and the restructuring of the EQT AB Group including i.a. costs for legal, financial, commercial and other advisors as well as a provision related to VAT. In 2018, items affecting comparability of EUR 7.3m (on External services) have been recognized in the income statement related to preparatory work to review options to further strengthen EQT AB Group's balance sheet.

Note 7 Employees, senior executives and board of directors

Guidelines for remuneration to the CEO and other senior executives during 2019

At the annual shareholders' meeting held on 27 June 2019, it was resolved to adopt guidelines for remuneration and other terms of employment for the CEO and other senior executives, conditional upon listing of the Company's shares on Nasdaq Stockholm.

The basic principle is that the remuneration and other employment conditions should be in line with market conditions and be competitive. EQT takes both global remuneration practice and practice in the home country of each relevant senior executive into account.

Fixed and variable remuneration

The fixed remuneration, i.e. base salary, should be competitive and reflect responsibility and performance. In addition thereto, remuneration may consist of annual cash bonus (EQT Bonus program), share and share-price related incentive programs (EQT share programs), other benefits and pension.

The senior executives are shareholders in EQT AB. Senior executives with ownership above 1.5 percent of the shares in EQT AB are neither comprised by the EQT Bonus program, nor the EQT share programs. Therefore, total remuneration of the majority of the senior executives consists of base salary, other benefits and pension.

For senior executives owning less than 1.5 percent of EQT AB, the total remuneration consists of base salary, EQT Bonus program, EQT share programs, other benefits and pension. The EQT Bonus program consists of financial targets and individual targets. For senior executives, individual performance bonuses are capped at 100 percent of base salary apart for Capital Raising and Client Relations responsible whose bonus is linked to a number of factors, including the success of any fundraisings. This bonus is applicable for one senior executive and is capped at 700 percent of the base salary. Share and share-price related incentive programs shall be resolved upon by the shareholders' meeting. To the extent a board member conducts work for EQT, in addition to the board work, consulting fees and other compensation for such work may be payable.

Other benefits and pension

Other benefits, such as insurances (health, life, travel), sports contributions or occupational health services, should be payable to the extent this is considered to be in line with the market conditions.

All senior executives are covered by defined contribution pension plans, for which pension premiums are based on the members' base salary and paid by the relevant company during the period of employment. Pension contributions follows contribution levels in accordance with local market practice, except for the application of a cap. For Sweden, this means that it is comparable to the old BTP-plan with a contribution cap for base salary exceeding 40 income base amounts.

Note 7 cont.

The chairperson of the board, Conni Jonsson, has a defined benefit pension plan which has been secured through a trust. The defined benefit plan consists partly of a guaranteed amount corresponding to the accumulated amount of historical contributions and partly of a variable amount corresponding to the fair value of the trust's net assets in excess of the guaranteed amount. If the fair value of the trust's net assets is lower than the guaranteed amount EQT AB Group is obliged to contribute the difference. As of 31 December 2019, the fair value of the trust's net assets, converted to euro, amounted to EUR 11.3m (EUR 9.4m) and the guaranteed amount amounted to EUR 3.1m (EUR 3.1m). From January 2018 there have been no further contributions to the trust.

Terms for the CEO

A twelve months' notice period will apply if notice is given by either the CEO or the Company. The CEO's employment terms include a non-competition clause. If used, this would entitle the employee to an additional compensation corresponding to a maximum of twelve months' salary, however, reduced by any remuneration paid by a new employer. There is no agreement regarding severance pay.

Terms for other senior executives

In the event of notice being given by the relevant company, a notice period of nine months applies, while in the event of notice being given by the senior executive a period of notice of six months applies. The senior executives' employment terms also include a non-competition clause. If used, this would entitle the employee to an additional compensation corresponding to a maximum of nine months salary, however, reduced by any remuneration paid by a new employer. There are no agreements regarding severance pay.

Deviations from the guidelines

The board of directors shall be entitled to deviate from these guidelines if special reasons for doing so exist.

Proposed guidelines for executive remuneration (remuneration policy)

For future remuneration policy see proposal in the board of directors' report.

Salary and remunerations to employees

EUR m	2019	2018
Salaries, bonuses and remunerations	184.4	116.7
Pension expenses, defined contribution plans	7.2	6.3
Social security expenses	22.4	14.9
	214.0	137.9
Other personnel related expenses	16.4	13.2
Personnel expenses	230.4	151.1

Average number of employees

	2019	whereof women	2018	whereof women
Sweden	201	49%	175	52%
Germany	78	34%	74	34%
UK	89	44%	70	45%
USA	66	42%	53	42%
Luxembourg	33	38%	24	38%
China, Hong Kong	23	38%	20	44%
Denmark	16	38%	16	38%
Singapore	16	38%	13	42%
Switzerland	14	36%	13	32%
The Netherlands	24	52%	12	28%
Norway	10	43%	9	36%
Finland	9	54%	7	44%
Spain	10	38%	7	34%
China, Shanghai	7	31%	6	28%
Italy	1	57%	-	-
	596	43%	497	44%

Board of directors and senior executives split by gender

Proportion of women	2019	2018
Board of directors (parent company)	17%	14%
Senior executives	14%	9%

The EQT AB Group's executive committee consisted of seven persons in 2019. The number for 2018 was eleven. The senior executives are employed by different companies in the EQT AB Group.

Remuneration to the members of the board of directors

Fees and other remuneration to the members of the board of directors, including the chairperson, are resolved by the annual shareholders' meeting.

At the annual shareholders' meeting held on 27 June 2019, it was resolved that EUR 275,000 will be paid to the chairperson of the board of directors and EUR 125,000 to each of the other board members. In addition, EUR 40,000 will be paid to the chairpersons of the audit committee and the remuneration committee, respectively, and remuneration to each of the other members of the relevant committees should be EUR 20,000 each. The members of the board of directors are not entitled to any benefits following termination of their assignments as directors of the board.

Salaries and other remunerations and pension expenses for the board of directors and senior executives

EUR m	2019	2018
Salaries, bonuses and remunerations	5.2	5.8
(whereof bonuses)	1.7	1.6
Share based program	1.2	-
Pension expenses	0.4	0.6
	6.8	6.4

Note 7 cont.

Salaries and other remunerations to senior executives and board of directors

2019 EUR m	Base salary, board fee	Bonus	Pension expenses	Other benefits	Share based program	Total
Chairperson of the board (Conni Jonsson)						
Remuneration from parent company	0.3	–	–	–	–	0.3
Remuneration from subsidiary	0.1	–	0.0	0.0	–	0.1
Board member (Peter Wallenberg Jr)						
Remuneration from parent company	0.1	–	–	–	–	0.1
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Finn Rausing)						
Remuneration from parent company	0.1	–	–	–	–	0.1
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Johan Forssell)						
Remuneration from parent company	0.1	–	–	–	–	0.1
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Edith Cooper)¹⁾						
Remuneration from parent company	0.2	–	–	–	–	0.2
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Gordon Orr)¹⁾						
Remuneration from parent company	0.2	–	–	–	–	0.2
Remuneration from subsidiary	–	–	–	–	–	–
CEO (Christian Sinding)						
Remuneration from parent company	0.4	–	–	–	–	0.4
Remuneration from subsidiary	0.1	–	0.0	0.0	–	0.1
Deputy CEO (Caspar Callerström)						
Remuneration from parent company	0.3	–	0.1	0.1	–	0.4
Remuneration from subsidiary	0.0	–	–	–	–	0.0
Other senior executives (5 persons)						
Remuneration from parent company	0.5	0.7	0.1	0.0	1.2	2.4
Remuneration from subsidiaries	1.0	1.0	0.2	0.2	–	2.4
Total	3.5	1.7	0.4	0.3	1.2	7.0
Remuneration from parent company	2.3	0.7	0.2	0.1	1.2	4.4
Remuneration from subsidiaries	1.3	1.0	0.2	0.2	–	2.7

¹⁾ In addition the Company has entered into consultancy agreements with the board members Edith Cooper and Gordon Orr. For further information see Note 24.

Note 7 cont.

2018 EUR m	Base salary, board fee	Bonus	Pension expenses	Other benefits	Share based program	Total
Chairperson of the board (Conni Jonsson)						
Remuneration from parent company	0.1	–	–	0.0	–	0.1
Remuneration from subsidiary	0.3	–	0.1	0.0	–	0.3
Board member (Peter Wallenberg Jr)						
Remuneration from parent company	0.1	–	–	–	–	0.1
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Leif Östling)						
Remuneration from parent company	0.0	–	–	–	–	0.0
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Finn Rausing)						
Remuneration from parent company	0.1	–	–	–	–	0.1
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Johan Forssell)						
Remuneration from parent company	–	–	–	–	–	–
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Jan Ståhlberg)						
Remuneration from parent company	–	–	–	–	–	–
Remuneration from subsidiary	0.1	–	0.0	0.0	–	0.2
Board member (Edith Cooper)						
Remuneration from parent company	0.0	–	–	–	–	0.0
Remuneration from subsidiary	–	–	–	–	–	–
Board member (Gordon Orr)						
Remuneration from parent company	0.0	–	–	–	–	0.0
Remuneration from subsidiary	–	–	–	–	–	–
CEO (Thomas von Koch)						
Remuneration from parent company	0.1	–	–	0.0	–	0.1
Remuneration from subsidiary	0.3	–	0.1	0.0	–	0.4
Other senior executives (10 persons)						
Remuneration from parent company	0.2	0.1	0.1	0.0	–	0.4
Remuneration from subsidiaries	2.8	1.5	0.3	0.2	–	4.8
Total	4.2	1.6	0.6	0.2	–	6.6
Remuneration from parent company	0.7	0.1	0.1	0.0	–	0.9
Remuneration from subsidiaries	3.5	1.5	0.5	0.2	–	5.7

Remunerations to senior executives and other employees

EQT AB Group has an internal Compensation Committee that establishes and approves levels of salary and other remuneration for the employees in EQT. The total remuneration may consist of base salary, bonus, share based program, pension and other benefits. The bonus is related to annual achievement on both group wide and individual targets. Target achievement of bonus is determined in the beginning of the year following. Most employees are part of the EQT Bonus program.

Variable remuneration for CEO and executive committee members

In December 2018 Christian Sinding was appointed new CEO of EQT AB, starting from 1 January 2019. Christian Sinding has not been part of the EQT Bonus program. The same applies to the majority of the Executive Committee members.

Share based program

At the annual shareholders' meeting held on 27 June 2019, it was resolved to implement a share program for the EQT AB Group employees. The objective of the program is to align employees' performance to the interest of the shareholders, based on performance metrics tailored to the Group's strategic goals on an annual basis. The intention is to ensure that all work towards the same goal of building a successful EQT platform and to reward employees for long-term value creation benefiting the Group. In addition, the

share program will be an important tool for the Group to recruit, motivate and retain the best talent, which is vital in order for the Group to achieve long-term value growth for its shareholders.

The share program is divided into five separate annual grants, each subject to a duration of approximately four years before final conversion to ordinary shares, comprising a one-year performance period during each of the financial years 2019–2023, followed by a three-year holding period for each grant. A maximum of around 35 percent of the EQT AB Group employees will during the five annual grants (a maximum of around 180 EQT AB Group employees during the first annual grant and around 280 EQT AB Group employees during the fifth annual grant) be invited to participate in the program. Depending on the extent to which performance targets are met during the performance year, the participants will in or around March in the financial year following, be invited to receive a relevant number of class C shares. Thereafter, all class C shares allotted are subject to a three-year holding period, with no vesting conditions, after which the class C shares are converted into ordinary shares. The class C shares carry the same economic rights as ordinary shares in the Company and carry one-tenth (0.1) vote each.

The amount for each participant to be settled in class C shares depends on the extent to which the performance targets have been achieved. The performance targets are measured during each year and are based on individual performance and the EQT AB Group's

Note 7 cont.

performance, on the basis of performance criteria set by the board of directors and communicated to eligible participants. The performance targets are tied to the EQT AB Group's financial targets, inter alia, revenue growth and EBITDA and in addition to the general competitiveness as well as the individual meeting or exceeding EQT's highly set expectations on adding value to the EQT platform. The final assessment of the extent to which the performance targets have been achieved is made on a discretionary basis by the board of directors or by the remuneration committee, by themselves or by delegation. There is no automatic right to receive class C shares even if the performance targets, in whole or in part, could be considered to have been achieved.

The maximum total amount that may be invested into the share program for all participants is limited to a maximum of EUR 17m at each relevant time of allocation, and EUR 56m in total. Each participant's number of class C shares will be calculated by dividing the investment amount by the average price paid per share in the Company during ten days in conjunction with each allocation and applying a relevant currency exchange rate SEK/EUR. However, the maximum total number of class C shares that may be allocated to participants pursuant to such investment shall equal a maximum dilution of approximately 0.3 percent per annual grant, and approximately 1.0 percent in total, in each case in terms of total shares in the Company.

The costs and dilution of the program are expected to have a marginal effect on the Company's key ratios.

During the second half of 2019 a new share issue of 8,663,490 class C shares was performed at quota value, corresponding to a value of SEK 0.8m. Total expense including social charges recognized, for the first grant, as of year-end 2019 amounts to EUR 11.0m. The amount excluding social charges (EUR 9.4m) will be settled in class C shares during 2020.

Other bonuses

In connection with the IPO Offering, a number of employees received additional remuneration, conditional upon the completion of the listing. The expenses recognized amounts to EUR 10.5m in total.

A number of employees (non-partners) received a one off bonus payment correlated to any increase in the price of the Company's shares during the approximately first three months following the first day of trading, up to a certain maximum amount. The bonus payment was performed by an entity outside the EQT AB Group which is indirectly owned by certain Partners, and EQT AB Group will be indemnified for any social security cost incurred in connection with such bonus. This payment has not resulted in an outflow of resources for EQT AB Group but due to the fact that the payment is made to employees in EQT AB Group, and that the bonus payment is dependent on the share price of EQT AB, this is, from an accounting perspective, treated as a share based payment. Total expenses for EQT AB Group amounts to EUR 3.1m (which has been fully reimbursed), with the same amount recognized as an addition to equity.

Other benefits

EQT AB Group offers all employees a variety of non-monetary benefits, such as occupational health service, health insurance, life insurance, employee fitness programs and sports contributions.

Certain investments by senior executives

Certain members of the board of EQT AB and senior executives of EQT AB Group, including the CEO of EQT AB, have invested in various carried interest and employee co-investment schemes related to the EQT funds. The returns (in the form of investment income and capital appreciation) are fully dependent on the performance of the relevant fund and the fund's underlying investments.

Pension terms

The EQT AB Group has defined contribution plans that generally follows a specific table for level of contributions based on age and/or income level. Wherever possible, the contributions are only made on base salary up to locally set caps.

Payments to these plans are made on a continuous basis according to the rules of each plan. The expenses for defined contribution plans in 2019 amounted to EUR 7.2m (EUR 6.3m).

Note 8 Audit fees and expenses

EUR m	2019	2018
KPMG		
Audit services	1.1	1.1
Tax consultancy	0.1	0.0
Other services	3.5	1.0
Other auditors		
Audit services	0.0	0.0

Audit services refer to the legally required examination of the annual report and the book-keeping, the Board of Director's and the CEO's management and any other audit examinations or agreed-upon procedures determined by contract. This includes other work assignments which rest upon the Company's auditor to conduct, and advising or other support justified by observations in the course of the audit. Other services primarily relates to work in conjunction with the IPO.

Note 9 Financial income and expenses

EUR m	2019	2018
Interest income	0.9	0.4
Translation gains	1.7	4.7
Other financial income	0.1	0.1
Financial income	2.6	5.2
Interest expenses	-4.0	-2.1
Translation losses	-3.8	-4.6
Other financial expenses	-0.4	-0.2
Financial expenses	-8.1	-6.9
Net financial income and expenses	-5.5	-1.7

All interest income and expenses from financial assets and financial liabilities are measured at amortized cost.

Note 10 Income taxes

EQT AB Group has operations in different jurisdictions. Each jurisdiction has its own tax legislation and regulations. These rules involve income taxes and indirect taxes such as VAT and social security charges related to employees. Constant changes of the rules and the interpretation of the legislation create exposures regarding taxes. The complexity of rules related to taxes in different jurisdictions and the accounting for these require management's involvement in judgments and estimates. These estimates might differ from the actual outcome.

EQT AB Group has documented guidelines, processes and controls for managing taxes. Through these processes the Group ensures that tax risks are identified and mitigated through tax risk identification processes.

Taxes recognized in the income statement

EUR m	2019	2018
Current tax expenses (-)/tax income (+)		
Current tax expenses / income for the year	-20.8	-9.1
Tax attributable to prior years	2.5	0.6
	-18.3	-8.5
Deferred tax expenses (-)/tax income (+)		
Deferred tax related to temporary differences	5.1	1.0
	5.1	1.0
Total reported income tax	-13.2	-7.5

Reconciliation of effective tax rate

EUR m	2019	2018
Profit before income tax	172.9	128.4
Tax at parent company's statutory rate 21.4%	-37.0	-28.2
Effect of:		
Foreign tax rates	-2.4	-0.4
Non-deductible expenses	-1.6	-0.5
Non-taxable income ¹⁾	24.0	23.4
Additional taxable income ²⁾	1.7	-2.3
Tax attributable to prior years	2.5	0.6
Other	-0.4	-0.1
Reported effective tax	-13.2	-7.5

¹⁾ Non-taxable income includes income that is not subject to taxation or income/entities not recognized for tax purposes under the normal corporate income tax regime of the relevant jurisdiction, e.g. dividends and capital gains subject to local participation exemption regimes.

²⁾ Additional taxable income in accordance with tax clearances and advance pricing agreements issued by local tax authorities.

Recognized deferred tax assets and liabilities

Change in deferred tax in temporary differences

EUR m	2019	
	Deferred tax asset	Deferred tax liability
Property, plant and equipment	0.0	-0.1
Intangible assets	-	2.4
Other	0.3	-0.2
Tax loss carry-forward ¹⁾	7.9	-
	8.2	2.1

¹⁾ All changes of deferred tax asset and liabilities have been recognized in the income statement except for EUR 3.3m that has been recorded directly in equity and EUR 0.7m that has been subject to a reclassification.

EUR m	2018	
	Deferred tax asset	Deferred tax liability
Property, plant and equipment	0.2	0.0
Intangible assets	-	3.7
Other	0.2	-0.1
	0.4	3.6

The tax effect of the total tax losses carried forward as of 31 December 2019 amounts to EUR 7.9m, all of which relates to EQT AB. EQT AB has recorded the full corresponding taxable value as an asset in the balance sheet.

Note 11 Intangible assets

EUR m	Goodwill	Capitalized development costs	Other intangible assets
Accumulated cost			
Opening balance 1.1.2019	14.9	10.3	89.7
Additions	–	1.5	17,0
Translation difference	–0,2	–0,1	–0,6
Closing balance 31.12.2019	14.7	11.6	106.1
Accumulated amortization and impairment			
Opening balance 1.1.2019	–	–4.7	–80.7
Amortization	–	–3,7	–7,5
Translation difference	–	0,0	1,2
Closing balance 31.12.2019	–	–8.5	–87.0
Carrying amount	14.7	3.1	19.1
Accumulated cost			
Opening balance 1.1.2018	15.6	6.8	93.5
Additions	–	3.8	–
Translation difference	–0.6	–0.3	–3.9
Closing balance 31.12.2018	14.9	10.3	89.7
Accumulated amortization and impairment			
Opening balance 1.1.2018	–	–2.2	–80.9
Amortization	–	–2.6	–3.1
Translation difference	–	0.1	3.3
Closing balance 31.12.2018	–	–4.7	–80.7
Carrying amount	14.9	5.5	9.0

Other intangible assets includes acquired entitlement to management fee surplus in EQT VI GP with a carrying amount of EUR 12.8m.

Total Other intangible assets

EUR m	2019	2018
Capitalized development costs	3.1	5.5
Other intangible assets	19.1	9.0
Carrying amount	22.2	14.5

Capitalized development costs

The EQT AB Group's capitalized development costs relates to IT software used within the operations.

All systems are currently in use and management has not identified any indications of impairment.

Other intangible assets

The net assets acquired through the business combination of EQT Partners AB Group in 2007 included investment advisory services contracts with general partners of several funds. At the time of the acquisition, the cost of the acquired customer contracts was measured at fair value by discounting estimated contractual future cash flows over the remaining expected term of the contracts. The acquired customer contracts are recognized as an intangible asset and amortized over the expected remaining term of each contract.

The acquisition of entitlement of management fee surplus in EQT VI was based on fair market value assessed through a discounted cash flow valuation. Revenue from the acquired management fee surplus is recognized in the income statement and the corresponding intangible asset is amortized linearly over three years with no residual value.

Goodwill

All goodwill is attributable to the acquisition of EQT Partners AB, including subsidiaries, in 2007. This goodwill is tested for impairment at the lowest level within the EQT AB Group where goodwill is monitored for internal management purposes, which is the Private Capital segment.

Impairment test of units containing goodwill

The recoverable amount of the Private Capital operations was based on its value in use. The value in use was determined by discounting the expected future cash flows generated from the continuing use of the operation's net operating assets. The following discount rates and long-term growth rates were used:

	31 Dec 2019	31 Dec 2018
Discount rate post-tax, %	8.0	8.0
Discount rate pre-tax, %	9.6	9.6
Annual cash flow growth beyond year 5, %	2.0	2.0

The discount rate used in the impairment test is the post-tax WACC, assuming no debt financing (i.e. equal to the cost of equity). The cost of equity has been calculated according to the Capital Asset Pricing Model (CAPM) and is based on the risk-free interest rate with addition of the market risk premium multiplied with the assumed beta value (based on beta values of similar quoted companies) and a size premium.

Cash flows were projected for a period of five years, assuming constant annual growth thereafter. The cash flow forecasts are based on the budget for the following year and the long term forecast for years two to five. The operating profit forecast was based on future outcomes taking into account past experiences. Terminal growth rate, assumed from year six and onwards, is applied to an assumed stable cash flow in year five.

The impairment test resulted in a value in use higher than the carrying amount with significant headroom. Management believes that any reasonable possible change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amounts.

Note 12 Property, plant and equipment

Owned assets

EUR m	Equipment	Leasehold improvement
Acquisition cost		
Opening balance 1.1.2019	9.4	14.2
Additions	3.0	14.8
Disposals	-0.9	-1.8
Translation difference	-0.1	0.4
Closing balance 31.12.2019	11.6	27.6
Depreciation		
Opening balance 1.1.2019	-6.7	-5.6
Depreciation	-1.4	-3.3
Disposals	0.9	1.8
Translation difference	-0.3	-0.6
Closing balance 31.12.2019	-7.6	-7.7
Carrying amount	4.1	19.9

Acquisition cost

Opening balance 1.1.2018	9.0	12.1
Additions	0.6	2.1
Disposals	-0.2	-0.1
Translation difference	0.0	0.1
Closing balance 31.12.2018	9.4	14.2

Depreciation

Opening balance 1.1.2018	-5.9	-4.3
Depreciation	-1.1	-1.4
Disposals	0.2	0.1
Translation difference	0.0	-0.1
Closing balance 31.12.2018	-6.7	-5.6
Carrying amount	2.7	8.6

Right-of-use assets

EUR m	Office premises
Opening balance 1.1.2019	45.5
Depreciation	-11.8
Other changes, net	54.8
Closing balance 31.12.2019	88.5
Opening balance 1.1.2018	48.4
Depreciation	-8.0
Other changes, net	5.1
Closing balance 31.12.2018	45.5

Total Property, plant and equipment

EUR m	2019	2018
Equipment	4.1	2.7
Leasehold improvement	19.9	8.6
Office premises	88.5	45.5
Carrying amount	112.5	56.9

Note 13 Prepaid expenses and accrued income

EUR m	2019	2018
Licenses	1.6	1.2
Other prepaid expenses	3.3	2.6
Accrued income	153.0	22.1
Total prepaid expenses and accrued income	157.8	26.0

Accrued income primarily comprises contract assets relating to revenue from contracts with clients, see Note 5.

Note 14 Other current assets

EUR m	2019	2018
Expenses to be recharged	41.5	58.7
Drawdown receivable	4.6	4.0
Other receivables	66.8	53.7
Total other current assets	112.9	116.4

Note 15 Equity

Shares

	2019	2018
Ordinary shares		
Issued per 1 January	1,139,681,500	617,284,000
Reduction of share capital	-500,000,000	-
New share issues	313,302,400	522,397,500
Issued per 31 December – paid	952,983,900	1,139,681,500
Preference shares		
Issued per 1 January	6,200	4,900
New share issue	-	1,500
Redemption	-6,200	-200
Issued per 31 December – paid	-	6,200

All ordinary shares carry one vote and class C shares carry 0.1 vote. The preference shares were non-cumulative and could only receive dividend when the Company showed a profit. The preference shares were entitled to preferential dividend up to a maximum of EUR 3,420 per share, should the shareholders' meeting so decide.

At an extraordinary shareholders' meeting in December 2018, it was resolved to change EQT AB's articles of association whereby preference shares upon redemption shall induce a fixed redemption price of EUR 13,250 per share. On 28 June 2019, all 6,200 preference shares outstanding in EQT AB were redeemed in accordance with the articles of association, corresponding to EUR 93.0m.

Equity related resolutions adopted at different shareholder meetings during the period

During the first half of 2019 the reorganization of the EQT AB Group continued, including the below events and transactions:

- In accordance with a resolution adopted at the extraordinary shareholders meeting in December 2018, a directed share issue of 404,376 ordinary shares, SEK 495.4m (EUR 44.1m), took place and was duly paid and registered during April 2019.
- Directed dividends of EUR 30.3m, whereof EUR 21.2m to the preference shareholders of EQT AB and EUR 9.1m to Investor AB, see Note 24 for further information.
- A bonus issue of SEK 86.5m (EUR 8.2m), affecting unrestricted equity and share capital in equal amounts.

Note 15 cont.

- Redemption of 6,200 preference shares outstanding in EQT AB in accordance with the articles of association, corresponding to EUR 93.0m.
- A share split of 1:100.

At the annual shareholders meeting in June 2019 it was resolved to implement a share program for the EQT AB Group employees. In accordance with this the board of directors was authorized to issue convertible and redeemable class C shares in order to transfer these to the participants in the EQT Share program. During the second half of 2019 a new share issue of 8,663,490 class C shares was made at quota value, corresponding to a value of SEK 0.8m. All class C shares were subsequently repurchased.

Since 24 September 2019 the EQT share is listed on Nasdaq Stockholm Large Cap. The quota value of the shares is SEK 0.1. The number of ordinary shares at 31 December 2019 was 952,983,900 and in addition the number of C shares was 8,663,490 as mentioned above.

All Partners (who in total owned approximately 74 percent of the Company immediately before the Offering) have for the benefit of the Company agreed, with certain exceptions, not to transfer or dispose of their respective holdings in the Company as per the day before the first day of trading during a period of five years after the first day of trading, without prior written consent from the Company. The lock-up undertakings will expire with respect to 25 percent of the shares subject to lock-up after three years and an additional 25 percent after four years, provided that the employment within the EQT AB Group has not been terminated by either party on said date. If the employment is terminated at any time during the five-year lock-up period, all shares still subject to lock-up at such point in time will be locked up for the remainder of the five-year lock-up period. The Company intends to procure that coordinated sell-downs of shares that are not still subject to lock-up take place following the third and fourth year, respectively, after the first day of trading for Partners who then wish to sell.

Investor AB and related entities as well as the members of the board of directors and executive management who are not Partners but are shareholders in the Company also agreed in conjunction with the listing, with certain exceptions, for a period of one year after the first day of trading, not to transfer or dispose of their respective holdings in the Company, without prior written consent.

In addition to above there are no restrictions on the transferability of shares due to statutory provisions, articles of association or, as far as the Company is aware, in shareholder agreements.

Equity management

The EQT AB Group maintains a financial position that supports the confidence of investors, creditors and the market, and provides a basis for continued development of business operations, and that the long-term returns generated to the shareholders are satisfactory.

Dividend distribution to the owners of the parent company

The board of directors proposes a dividend to the shareholders of SEK 2.20 per share for 2019.

The dividend is proposed to be paid in two equal installments, with 10 June and 1 December 2020 being the respective record dates.

The board of directors of EQT AB has adopted a dividend policy which aims to generate a steadily increasing annual dividend in absolute euro-denominated terms.

Note 16 Interest bearing liabilities

For more information regarding the EQT AB Group's exposure to interest risks and foreign currency risks, in respect of interest-bearing liabilities, see Note 19.

EUR m	2019	2018
Non-current liabilities		
Lease liabilities ¹⁾	75.9	38.1
Loans from credit institutions	–	–
	75.9	38.1
Current liabilities		
Short-term loans	9.4	14.9
Loans from credit institutions	–	–
Current portion of lease liabilities ¹⁾	14.4	8.4
	23.9	23.3

¹⁾ Lease liabilities, for further information, see Note 20.

Note 17 Other liabilities

EUR m	2019	2018
Other current liabilities		
Drawdown	5.5	0.7
Other ¹⁾	68.8	23.6
	74.3	24.3

¹⁾ VAT provision of EUR 32.0m included.

Note 18 Accrued expenses and prepaid income

EUR m	2019	2018
Accrued personnel expenses	98.9	57.6
Accrued consultancy fees	12.6	9.5
Other accrued expenses	19.1	14.0
Prepaid income	9.0	3.8
	139.6	84.9

Prepaid income primarily comprises contract liabilities relating to revenue from contracts with clients, see Note 5.

Note 19 Financial instruments and financial risks

Financial risk management framework

The EQT AB Group conducts a risk management framework to mitigate and control the financial risks the EQT AB Group is exposed to in a cost-efficient manner. The financial risk management is covered in the EQT AB Group Treasury Policy. The policy is maintained by the Treasury function. The policy is reviewed yearly, and any new version must be approved by EQT AB Group's Board of Directors who has the ultimate responsibility for the establishment and control mechanisms of the Group's risk management. The EQT AB Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risks (interest rate risk, currency risk, revaluation risk of holdings in EQT funds)

Credit risk

Credit risk arises from the potential financial loss in the event a counterparty to EQT AB Group is unable to fulfill its obligations towards the EQT AB Group. This relates primarily to receivables and contract assets, cash held at bank accounts, any derivative instruments outstanding with a positive fair value and any financial guarantees. The credit risk exposures are regularly reviewed to assess exposures and concentrations of risks in accordance with procedures set out in the Group Treasury Policy.

The book value of financial assets represents the EQT AB Group's maximum exposure to credit risks. At 31 December 2019 financial assets amounted to EUR 1,254.5m (EUR 424.7m). The financial guarantees are further described below under heading Financial guarantees.

Receivables and contract assets

The Group's exposure to credit risk from receivables and contract assets is defined by the characteristics of the individual counterparties, primarily consisting of EQT funds. Credit risks are reviewed on a regular basis and there are no significant credit risks identified as of the balance sheet date, nor have there been any during the reporting period.

The Group regularly review expected credit losses for receivables and contract assets, primarily based on historical losses. The Group has historically not suffered any material losses from receivables and contract assets and there are no receivables past due at the balance sheet date (none). The expected credit loss at the balance sheet date is therefore considered insignificant (0).

Cash and cash equivalents

The financial credit risk exposure mainly arises from cash deposits held on bank accounts. The Group's Treasury Policy stipulates which banks that are approved for cash deposits and relationships are closely monitored by the Group's treasury department. The minimum official credit rating for a counterparty, in terms of deposits, is BBB (S&P, or S&P equivalent). As of 31 December 2019, the Group held cash and cash equivalents of EUR 908.5m (EUR 264.4m).

Expected credit losses are assessed on a regular basis primarily based on external credit ratings for the counterparties and information about historical losses. The EQT AB Group has historically not suffered any losses from cash and cash equivalents. As of 31 December 2019, the expected credit losses is considered insignificant and reflects the short maturities of the deposits and the credit quality of counterparties reflected in the external credit ratings (0). Distribution of cash and cash equivalents by Standard & Poor credit rating of counterparties.

	31.12.2019	Credit rating
Cash and cash equivalents	99%	A+
Cash and cash equivalents	0%	A-
Cash and cash equivalents	0%	BBB+
Total	100%	

	31.12.2018	Credit rating
Cash and cash equivalents	99%	A+
Cash and cash equivalents	1%	A
Cash and cash equivalents	0%	BBB+
Total	100%	

Financial guarantees

The EQT AB Group has guaranteed to cover certain carried interest claw-back obligations related to the EQT VIII and EQT Infrastructure IV funds. Under the limited partnership agreement of each applicable fund vehicle, an assessment will be made at termination of the fund to determine if there has been an overpayment of carried interest to the Special Limited Partner (being the recipient of carried interest). Any overpayment of carried interest will in the first instance be satisfied by a return of amounts which are placed into escrow to cover a claw-back scenario. In the unlikely event that amounts held in escrow would be insufficient to cover the claw-back liability, then the guarantee may be called upon to cover the balance. At 31 December 2019 no carried interest had been generated, nor paid, from EQT VIII or EQT Infrastructure IV (none).

In order to facilitate certain individuals' financing, through loans from a financial institution, of investments in carry schemes related to two funds raised in 2015 and 2016, the EQT AB Group has issued guarantees to the financial institution. According to the terms of these guarantees, the EQT AB Group will pay to the lender any amounts due under the loan agreements due to the individuals being in default on debt repayment. In addition, the individuals have entered into agreements with the EQT AB Group, by which they have agreed to reimburse the EQT AB Group for any amount that the EQT AB Group has paid to the lender under the guarantee. The total amount covered by the guarantees, i.e. the maximum exposure to credit risk, at 31 December 2019 amounts to EUR 5.8m (EUR 5.8m).

To facilitate the acquisition of preference shares by EQT Holdings Preference Coöperatief U.A. ("PrefCoop") in EQT International Holdings BV certain individuals contributed equity to the PrefCoop and the PrefCoop also entered into a EUR credit facility with a financial institution where PrefCoop and SEP Holdings BV (both entities not included in the consolidated financial statements of the EQT AB Group) together with EQT International Holdings BV and EQT AB were named as obligors. The duration of the facility was five years from January 2017, with yearly interest payments. The shares held by the borrower were pledged and the obligors entered into an agreement with the purpose to guarantee the repayment of the loan to the financial institution. During 2019 this has been fully repaid. At 31 December 2018 the maximum credit risk exposure amounted to EUR 77.6m.

The amounts related to financial guarantees has not had any significant effect on the EQT AB Group's financial position at 31 December 2019 and has not affected the EQT AB Group's profit or loss for 2019.

Liquidity risk

The EQT AB Group's liquidity risk the EQT AB Group relates to its ability to meet obligations associated with liabilities and commitments that are settled by cash payments. The EQT AB Group

Note 19 cont.

manages its liquidity risk by ensuring sufficient liquidity to meet its obligations when due under both normal as well as stressed conditions. The Group performs cash forecasting, updated at least on a

monthly basis. Cash and cash equivalents as of 31 December 2019 amounted to EUR 908.5m (EUR 264.4m). Distribution of remaining contractual cash flows of the EQT AB Group's financial liabilities:

EUR m	Carrying amount		Expected maturity		
	31.12.2019	Total	2020	2021	After 2021
Interest-bearing liabilities	9.4	9.4	9.4	-	-
Accounts payable	12.5	12.5	12.5	-	-
Other liabilities	65.1	65.1	65.1	-	-
Accrued expenses	29.4	29.4	29.4	-	-
Leasing liabilities	90.4	98.8	14.5	23.2	61.2
Remaining commitments		70.7			
Total	206.8	285.9	130.9	23.2	61.2

EUR m	Carrying amount		Expected maturity		
	31.12.2018	Total	2019	2020	After 2020
Interest-bearing liabilities	14.9	15.0	15.0	-	-
Accounts payable	13.3	13.3	13.3	-	-
Other liabilities	15.2	15.2	15.2	-	-
Accrued expenses	16.5	16.5	16.5	-	-
Leasing liabilities	46.5	52.4	8.5	13.6	30.3
Remaining commitments		75.0			
Total	106.5	187.5	68.6	13.6	30.3

Translation into EUR of amounts denominated in foreign currency has been done using the exchange rate at the end of the reporting period.

Accounts payables have a maturity of less than one year. Other payables include drawdown notices issued by the Special Limited Partners in the funds, normally with payment terms of 10 days. In 2018 a back-to-back facility was provided where the liability of EUR 9.4m (EUR 14.9m) (excl. accrued interest) was matched by a EUR 9.4m (EUR 14.9m) receivable on the same terms and conditions.

At 31 December 2019, the EQT AB Group had remaining commitments to invest in multiple EQT funds of a total amount of EUR 70.7m (EUR 75.0m). The commitments are called over time, normally between one to five years following the commitment. Commitments in 2019 decreased due to larger draw-downs than fundraising activities during the year.

Interest rate risk

The EQT AB Group's interest rate risk, related to fluctuations in market interest rates with potential impact on the EQT AB Group's net financial income, is limited as the Group does not have any long-term interest-bearing debt as of 31 December 2019. Should the EQT AB Group be exposed to interest rate risk, the EQT AB Group Treasury policy allows for use of derivatives to manage the risk.

As of 31 December 2019, the EQT AB Group's interest rate risk mainly relates to negative interest rates paid on cash deposits, which normally do not exceed the National bank rate for the relevant currency. Changes in cash deposits interest rates will affect the Group's interest income. If all interest rates on cash deposits would increase by 25 basis points, the EQT AB Group's annual interest expense would increase by EUR 2.3m, assuming the same level of cash deposits as of the balance sheet date (EUR 0.7m).

EQT AB Group is not exposed to significant cash flow risk due to changes of market interest rates in its lease liabilities, even if cash-flows are subject to index adjustments for certain contracts.

Other interest-bearing liabilities at 31 December 2019 are matched by a corresponding interest bearing asset at the same

terms and does therefore not imply any interest rate risk for the EQT AB Group.

Foreign currency risk

The Group's foreign currency risk relates to potential changes in exchange rates with impact on the Group's income statement and/or the value of its assets and liabilities.

The Group's income is primarily denominated in EUR and/or USD and its expenses are primarily denominated in EUR, GBP, SEK and USD. Expenses are also denominated in CHF, CNY, DKK, HKD, NOK and SGD. In most subsidiaries, the income and expenses are denominated in the same currency as the functional currency of the entity and does therefore not create any currency effects in the Group's income statement. The Group's presentation currency is EUR. Income and expenses denominated in EUR are therefore not directly affected by changes in exchange rates. However, when income and expenses arise in entities with a functional currency other than EUR, the Group's operating profits will be affected by changes in exchange rates in the period between initial recognition of revenue or expense and settlement.

The exposure to foreign currency risk is primarily related to the parent company, EQT AB, and the subsidiary EQT Partners AB, both with the functional currency SEK. The currency risk arises as the majority of the income in these entities is denominated in EUR and the expenses are in SEK. In 2019, EUR 281.3m of income in these two entities (97 percent of total income) were denominated in EUR (EUR 156.0m).

In 2019, currency effects of EUR 2.4m (EUR 2.4m) were recognized in the Group's operating profit.

The Group's exposure to foreign currency risk at the balance sheet date is primarily related to receivables and cash balances held in currencies other than the functional currency of the entity. This exposure primarily arises in the parent company, EQT AB and in the subsidiary, EQT Partners AB, due to receivables and cash balances in EUR. A strengthening/weakening of the EUR by 5 percent against SEK at 31 December 2019 would affect the value of those assets and the Group's income statement by approximately EUR +/-2.7m

Note 19 cont.

(holding all other factors constant) (EUR+/-0.6m). The sensitivity presented reflect the balances at the balance sheet date.

The Group is also exposed to currency risk when translating the balance sheets and income statements of the parent company and the subsidiaries with a functional currency other than EUR into the presentation currency of the Group. The balance sheets are translated using the exchange rate at the balance sheet date and the income statements are translated using the average exchange rate for the period. The translation effect is recognized in other comprehensive income and accumulated in equity for the Group. The translation effect recognized in other comprehensive income in 2019 was EUR -1.6m (EUR -1.0m). The translation exposure is considered limited.

Generally, the exposure to foreign currency risk is not hedged. However, the Group Treasury policy allows forward contracts to be used to buy future needs of foreign currencies in advance.

No speculative trading with currencies is allowed according to the Group Treasury Policy.

Revaluation risk

The EQT AB Group is exposed to revaluation risk in the form changes in the Net Asset Value (NAV) for financial investments held by the EQT AB Group classified as at fair value through profit or loss. The risk of changes in NAV is a natural consequence of the EQT AB Group's business and the risk is not hedged in any way. The effect of changes in the NAV on the EQT AB Group's profit or loss is presented below under the heading "Sensitivity analysis of fair values".

Classification of financial assets and liabilities in measurement categories

Distribution of carrying amounts of financial assets and financial liabilities by measurement categories stipulated by IFRS 9.

31 December 2019, EUR m	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Financial assets				
Investments	65.5	5.0		70.5
Other long-term assets		3.2		3.2
Accounts receivable		6.3		6.3
Other current assets		112.9		112.9
Accrued income		153.0		153.0
Cash		908.5		908.5
Total financial assets	65.5	1,188.9	-	1,254.4
Financial liabilities				
Interest-bearing liabilities			9.4	9.4
Accounts payable			12.5	12.5
Other liabilities			65.1	65.1
Accrued expenses			29.4	29.4
Total financial liabilities	-	-	116.4	116.4

31 December 2018, EUR m	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Financial assets				
Investments	18.0			18.0
Other long-term assets		2.6		2.6
Accounts receivable		1.3		1.3
Other current assets		116.4		116.4
Accrued income		22.1		22.1
Cash		264.4		264.4
Total financial assets	18.0	406.8	-	424.7
Financial liabilities				
Interest-bearing liabilities			14.9	14.9
Accounts payable			13.3	13.3
Other liabilities			15.2	15.2
Accrued expenses			16.5	16.5
Total financial liabilities	-	-	60.0	60.0

For short-term financial assets and liabilities (accounts receivables, other current assets, accrued income, cash, deposits, accounts payables, other liabilities and accrued expenses) the carrying amounts are considered reasonable approximations of their fair values. This also holds for other long-term assets and interest-bearing liabilities since these carry variable interest and therefore the fair value is not significantly affected by changes in the market interest rates.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the EQT AB Group has access to at that date. The fair value of a liability reflects its non-performance risk.

Note 19 cont.

The EQT AB Group discloses fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs – other than quoted prices included within level 1 – that are observable for assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial assets presented in the balance sheet as Financial investments are measured at fair value. The fair values for these assets, of EUR 65.5m (EUR 18.0m), use inputs based on unobservable market data and therefore classified as level 3 in the fair value hierarchy. There have not been any transfers between levels in the fair value hierarchy during the period (none).

Reconciliation of Level 3 fair values

The table below shows a reconciliation of level 3 fair values.

EUR m	2019	2018
Opening balance	18.0	9.9
Net change in fair value	11.4	1.4
Acquisitions	15.8	–
Investments	29.4	7.5
Divestments	–8.9	–0.8
Closing balance	65.5	18.0

Net change in fair value is included in Investment income in the income statement.

Fair value for financial investments

Financial investments disclosed as level 3 financial instruments primarily consist of investments in EQT funds. The fair value of EQT AB Group's financial investments in EQT funds are based on the net asset value after taking all assets and deducting all liabilities and provisions, in line with Invest Europe Investor Reporting Guidelines. The valuation processes and techniques described below therefore relates to the most significant processes and techniques for valuing the underlying holdings of the funds.

EQT AB Group applies the International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines) when determining the fair values for the holdings in the EQT funds. Determining the fair value require subjective assessment with varying degrees of judgment regarding what market participants would use in estimating the value of an asset including valuation methodology, liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific asset. The use of multiple valuation techniques is encouraged.

For certain investments, primarily within debt and real estate, the EQT AB Group is making use of external valuation agents. External debt valuations are performed in line with IPEV guidelines and are compliant with IFRS 13. External valuers within real estate operates under the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards 2017, which incorporate the International Valuation Standards as published by the International Valuation Standards Council (IVSC). The valuation policy for the real estate funds managed by EQT also reflects recommendations of industry bodies such as the European Association for Investors in Non-Listed Real Estate Vehicles (INREV).

The valuation principles applied by the EQT AB Group are applied consistently from period-to-period, and only changed if deemed necessary to reflect a representative fair value.

EQT AB Group applies control processes to ensure that the fair value of the financial assets reported in the consolidated financial statements are in accordance with applicable accounting standards and determined on a reasonable basis. This include ensuring that the valuations are consistent with the IPEV Guidelines, where relevant, and ensure that the valuations are supported by underlying documentation.

The following valuation techniques are applied by the EQT AB Group to determine fair values of investments in line with IFRS 13.

Valuation based on earnings multiples

EQT AB Group applies earnings multiples to determine the fair value for investments with revenues, maintainable profits and/or maintainable positive cash flows. The earnings multiples applied are derived from multiples from a basket of publicly traded companies (a peer group) and multiples from comparable transactions with equal weight. For this purpose, the EQT AB Group normally uses the EV/EBITDA multiple. If another earnings multiple is more suitable for a specific investment, it should be used instead, and the reason for doing so should be properly motivated and documented.

The multiples for publicly traded companies used by EQT AB Group should be from the date when the valuation is performed. Each individual company in the peer group is evaluated for every valuation date to determine if the company is appropriate from a financial, geographic and operational standpoint. In addition, assessments are made in order to determine whether there exist any additional companies appropriate to include in the peer group.

The multiples for comparable transactions should not be more than 18 months old. In cases where there are no comparable transactions at hand it is considered whether relevant to include a basket of comparable transactions from a wider definition of the industry in which the investment operates in. As investments may be realized through trade sale (majority basis) as well as through stock listing (minority basis), all transactions may be considered in the valuation, without applying a minority discount.

Earnings figures are adjusted for exceptional or non-recurring items, the impact of discontinued activities and acquisitions and forecast downturns in profits. The valuation process and all changes to the peer group, the comparable transactions and any earnings adjustments are documented and approved by EQT management.

Valuation based on discounted cash flows

In the absence of significant revenues, profits or positive cash flows, methods such as the earnings multiple are generally inappropriate. The discounted cash flow technique (DCF) is flexible in the sense that it can be applied to any stream of cash flows or earnings. In the context of private equity valuation, this flexibility enables the valuation technique to be applied in situations that other techniques may be incapable of addressing.

Discounted cash flow techniques imply that expected cash flow amounts are discounted to a present value at a rate that represents the time value of money and reflects the risks of the specific instrument. The discount rate is based on current market conditions and the expected return from the investment.

Valuation based on quoted prices

Investments quoted on an active market are measured at the latest available quoted price for the individual asset on the measurement date. Blockage discounts that reflect the quantity of the investment held or any other discounts are not applied. For certain credit instruments, the EQT AB Group uses pricing data provided by IHS Markit.

Note 19 cont.

Unobservable inputs to valuation techniques

When measuring fair value, the EQT AB Group uses non-market-observable inputs to be used in its valuation techniques. Significant unobservable inputs include: EBITDA multiples (based on budgeted/forward-looking EBITDA or historical EBITDA of the investment and EBITDA multiples of comparable listed companies for an equivalent period), credit ratings, discount rates, capitalization rates, physical and geographic location of assets, price/book as well as price/earnings ratios and enterprise value/sales multiples. A significant portion of the investments is measured at EBITDA multiples. EBITDA multiples used show wide ranges.

Changes in an unobservable input factor will directly affect the value of level 3 investments that are valued using that factor. The impact in valuation of level 3 investments may vary depending on individual levels of debt financing within such an investment. Level 3 direct debt investments are normally valued using a waterfall approach and the effect of a change in the unobservable input factor on the valuation of such investments is therefore limited to the debt portion not covered by the enterprise value resulting from the valuation.

Sensitivity analysis of fair values

From an EQT AB Group perspective, financial investments are normally measured at fair value applying the net asset values of the EQT funds. A possible change of 10% in the net asset value would affect the fair values of the investments by EUR 6.6m (EUR 1.8m). The effect would be recognized in the income statement.

Although the EQT AB Group believes that its estimates of fair values are appropriate, the use of different methodologies and unobservable inputs in the underlying investments of the EQT funds could lead to different measurements of fair value. Due to the number of unobservable input factors used in the valuation of the investments and their broad range, in particular with regards to earnings multiples, a sensitivity analysis on the underlying unobservable input factors does not result in meaningful outcomes.

Note 20 Leases

As a lessee

The EQT AB Group's leases mainly consist of office premises. The carrying amount of the right-of-use assets for the year can be found in Note 12. The lease liabilities are presented in the balance sheet and a maturity analysis of the lease liabilities in Note 19.

Amounts recognized in income statement

EUR m	2019	2018
Interest on lease liabilities	2.2	1.3
Depreciation on right-of-use assets	11.8	8.0
	14.0	9.3

EQT AB Group recognizes short-term leases and low value leases directly in the income statement. The leasing amounts for short-term leases and low value leases that has been expensed during 2018–2019 is not significant.

Amounts recognized in the statement of cash flows

EUR m	2019	2018
Total cash outflow for leases	13.0	8.6

Right-of-use asset in the balance sheet

EUR m	2019	2018
Additions in the right-of-use asset	54.8	4.9

Office premises leases

EQT AB Group leases office premises for its office space. The leases of office space typically run for a period of 3–10 years. Some leases of office premises contain extension options exercisable by the EQT AB Group up to 6 months before the end of the contract period.

Where practicable, the EQT AB Group seeks to include extension options in the leases to provide operational flexibility. The extension options held are exercisable only by the EQT AB Group and not by the lessors. The EQT AB Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. This assessment is based on all relevant facts and circumstances that exist at the commencement date. EQT AB Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the EQT AB Group to make payments that relate to the property taxes levied on the lessor and is generally determined annually.

Note 21 Cash flow specifications

Transactions that do not involve payments

EUR m	2019	2018
Acquisition of assets through lease	54.8	4.7

Reconciliation of debts arising from financing activities

EUR m	Lease liabilities	Short term loan	Total debt arising from financing activities
Opening balance 1.1.2019	46.4	14.9	61.3
Cash flows	-13.0	-5.5	-18.5
Non-cash changes			
Accrued interest	2.2	-	2.2
New lease agreements	54.8		54.8
Translation differences	-		-
Closing balance 31.12.2019	90.4	9.4	99.8

EUR m	Lease liabilities	Short term loan	Total debt arising from financing activities
Opening balance 1.1.2018	48.7	-	48.7
Cash flows	-8.6	14.9	6.3
Non-cash changes			
Accrued interest	-	0.0	0.0
New lease agreements	4.7		4.7
Translation differences	1.6		1.6
Closing balance 31.12.2018	46.4	14.9	61.3

Unutilized credit facilities

EUR m	2019	2018
Unutilized credit facilities	-	40.0

Note 22 Pledged assets and contingent liabilities

EQT AB Group has no pledged assets or contingent liabilities as of 31 December 2019 (none).

Note 23 Events after the reporting period

In light of the investment level of EQT VIII, preparations for the successor fund EQT IX has intensified and the target size for the EQT IX fund has been set at EUR 14.75bn. The actual fund size is dependent on the outcome of the fundraising process and may ultimately be higher or lower than the target size, however capped at EUR 15bn. The EQT IX fund's investment strategy and commercial terms are expected to be materially in line with the predecessor fund EQT VIII.

EQT has initiated a review of strategic options for the business segment Credit. The growth prospects of Credit are in avenues further away from EQT's core business of active ownership where EQT can make a strong impact and fully utilize the EQT platform. On 27 January 2020, the Supreme Administrative Court of Sweden ("SAC") announced its decision on the appealed advance tax ruling regarding VAT for EQT AB's Swedish subsidiary EQT Partners AB. The

SAC mainly subscribed to the approach of the Swedish Tax Agency why, as a result of current accounting practice, a one-off provision of EUR 32m has been taken in 2019. The decision is not expected to have a material impact on EQT AB Group's future financial position or result.

As for any organization, the COVID-19 development brings uncertainty and disruption – the financial effects on EQT AB Group is dependent on the duration of the outbreak but a period of uncertainty and disruption may lead to a slowdown of transaction activities, longer fundraisings and affect fund performance. Overall, EQT has a well diversified portfolio of funds and investments thanks to a thematic investment strategy. The situation is carefully monitored and the investment advisory teams are in close dialogue with respective portfolio companies.

Note 24 Related parties

Expenses for salaries, other remuneration and pensions for the EQT AB Group's senior executive management and the board of directors in EQT AB are presented in Note 7. Apart from what is stated in

Note 7 certain transactions between the EQT AB Group and related parties have occurred and are specified in the table below.

Transactions with related parties

EUR m		Sales of goods, services and assets	Purchases of goods and services	Receivables as per 31 Dec	Liabilities as per 31 Dec
Related parties					
Board members and senior executives	2019	–	0.0	0.0	–
Board members and senior executives	2018	0.0	0.0	3.7	–

Description of transactions

In December 2018 one member of the senior executive management borrowed EUR 3.7m at market terms from an EQT AB subsidiary to participate in the new share issue described in Note 15.

Following a new share issue resolved by an extraordinary shareholders' meeting on 19 December 2018 and allotted by the Board of Directors on 2 April 2019 following the receipt of necessary regulatory approvals Investor AB became a related party to EQT AB. Through the new share issue Investor AB, via its wholly owned subsidiary Investor Investments Holding AB, increased its ownership in EQT AB from approximately 19 percent to approximately 23 percent.

At the Shareholders' Meeting held on 27 June, 2019, the shareholders resolved to distribute a directed dividend to Investor Investments Holding AB for a total amount of EUR 9,118,180.

In conjunction with the acquisitions of entitlement to revenue, see page 78, Investor Investments Holding AB received EQT AB shares valued at EUR 29.5m and cash of EUR 5.5m in exchange for rights to a portion of the management fee surplus in EQT VI GP, as well as investment income and carried interest in certain of the EQT funds. Further, certain members of the board of directors and executive management of EQT AB received EQT AB shares valued in aggregate at EUR 19.5m in exchange for rights to a portion of the investment income and carried interest in certain of the EQT funds.

In conjunction with the listing a total of 114,358,068 shares was offered by selling shareholders (in addition to the new shares offered). As one of the selling shareholders Investor AB via its wholly owned subsidiary Investor Investments Holding AB offered 26,967,384 shares which decreased its ownership in EQT AB from approximately 23 percent to 18 percent. Hence, from the date of the listing Investor AB is no longer a related party to EQT.

In April 2019, the Company entered into consultancy agreements with the Company's board members Edith Cooper and Gordon Orr. In accordance with these consultancy agreements, Edith Cooper and Gordon Orr shall – in parallel to their respective assignments as members of the board of directors – provide consultancy services as senior advisors to support EQT's administration of the EQT Network. Both Edith Cooper and Gordon Orr are entitled to an annual fixed retainer of EUR 35,000 each for the provision of these consultancy services. These consultancy agreements have been entered into for a fixed period until 30 June 2020, after which the agreements may be renewed. Both EQT AB and the respective consultants may terminate the consultancy agreements prematurely with one month's notice.

There has been no other significant transactions between EQT and related parties during the period.

Note 25 Subsidiaries

Group companies

Name	Registered office	Corporate reg. no	Percentage held	
			31.12.2019	31.12.2018
EQT Partners AB	Stockholm	556233-7229	100%	100%
EQT Partners AB ES Branch	Madrid	556233-7229		
EQT Partners AB NL Branch	Amsterdam	556233-7229		
EQT Partners AB DK Branch	Copenhagen	556233-7229		
EQT Partners AG	Zurich	CHE-113.618.871	100%	100%
EQT Partners AS	Oslo	940532981	100%	100%
EQT Partners GmbH	Munich	HRB 127746	100%	100%
EQT Partners Inc.	New York	4401345	100%	100%
EQT Partners BD LLC	New York	5789596	100%	100%
EQT Partners Oy	Helsinki	1098042-8	100%	100%
EQT Partners Singapore Pte. Ltd.	Singapore	200906516Z	100%	100%
EQT Partners Asia Limited	Hong Kong	10199637	100%	100%
EQT Partners Shanghai Limited	Shanghai	310000400514790	100%	100%
EQT Partners Limited	London	6590781	100%	100%
EQT Credit Partners Limited	London	12011559	100%	0%
EQT Partners UK Advisors LLP	London	OC338685	100%	73%
EQT Partners UK Advisors II LLP	London	OC397306	100%	100%
EQT Partners S.R.L.	Milan	10552820960	100%	0%
EQT Partners SAS	Paris	85392898400014	100%	0%
EQT Services (UK) Limited	London	07936651	100%	100%
EQT Services Netherlands B.V.	Amsterdam	851645768	100%	0%
EQT Corporate Services Netherlands B.V.	Amsterdam	74993097	100%	0%
EQT Treasury AB	Stockholm	559227-5647	100%	0%
EQT Investment Verwaltungs-GmbH	Munich	HRB 194327	100%	100%
EQT Netherlands Management B.V.	Amsterdam	60593733	100%	100%
EQT CI GP Limited	Edinburgh	SC518952	0%	100%
EQT Loan Fund (General Partner) S.à r.l.	Luxembourg	B210931	100%	100%
EQT Fund Management S.à r.l.	Luxembourg	B167972	100%	100%
EQT Infrastructure II (GP) Limited	Edinburgh	SC416498	100%	100%
EQT Credit II (GP) Limited	Edinburgh	SC420737	100%	100%
EQT Mid Market (GP) Limited	Edinburgh	SC436969	100%	100%
EQT VII Limited	Edinburgh	SC493105	100%	100%
EQT VII Co-Investment (General Partner) S.à r.l.	Luxembourg	B217579	100%	100%
EQT Co-Investment (GP) S.à r.l.	Luxembourg	B209598	100%	100%
EQT VII International Holdings B.V.	Amsterdam	69473129	100%	100%
EQT VII Luxembourg (General Partner) S.à r.l.	Luxembourg	B214397	100%	100%
EQT VII Netherlands (General Partner) B.V.	Amsterdam	68608195	100%	100%
EQT Real Estate Limited	Edinburgh	SC504628	100%	100%
EQT Ventures (General Partner) S.à r.l.	Luxembourg	B196578	100%	100%
EQT Mid Market US (General Partner) Limited	Edinburgh	SC500973	100%	100%
EQT Mid Market Asia III (General Partner) Limited	Edinburgh	SC521109	100%	100%
EQT Mid Market Europe (General Partner) Limited	Edinburgh	SC521108	100%	100%
EQT Credit Opportunities III (GP) Limited	Edinburgh	SC521170	100%	100%
EQT Infrastructure III (General Partner) S.à r.l.	Luxembourg	B207225	100%	100%
EQT VIII (General Partner) S.à r.l.	Luxembourg	B215816	100%	100%
EQT Mid-Market Credit II (General Partner) S.à r.l.	Luxembourg	B212991	100%	100%
EQT Credit Solutions (General Partner) S.à r.l.	Luxembourg	B217695	100%	100%
EQT Management S.à r.l.	Luxembourg	B145067	100%	100%
EQT Luxembourg Management S.à r.l.	Luxembourg	B217192	100%	100%
EEC Holding S.à r.l.	Luxembourg	B201525	100%	100%
EQT Public Value (General Partner) S.à r.l.	Luxembourg	B225269	100%	100%
EQT Infrastructure IV (General Partner) S.à r.l.	Luxembourg	B225708	100%	100%
EQT Ventures II (General Partner) S.à r.l.	Luxembourg	B232970	100%	0%
EQT Real Estate II (General Partner) S.à r.l.	Luxembourg	B225704	100%	100%
EQT IX (General Partner) S.à r.l.	Luxembourg	B238938	100%	0%

Note 25 cont.

Name	Registered office	Corporate reg. no	Percentage held	
			31.12.2019	31.12.2018
EQT Holdings B.V.	Amsterdam	54467861	100%	100%
EQT Holdings II B.V. Shareclass AS/ASE ¹⁾	Amsterdam	55502903	100%	100%
EQT Infrastructure II GP B.V.	Amsterdam	54468701	100%	100%
EQT Credit Holdings B.V. Shareclass AS/ASE ¹⁾	Amsterdam	55591701	100%	100%
EQT Credit II GP LP	Edinburgh	SL011031	100%	100%
EQT Holdings III B.V. Shareclass AS ¹⁾	Amsterdam	56497490	100%	100%
EQT Mid Market GP B.V.	Amsterdam	55314295	100%	100%
EQT Holdings PVF Coöperatief U.A.	Amsterdam	71843647	100%	100%
EQT Holdings VII B.V. Shareclass AS ¹⁾	Amsterdam	63039818	100%	100%
EQT VII (General Partner) LP	Edinburgh	SL019045	100%	100%
EQT Holdings Real Estate B.V. Shareclass AS ¹⁾	Amsterdam	63243687	100%	100%
EQT Real Estate I (General Partner) LP	Edinburgh	SL020800	100%	100%
EQT Holdings Ventures B.V. Shareclass AS ¹⁾	Amsterdam	63191334	100%	100%
EQT Ventures (GP) SCS	Luxembourg	B196905	100%	100%
EQT Holdings MMUS B.V. Shareclass AS ¹⁾	Amsterdam	63039729	100%	100%
EQT Mid Market US GP B.V.	Amsterdam	62863223	100%	100%
EQT Holdings Mid Market Asia III Coöperatief U.A.	Amsterdam	72183128	100%	100%
EQT Mid Market Asia III GP B.V.	Amsterdam	64683869	100%	100%
EQT Holdings MM Europe B.V. Shareclass AS ¹⁾	Amsterdam	65104153	100%	100%
EQT Mid Market Europe GP B.V.	Amsterdam	64683796	100%	100%
EQT Holdings Credit III B.V. Shareclass AS ¹⁾	Amsterdam	68321562	100%	100%
EQT Credit Opportunities III GP LP	Edinburgh	SL024416	100%	100%
EQT Holdings Infrastructure III B.V. Shareclass AS ¹⁾	Amsterdam	66262844	100%	100%
EQT Infrastructure III (GP) SCS	Luxembourg	B207350	100%	100%
EQT Holdings VIII Coöperatief U.A.	Amsterdam	70951098	100%	100%
EQT VIII (GP) SCS	Luxembourg	B215860	100%	100%
EQT Holdings MM Credit II Coöperatief U.A.	Amsterdam	70991553	100%	100%
EQT Mid-Market Credit II (GP) SCS	Luxembourg	B213004	100%	100%
EQT Credit Solutions Holdings I Coöperatief U.A.	Amsterdam	70834954	100%	100%
EQT AD Customised Credit (GP) SCS	Luxembourg	B221199	100%	100%
EQT BOCPIF Credit Solutions (GP) SCS	Luxembourg	B222739	100%	100%
EQT Empire Credit Solutions (GP) SCS	Luxembourg	B220838	100%	100%
EQT Holdings Infrastructure IV Coöperatief U.A.	Amsterdam	72203498	100%	100%
EQT Infrastructure IV (GP) SCS	Luxembourg	B225827	100%	100%
EQT Holdings Ventures II Coöperatief U.A.	Amsterdam	74791478	100%	0%
EQT Ventures II (GP) SCS	Luxembourg	B233027	100%	0%
EQT Holdings Real Estate II Coöperatief U.A.	Amsterdam	72225521	100%	100%
EQT Real Estate II (GP) SCS	Luxembourg	B226491	100%	100%
ECLO Credit Holding I AB	Stockholm	559212-8861	100%	0%
ECLO Credit Investments I S.är.l.	Luxembourg	B236457	100%	0%
EQT Credit UK Limited	London	12164465	100%	0%
EQT HC I Holdings BV	Amsterdam	58187898	100%	100%
EQT HC II Holdings BV	Amsterdam	58188177	100%	100%
Trill Netherlands BV	Amsterdam	851332262	0%	100%
Qarlbo Netherlands BV	Amsterdam	851332018	0%	100%
TomCo Invest BV	Amsterdam	851792212	0%	100%
Harkla Invest BV	Amsterdam	851792741	0%	100%
Vandelay BV	Amsterdam	851792248	0%	100%
Stockholm Atlantic BV	Amsterdam	851792819	0%	100%
Geltis Investment BV	Amsterdam	851797854	0%	100%
De Rome BV	Amsterdam	851792200	100%	100%
LGA Invest BV	Amsterdam	851792261	0%	100%
Helmholtz Invest BV	Amsterdam	855118623	100%	100%
White Mill Two AG	Wollerau	CHE-195.379.514	100%	100%
EQT Holdings Cooperatief WA	Amsterdam	851291752	0%	100%
EQT International Holdings BV	Amsterdam	821664451	0%	100%
Brookite 2 AB	Stockholm	559188-2559	0%	100%
Brookite 4 AB	Stockholm	559187-3962	0%	100%

¹⁾ The EQT AB Group controls only specified and ring-fenced assets and liabilities within the legal entity (a silo), see Note 2 regarding non-consolidated special entities.

Note 25 cont.

Interests in unconsolidated structured entities

Silos not controlled and accordingly not consolidated by the EQT AB Group consists of investments in EQT Funds and carried interest facilitated through silo entities. The EQT AB Group has economic interests relating to transactions with unconsolidated silos with reference to the Group's carried interest.

The EQT AB Group's investments relating to carried interests are recognized in the balance sheet as "Financial investments", measured at fair value and changes in fair value are recognized as Investment income in the income statement. Disclosures of the investments are presented in Note 18. Carried interest is recognized

in the income statement. Contract assets relating to carried interest are recognized as "Prepaid expenses and accrued income" and separately disclosed in Note 5.

The EQT AB Group's maximum risk exposure relating to these silos are represented by the amount recognized in the balance sheet.

Non-controlling interest

During 2019 EQT AB Group acquired the total non-controlling interest in EQT Partners UK Advisors LLP and EQT Partners UK Advisors II LLP.

Note 26 Earnings per share

EUR	2019	2018
Earnings per share, basic	0.188	0.195
Earnings per share, diluted	0.187	0.195

The calculation of earnings per share has been based on the net income attributable to the shareholders and the weighted average number of shares outstanding. The amounts used in the numerator and denominator are presented below together with some additional information.

Net income attributable to ordinary shareholders, basic and diluted

EUR m	2019	2018
Net income attributable to shareholders, basic	159.6	120.9
Net income attributable to shareholders, diluted	159.6	120.9

At the annual shareholders' meeting held in June 2019 all of the 6,200 preference shares outstanding were redeemed and no preference shares are outstanding at the date of issue of these financial statements.

Weighted average number of shares, basic and diluted

Number of shares	2019	2018
Weighted average number of shares, basic	851,289,562	620,912,290
Number of dilutive class C shares	459,435	-
Weighted average number of shares, diluted	851,748,997	620,912,290

Share transactions during the reporting period

A shareholders' meeting held on 16 April 2019 decided upon a new share issue of 982,669 ordinary shares to be paid by way of contribution of non-cash consideration. Further in accordance with a resolution taken at the shareholders' meeting held on 19 December 2018, a new share issue of 404,376 ordinary shares with payment in cash has been made in April 2019 subsequent to approval from competition authorities on which the transaction was conditioned.

A shareholders' meeting held on 27 June 2019 decided upon a share program. The program may have a dilutive effect when calculating earnings per share in future periods.

The shareholders' meeting held on 27 June 2019 also decided on a split of the Company's shares, whereby one existing ordinary share was split into one hundred ordinary shares. For earnings per share calculation purposes, the number of ordinary shares has been adjusted retrospectively as if the share split had occurred at the beginning of the earliest period presented in these financial statements.

During the second half of 2019 a new share issue of 8,663,490 class C shares was transacted at quota value, corresponding to a value of SEK 0.8m, and subsequently repurchased in full.

Parent company income statement

1 January – 31 December

SEK m	Note	2019	2018
Net sales	2	900.3	426.4
Other operating income	3	5.5	10.6
Total revenue		905.8	437.0
Personnel expenses	4	-304.5	-159.2
Other external costs	5, 6	-565.7	-354.6
Depreciation and amortization	12	-15.3	-0.5
Operating profit/loss		20.3	-77.3
Profit/loss from financial items			
Profit/loss from participation in subsidiaries	7	1,828.2	1,150.5
Interest income and similar profit/loss items	8	86.6	60.3
Interest expense and similar profit/loss items	9	-202.5	-33.1
Profit/loss after financial items		1,732.4	1,100.4
Group contribution, paid		-129.8	-
Profit/loss before tax		1,602.6	1,100.4
Income taxes	10	39.5	8.2
Net income		1,642.1	1,108.6

Parent company balance sheet

SEK m	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Trademarks	11	0.2	0.3
		0.2	0.3
<i>Property, plant and equipment</i>			
Leasehold improvements	12	72.6	14.7
Equipment	12	9.8	0.5
		82.4	15.3
<i>Financial assets</i>			
Participation in subsidiaries	13	11,941.3	1,402.0
Other securities held as non-current assets	14	14.2	11.6
Deferred tax		82.7	-
Other long-term receivables	16	3.7	1.6
		12,041.8	1,415.2
Total non-current assets		12,124.4	1,430.8
Current assets			
<i>Current receivables</i>			
Accounts receivable		10.9	9.7
Receivables from subsidiaries		2,782.9	1,543.2
Current tax assets		13.2	16.7
Other receivables		293.9	249.7
Prepaid expenses and accrued income	17	36.9	19.2
		3,137.9	1,838.6
<i>Cash and bank</i>		8,620.1	2,036.4
Total current assets		11,757.9	3,875.0
TOTAL ASSETS		23,882.3	5,305.8
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		96.2	0.1
		96.2	0.1
<i>Non-restricted equity</i>			
Share premium reserve		8,983.8	1,355.2
Profit or loss brought forward		941.8	1,126.5
Net income		1,642.1	1,108.6
		11,567.7	3,590.3
		11,663.9	3,590.4
Current liabilities			
Accounts payable		25.1	9.1
Liabilities to subsidiaries		11,965.2	1,539.0
Other liabilities		40.6	32.4
Accrued expenses and prepaid income	19	187.5	134.9
		12,218.4	1,715.4
TOTAL EQUITY AND LIABILITIES		23,882.3	5,305.8

Parent company statement of changes in equity

SEK m	Restricted equity		Non-restricted equity		Total equity
	Share capital ¹⁾	New share capital issue in progress	Share premium reserve	Retained earnings incl. profit for the year	
Opening balance at 1.1.2019	0.1	0.1	1,355.2	2,235.1	3,590.4
Net income			–	1,642.1	1,642.1
Transactions with owners					
Dividend				–317.3	–317.3
Share issues	9.6	–0.1	7,628.6		7,638.1
Transaction costs (net of tax)				–128.2	–128.2
Bonus issue	86.5			–86.5	0.0
Share based bonus				105.6	105.6
Purchase of own shares	–0.1			–867.0	–867.0
Total	96.1	–0.1	7,628.6	–1,293.3	6,431.3
Closing balance at 31.12.2019	96.2	–	8,983.8	2,583.9	11,663.9

¹⁾ The share capital amounts to 96,167,739 SEK.

SEK m	Restricted equity		Non-restricted equity		Total equity
	Share capital ¹⁾	New share capital issue in progress	Share premium reserve	Retained earnings incl. profit for the year	
Opening balance at 1.1.2018	0.1	–	0.5	1,651.1	1,651.6
Net income				1,108.6	1,108.6
Transactions with owners					
Dividend				–524.6	–524.6
New share issue		0.1	1,354.7		1,354.8
Total	–	0.1	1,354.7	–524.6	830.2
Closing balance at 31.12.2018	0.1	0.1	1,355.2	2,235.1	3,590.4

¹⁾ The share capital amounts to 61,792 SEK.

Parent company statement of cash flows

SEK m	2019	2018
Cash flows from operating activities		
Operating profit (EBIT)	20.3	-77.3
Adjustments:		
Depreciation and amortization	15.3	0.9
Changes in accruals	34.9	48.1
Foreign currency exchange differences	-5.5	-10.6
Other non-cash adjustments	29.3	-
Increase (-) /decrease (+) in account receivables and other receivables	125.2	-49.2
Increase (+) /decrease (-) in account payables and other payables	1,846.4	960.5
Dividends received	204.0	752.2
Interest received	16.8	11.4
Interest paid	-42.2	-15.3
Income taxes paid	-12.2	-11.3
Net cash from operating activities	2,232.3	1,609.3
Cash flows from investing activities		
Investment in subsidiaries /Group contributions paid	-766.7	-382.7
Acquisition of property, plant and equipment	-82.2	-5.2
Investment in non current assets	239.5	-252.3
Net cash from investing activities	-609.4	-640.1
Cash flows from financing activities		
Share issues	6,145.1	1,352.1
Repurchase of own shares	-867.0	-
Dividends paid	-317.3	-524.6
Net cash flows from financing activities	4,960.8	827.5
Net increase/decrease in cash and cash equivalents	6,583.7	1,796.7
Cash and cash equivalents at the beginning of the period	2,036.4	239.7
Cash and cash equivalents at the end of the period	8,620.1	2,036.4

Notes to the Parent company financial statements

Note 1 Accounting principles

General information

EQT AB, reg.no 556849-4180, is a Swedish registered limited company domiciled in Stockholm. The registered postal address is Box 16409, 103 27 Stockholm. The visiting address is Regeringsgatan 25, Stockholm.

The annual report and consolidated financial statements have been approved for issuance by the board of directors on 30 March 2020. The consolidated income statement and balance sheet and the Parent company's income statement and balance sheet will be presented for approval at the Annual Shareholders' Meeting on 8 June 2020.

Amounts are presented in SEKm unless otherwise stated.

Standards issued but not yet effective

Revised standards and interpretations issued by the IASB and the IFRS Interpretations Committee but not yet effective, are expected to have an immaterial impact on the Parent company's financial statements in the future periods of initial application.

Differences between the Group's and the Parent company's accounting principles

Classification and presentation

The income statement and balance sheet of the Parent company are prepared in accordance with the schedules of the Annual Accounts Act, while the statement of income and other comprehensive income, the statement of changes in equity, and the statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

Subsidiaries

Shares in subsidiaries are recognized at cost. Transaction costs are included in the carrying amount of shares in subsidiaries. In the consolidated financial statements, transaction costs attributable to business combinations are recognized directly in the income statement as incurred.

Contingent considerations are measured based on the probability that the consideration will be paid. Any changes in the provision/receivable is added to/reduces the cost of the shares in subsidiaries. In the consolidated financial statements, contingent considerations are measured at fair value and changes in fair value are recognized in the income statement.

Investments in certain foreign entities with different types of share classes and with ring-fenced assets and liabilities attributable to each type of class, are treated as separate units, so called silos, within each entity. Only the share classes attributable to silos that are controlled by EQT AB are recognized as shares in subsidiaries.

Functional and accounting currency

The Parent company does not apply the Group's principles for determining the functional currency. Instead, the Annual Accounts Act's rules on accounting currency are applied, which means that the Parent company has SEK as its accounting and reporting currency.

Anticipated dividends

Anticipated dividends from subsidiaries are recognized in cases where the Parent company alone has the right to decide the size of the dividend and the Parent company has decided on the size of the dividend before the Parent company has published its financial statements.

Tax

Unlike the consolidated financial statements, the Parent company recognizes untaxed reserves in the balance sheet without allocating it to equity and deferred tax liability. Similarly, no part of the appropriation is allocated to deferred tax expenses in the Parent company's income statement.

Leases

The Parent company does not apply IFRS 16 Leases. Instead, all lease contracts where EQT acts as a lessee, the lease payments are recognized as an expense according to the straight-line method over the lease term. Accordingly, no right of use assets nor lease liabilities are recognized in the balance sheet.

Research and development

In the Parent company, all development costs are recognized as expenses in the income statement as incurred. In the consolidated financial statements, development costs are capitalized when certain criteria are met.

Financial instruments

The Parent company has, in accordance with RFR 2, chosen not to apply IFRS 9 Financial Instruments for financial instruments, which means that financial non-current assets are measured at cost or amortized cost less any impairment losses and financial current assets are measured according to the lower of cost or market.

However, some of the principles in IFRS 9 are applicable – such as impairment losses and credit losses, recognition/derecognition, and the effective interest method for interest income and expenses.

The cost of interest-bearing instruments is adjusted for the accrued difference between the amount that was initially paid, after addition/deduction of transaction costs, and the amount paid on maturity, i.e. the premium and discount respectively.

Impairment losses on financial assets measured at amortized cost are recognized in accordance with IFRS 9, in the same manner as the consolidated financial statements.

Impairment losses on investments in equity instruments are recognized if the fair value is less than the carrying amount.

Financial guarantees

The Parent company's issued financial guarantee contracts consist partly of guarantees in favor of subsidiaries. Financial guarantees require the company to reimburse the holder of a debt instrument for losses that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of the contract.

Note 1 cont.

The Parent company applies the allowed exemption to IFRS 9 as permitted by the Swedish Financial Reporting Board (RFR) for financial guarantees. The exemption relates to financial guarantee contracts issued in favor of, among others, subsidiaries. The Parent company recognizes financial guarantee contracts as provisions in the balance sheet when the company has a commitment for which it is probable that a payment will be required to settle the commitment.

Shareholders' contributions

Provided shareholders' contributions are recognized as an increase in the carrying amount of the shares/participation. Repaid shareholders' contributions are recognized as dividends followed by an impairment test of shares in subsidiaries.

Group contributions

Both group contributions received and paid are recognized as appropriations.

Note 2 Revenue

Revenue derives from contracts to provide services for other companies, mainly subsidiaries. The services relate to management and support functions and are considered to be interrelated and therefore constitute a single performance obligation that is fulfilled over time to the customer. The transaction price for the services is determined by a method based on the arm's length principle.

Revenue is recognized over time as the assignment is performed based on costs incurred and the fulfillment of the performance obligations.

The fee is invoiced on an ongoing basis based on a preliminary cost estimate with a final settlement at year end, payment is due within 10 days from invoicing.

Contract assets consist of accrued income which at year-end amounts to approximately SEK 0.0m (SEK 0.1m).

Note 3 Other operating income

	2019	2018
Foreign currency gains on operating receivables/liabilities	5.5	10.6
	5.5	10.6

Note 4 Employees and personnel expenses

Average number of employees	2019	whereof men	2018	whereof men
Sweden	101	49%	75	41%

Disclosures regarding the company's board of directors and senior executives are presented in the Group's Note 7.

Salaries, other remunerations and social security expenses, including pension expenses

	2019		2018	
	Salaries and remunerations	Social security expenses	Salaries and remunerations	Social security expenses
	191.8	86.2	95.5	48.6
(of which pension expenses)		24.3		17.3

Remunerations to the company's CEO and other senior executives are presented in the Group's Note 7.

Note 5 Audit fees and expenses

	2019	2018
KPMG		
Audit services	4.5	1.2
Other services ¹⁾	37.2	9.1

¹⁾ Other services include costs referring to the IPO.

Audit services refer to the legally required examination of the annual report and the book-keeping, as well as the board of directors' and the CEO's management and any other audit examinations or agreed-upon procedures determined by contract. This includes their work assignments which rest upon the Company's auditor to conduct, and advising or other support justified by observations in the course of examination or execution of such other work assignments.

Note 6 Operating leases

Lease contracts where the Company is the lessee

	2019	2018
Future minimum lease payments under non-cancellable operating leases		
Within one year	46.8	25.0
Between one and five years	185.5	182.3
Later than five years	228.5	-
	460.7	207.3
	2019	2018
Lease expenses recognized	20.9	11.5

EQT AB signed a new lease agreement for new office premises in April 2019. Rent is included in future lease expenses. The lease agreement for the new office premises have a lease term of 10 years.

Note 7 Profit/loss from participations in subsidiaries

	2019	2018
Impairment of shares in subsidiaries	-8.5	-
Dividends from subsidiaries	1,836.7	1,150.5
	1,828.2	1,150.5

Note 8 Interest income and similar profit/loss items

	2019	2018
Interest income, subsidiaries	14.8	11.3
Interest income, other	2.0	0.1
Foreign currency gains	68.3	48.9
Other	1.4	-
	86.6	60.3

Note 9 Interest expense and similar profit/loss items

	2019	2018
Interest expenses, subsidiaries	-30.9	-12.7
Interest expenses, other	-11.3	-2.7
Foreign currency losses	-160.3	-16.8
Other financial expenses	-	-1.0
	-202.5	-33.1

Note 10 Income taxes

	2019	2018
Current tax expenses	39.5	8.2
	39.5	8.2

Reconciliation of effective tax rate

	2019		2018	
	Percent	Amount	Percent	Amount
Profit before tax		1,602.6		1,100.4
Tax at Parent company's statutory rate	21.4%	-343.0	22.0%	-242.1
Non-deductible expenses		-8.8		-2.8
Non-taxable income		393.1		253.1
Tax attributable to prior years		-1.8		0.0
Reported effective tax		39.5		8.2

Note 11 Intangible assets

	Trademarks
Accumulated cost	
Opening balance 01.01.2019	0.8
Closing balance 31.12.2019	0.8
Accumulated amortization	
Opening balance 01.01.2019	-0.5
Amortization	-0.2
Closing balance 31.12.2019	-0.6
Carrying amount at year-end 31.12.2019	0.2
Accumulated cost	
Opening balance 01.01.2018	0.8
Closing balance 31.12.2018	0.8
Accumulated amortization	
Opening balance 01.01.2018	-0.3
Amortization	-0.2
Closing balance 31.12.2018	-0.5
Carrying amount at year-end 31.12.2018	0.3

Note 12 Property plant and equipment

	Leasehold improvements	Equipment	Total
Accumulated cost			
Opening balance 01.01.2019	14.8	2.7	17.4
Acquisitions	71.0	11.2	82.2
Scrapped/sold	-6.0	-2.0	-8.0
Closing balance 31.12.2019	79.8	11.8	91.6
Accumulated depreciation			
Opening balance 01.01.2019	0.0	-2.1	-2.1
Scrapped/sold	6.1	2.0	8.1
Depreciation	-13.2	-1.9	-15.2
Closing balance 31.12.2019	-7.1	-2.0	-9.2
Carrying amount at year-end 31.12.2019	72.6	9.8	82.4
Accumulated cost			
Opening balance 01.01.2018	9.6	2.7	12.3
Acquisitions	5.2	-	5.2
Closing balance 31.12.2018	14.8	2.7	17.4
Accumulated depreciation			
Opening balance 01.01.2018	0.0	-1.8	-1.8
Depreciation	-	-0.3	-0.3
Closing balance 31.12.2018	0.0	-2.1	-2.1
Carrying amount at year-end 31.12.2018	14.7	0.5	15.3

Leasehold improvements relate to properties in the entered lease agreement of new office premises in April 2019. Scrapping of leasehold improvements that occurred during 2019 is related to the previous office building.

Note 13 Participations in subsidiaries

	2019	2018
Accumulated cost		
Opening balance	1,487.1	1,101.8
Acquisitions	12.9	2.6
Shareholders' contributions paid	10,534.9	382.7
Closing balance	12,034.9	1,487.1
Accumulated impairments		
Opening balance	-85.1	-84.7
Impairment	-8.5	-0.4
Closing balance	-93.6	-85.1
Carrying amount at year-end	11,941.3	1,402.0

Note 13 cont.

Specification of Participations in subsidiaries

Subsidiary / Corp. reg. no./ Registered office	Number of shares	Share in % ¹⁾	2019-12-31	2018-12-31
			Carrying amount	Carrying amount
EQT Services (UK) Ltd. Reg. no. 07936651, London	625	100.0	24.3	24.1
EQT Holdings BV. Reg. no. 54467861, Amsterdam	1,800,000	100.0	3,199.2	1,246.7
EQT Investment Verwaltungs-GmbH. Reg. no. HRB 194327, München	25,000	100.0	3.7	5.9
EQT Infrastructure II (GP) Ltd. Reg. no. 416498, Edinburgh	100	100.0 ²⁾	0.0	0.0
EQT Credit II (GP) Ltd. Reg. no. 420737, Edinburgh	100	100.0	0.3	0.3
EQT Fund management S.à r.l. Reg. no. B167.972, Luxembourg	1,627	100.0	132.0	99.1
EQT Mid Market (GP) Ltd. Reg. no. 436969, Edinburgh	100	100.0 ²⁾	0.0	0.0
EQT Management S.à r.l. Reg. no. B 145067, Luxembourg	12,500	100.0	12.2	8.1
EQT Mid-Market Credit SV SA. Reg. no. 34372326, Luxembourg	36,287,950	100.0	-	-
EQT Netherlands Management BV. Reg. no. 60593733, Amsterdam	1	100.0	14.3	14.3
EQT Services Netherlands BV. Reg. no. 851645768, Amsterdam	1,800,000	100.0	38.6	-
EQT Partners AB. Reg. no. 5562337229, Stockholm	5,000	100.0	69.8	-
EQT VII Ltd. Reg. no. 493105, Edinburgh	1	100.0 ²⁾	0.0	0.0
EQT Mid Market US (GP) Ltd. Reg. no. SC500973, Edinburgh	1	100.0 ²⁾	0.0	0.0
EQT Real Estate Ltd. Reg. no. SC504628, Edinburgh	1	100.0 ²⁾	0.0	0.0
EQT Ventures (GP) S.à r.l. Reg. no. B 0196578, Luxembourg	12,500	100.0	0.1	0.1
EQT Infrastructure III (GP) S.à r.l. Reg. no. B 207225, Luxembourg	12,500	100.0	0.1	0.1
EQT Co-Investment (GP) S.à r.l. Reg. no. B 209598, Luxembourg	1,200,000	100.0	0.1	0.1
EQT Loan Fund (GP) S.à r.l. Org. nr. B 210931, Luxembourg	1,200,000	100.0	0.1	0.1
EQT Mid Market Asia III GP Ltd. Reg. no. SC521109, Edingburgh	1	100.0 ²⁾	0.0	0.0
EQT Mid Market Europe GP Ltd. Reg. no. SC521108, Edingburgh	1	100.0 ²⁾	0.0	0.0
EQT CI GP Ltd. Reg. no. SC518952, Edingburgh	1	100.0 ²⁾	0.0	0.0
EQT VII International Holdings BV. Reg. no. 69473129, Amsterdam	12,000	100.0	0.1	0.1
EQT VIII (GP) S.à r.l. Org. nr. B 215816, Luxembourg	12,000	100.0	0.1	0.1
EQT VII Co-Investment (GP) S.à r.l. Reg. no. B 217579, Luxembourg	12,000	100.0	0.1	0.1
EQT Mid-Market Credit II (General Partner) S.à r.l. Org. nr. B212991, Luxembourg	12,000	100.0	0.1	0.1
EQT Credit Solutions GP Sarl. Reg. no. B217695, Luxembourg	12,000	100.0	0.1	0.1
EQT HC I Holdings BV. Reg. no. 852917247, Amsterdam	308,642	100.0	-	0.2
EQT HC II Holdings BV. Reg. no. 852917387, Amsterdam	308,642	100.0	-	0.2
Trill Netherlands BV. Reg. no. 851332262, Amsterdam	277,278	0.0	-	0.2
Qarlbo Netherlands BV. Reg. no. 851332018, Amsterdam	462,963	0.0	-	0.3
TomCo Invest BV. Reg. no. 851792212, Amsterdam	385,802	0.0	-	0.2
Harkla Invest BV. Reg. no. 851792741, Amsterdam	308,642	0.0	-	0.2
Vandelay BV. Reg. no. 851792248, Amsterdam	308,642	0.0	-	0.2
Stockholm Atlantic BV. Reg. no. 851792819, Amsterdam	154,321	0.0	-	0.1
Geltis Investment BV. Reg. no. 851797854, Amsterdam	308,642	0.0	-	0.2
De Rome BV. Org. nr. 851792200, Amsterdam	216,049	100.0	-	0.1
LGA Invest BV. Reg. no. 851792261, Amsterdam	308,642	0.0	-	0.2
Helmholtz Invest BV. Reg. no. 855118623, Amsterdam	154,321	100.0	-	0.1
White Mill Two AG. Reg. no. CH-0203035230-6, Schweiz	308,642	100.0	-	0.2
Brookite 2 AB. Reg. no. 559188-2559, Stockholm	5,000	0.0	-	0.1
Brookite 4 AB. Reg. no. 559187-3962, Stockholm	5,000	0.0	-	0.1
ECLO Credit Holding I AB. Reg. no. 559212-8861, Stockholm	6,500	100.0	55.8	-
EQT Treasury AB. Reg. no. 559227-5647, Stockholm	6,500	100.0	8,377.7	-
EQT Credit Opportunities III (GP) Limited. Reg. no. SC521170	1	100.0	-	-
EQT Credit UK Limited. Reg. no. 12164465, England & Wales	1,000,490	100.0	12.3	-
			11,941.3	1,402.1

¹⁾ Referring to the owners' share of the capital, which is equivalent to the share of the votes for the total amount of shares.²⁾ The value amounts to 1 GBP each for these companies.

Note 14 Other securities held as non-current assets

	2019	2018
Accumulated cost		
Opening balance	11.6	5.0
Additional assets	2.6	6.5
Closing balance	14.2	11.6
Carrying amount at year-end	14.2	11.6

Note 15 Financial instruments and risk management

Financial risks and financial risk management

The description of financial risks and financial risk management for the Group – Note 19 Financial Instruments and Financial Risks, is in all material aspects also applicable for the Parent company.

Financial assets and financial liabilities

The table below presents the Parent company's financial assets and liabilities.

	2019	2018
Financial assets		
Other securities held as non-current assets	14.2	11.6
Other non-current receivables	3.7	1.6
Accounts receivables	10.9	9.7
Receivables from subsidiaries	2,782.9	1,543.2
Other receivables	293.9	249.7
Accrued income	–	0.1
Cash and bank	8,620.1	2,036.4
Total financial assets	11,725.7	3,852.3
Financial liabilities		
Accounts payable	25.1	9.1
Liabilities to subsidiaries	11,965.3	1,539.0
Other liabilities	40.6	32.4
Accrued expenses	100.1	92.3
Total financial liabilities	12,131.0	1,672.8

All financial assets are recognized at acquisition cost. For short-term financial assets and liabilities (accounts receivables, receivables and liabilities from group companies, other receivables and liabilities, accrued income and expenses, cash and bank, and accounts payable) the carrying amounts are considered to be reasonable approximations of their fair value. For a description and disclosures about the fair value of other securities held as non-current assets, see the Group's Note 19.

Note 16 Other long-term receivables

	2019	2018
Accumulated cost		
Opening balance	1.6	0.0
Additional receivables	2.1	1.6
Carrying amount at the year-end	3.7	1.6

Note 17 Prepaid expenses and accrued income

	2019	2018
Insurance	2.6	2.2
Pensions	0.0	0.3
Licenses	14.3	12.1
Other	20.0	4.5
Accrued income	–	0.1
	36.9	19.2

Note 18 Number of shares and quota value

For further information regarding Number of shares and quota value, see the Group's Note 15 Equity.

Note 19 Accrued expenses and prepaid income

	2019	2018
Accrued personnel expenses	87.5	42.6
Accrued consultancy fees	51.4	66.7
Other accrued expenses	48.5	20.0
Accrued expenses, group internal	–	5.5
	187.5	134.9

Note 20 Pledged assets and contingent liabilities

	2019	2018
For subsidiaries		
General guarantee commitment	–	3.1
Total pledged assets	–	3.1

As of 31 December 2019 the Parent company has a general guarantee commitment of SEK 0.0m (SEK 3.1m). The general guarantee in 2018 relates to lease guarantees for EQT Partners GmbH (EUR 300k).

Note 21 Related parties

Related parties	Year	Sales of services	Purchases of services	Other	Receivables	Liabilities
Subsidiaries	2019	878.1	3.8	1,820.6	2,782.9	11,965.2
Subsidiaries	2018	426.2	10.5	1,133.3	1,543.2	1,539.0

Note 22 Events after the reporting period

For disclosures regarding events after the reporting period, see the Group's Note 23.

Proposal for the distribution of net income

Standing at the disposal of the Annual Shareholders' Meeting, in accordance with the balance sheet of EQT AB:

Share premium reserve	8,983,811,720
Profit brought forward	941,752,319
Net income	1,642,144,894
Total	11,567,708,932

The board proposes that, following approval of the balance sheet of EQT AB for the financial year 2019, the Annual Shareholders' Meeting should distribute the earnings as follows:

Dividend to shareholders:	
SEK 2.20 per share	2,097,575,337
Retained earnings	9,470,133,595
Total	11,567,708,932

It is the Board's opinion that the proposed dividend is justifiable taking into consideration the demands that the nature, scope and risks of EQT's operations place on the

size of EQT AB's and EQT AB Group's equity, and EQT AB's and EQT AB Group's consolidation needs, liquidity and financial position in general.

EQT AB

Corp. id 556849-4180

The Board and CEO assure that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with International Accounting Standards, stated in the regulation of the European Parliament and the Council of Ministers (EG) no 1606/2002 of 19 July 2002, concerning the application of international accounting standards. The Annual Report and the consolidated accounts give a true and fair view of the parent company as well as of the EQT AB Group's position and result. The Board of Directors' report for the parent company and the EQT AB Group gives a true and fair view of the parent company's and Group's business development, position and result. It also describes the major risks and uncertainty factors facing the parent company and Group companies.

Stockholm 30 March 2020

Conni Jonsson
Chairperson

Christian Sinding
CEO

Edith Cooper

Johan Forssell

Gordon Orr

Finn Rausing

Peter Wallenberg Jr

The Annual Report and the consolidated accounts have been approved for publication by the Board of Directors and the Chief Executive Officer on 30 March 2020. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption by the AGM on 8 June 2020.

Our audit report has been submitted
KPMG AB

Thomas Forslund
Authorized public accountant

Auditor's report

To the general meeting of the shareholders of EQT AB, corp. id 556849-4180

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of EQT AB for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 54–107 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Carried interest

See disclosure 5 and accounting principles on page 71 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter	Response in the audit
<p>As of 31 December 2019 the group reported carried interest of EUR 14 million.</p> <p>Carried interest is a share of profits that EQT AB Group receives through its holdings in the Special Limited Partners as variable consideration fully dependent on the performance of the relevant fund and the development of the funds underlying investments. EQT AB Group is entitled to an agreed share of accumulated profits exceeding agreed thresholds over the expected life of each individual fund.</p> <p>Management of the EQT AB Group makes assumptions and uses estimates to determine whether or not revenue should be recognized including the timing and measurement of revenue from carried interest. Revenue should only be recognized to the extent it is highly probable that revenue would not result in significant revenue reversal of accumulated revenue recognized on final settlement of the fund. The reversal risk is managed through adjustments of current unrealized fund values by imposing discounts. The discounts applied depend on specific segment risks and the expected average remaining holding period of each fund.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We have reviewed the company's model for calculation of carried interest and obtained an understanding of the valuation process and key controls in this process, • We have assessed the development of the funds underlying investments and the discounts to conclude whether these were performed in accordance with the prescribed method, • We tested that the methodology and consistency applied in the valuation of the portfolio companies is in accordance with the International Private Equity and Venture Capital Valuation Guidelines, • We assessed the relevance of multiples used against market multiples from relevant transactions or market data, • We have involved an internal valuations- and accounting specialists to assess the current unrealized fund values by imposing discounts and also to evaluate the accuracy of the disclosures of carried interest in the annual accounts or consolidated accounts.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of EQT AB for the year 2019 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of EQT AB by the general meeting of the shareholders on the 27 July 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2012.

Stockholm 30 March 2020

KPMG AB

Thomas Forslund
Authorized Public Accountant

Corporate governance report

Corporate governance practices refer to the decision-making systems through which owners, directly or indirectly, govern a company. Good corporate governance is not only important for EQT AB's organization, it is also integrated in EQT's business model as it is part of the core of EQT's value creation strategy when advising and future-proofing the portfolio companies of the EQT funds.

EQT AB is a Swedish limited liability company governed by the Swedish Companies Act. As a listed company on Nasdaq Stockholm, EQT AB further adheres to the Swedish Code of Corporate Governance (the "Code"). The Code is published

on www.corporategovernanceboard.se, where a description of the Swedish Corporate Governance model can be found.

This Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how EQT AB has conducted its corporate governance activities during the financial year 2019.

EQT AB did not deviate from the Nasdaq Stockholm Rule Book for Issuers, the Code or good stock market practice during the financial year 2019.

The Corporate Governance Report has been reviewed by EQT AB's auditor, as presented on page 122.

Statement of Purpose

Purpose – why we exist:

"to future-proof companies and make a positive impact"

Vision – what we strive for:

"to be the most reputable investor and owner"

Mission – what we do and how:

"with the best talent and network around the world, EQT uses a thematic investment strategy and distinctive value creation approach to future-proof companies, creating superior returns to EQT's investors and making a positive impact with everything we do"

EQT has an enduring commitment to responsible investment and has since inception had a multi-stakeholder approach, with the original concept from EQT's founding in 1994 of being "more than capital". This concept still embodies the fundamental mindset that defines EQT and our active ownership approach. With an entrepreneurial spirit and passion for future-proofing companies, EQT continues to further incorporate the long-term ownership philosophy of the Swedish Wallenberg family.

Today, EQT is a differentiated global investment organization with a 25-year

history of responsibly investing in, owning and developing companies. With a Nordic heritage and a global mindset combined with well-grounded values and a deeply rooted culture, EQT has a track record of consistent and attractive returns across geographies, sectors and strategies. We do this by making a real difference: over the years, EQT has on average grown portfolio company revenues per year by 10 percent, EBITDA by 12 percent and number of employees by 7 percent, annually. Going forward, we will develop EQT with greater diversity in mind and consciously transition portfolio companies to use renewable energy, which will reduce greenhouse gas emissions. EQT is also committed to publish key ESG data and link incentive schemes to sustainability objectives.

As EQT has grown, our philosophy has been further ingrained into the EQT Way of doing business. By taking an active role and working closely with management and the boards, EQT supports portfolio companies with hands-on governance and expertise, leveraged from both within the EQT platform and the global network of EQT Advisors. Providing both capital and competence constitutes the essence of EQT's active ownership approach and is difficult to replicate. It allows us not only to invest, but also to be part of the

solution and make a positive impact that prevails during and after EQT funds' ownership period, all while creating attractive returns for EQT funds' investors.

Shouldering the role as an active owner is not done overnight. It requires trust from multiple stakeholders and such trust is earned over time. At EQT, we have always been dependent on our license to operate to continue carrying out our mission. This has meant a continuous quest to gain and preserve confidence from a broad set of stakeholders such as portfolio companies' employees, fund investors, unions, the media, politicians – and since the public listing, also EQT AB's shareholders.

Finally, we have decided to align all investment decisions in support of achieving the United Nations Sustainable Development Goals (SDGs) as well as ownership actions to drive the development of the portfolio companies in this direction – taking an active part in the world's "Full Potential Plan". Accordingly, EQT is committed to future-proofing companies and making a positive impact with everything we do. We believe this will ensure that EQT stays successful and relevant for its investors and society as a whole for the long-term.

Conni Jonsson
Founder and Chairperson

Christian Sinding
CEO and Managing Partner

Edith Cooper
Board Member

Johan Forssell
Board Member

Gordon Orr
Board Member

Finn Rausing
Board Member

Peter Wallenberg Jr
Board Member

Authorizations

At the annual shareholders' meeting on 27 June 2019, three authorizations were granted to the board:

1. Authorization to, in connection with the listing of EQT AB's ordinary shares on Nasdaq Stockholm, and for the period up to the next annual shareholders' meeting, resolve, whether on one or several occasions, on a directed issue of ordinary shares up to an amount of shares corresponding to a maximum issue amount of EUR one billion, however provided that any such issue must not result in EQT AB's share capital exceeding EQT AB's maximum allowed share capital as set out in EQT AB's articles of association as adopted from time to time.
2. Authorization to, during the period until the annual shareholders' meeting 2020, on one or more occasions, increase EQT AB's share capital by issue of class C shares. With deviation from the shareholders' pre-emption rights, a participating bank shall be entitled to subscribe for the new class C shares at a subscription price corresponding to the quota value of the shares. The purpose of the proposed authorization and the reason for the deviation from the shareholders' pre-emption rights in connection with the issue of class C shares is to ensure delivery of class C shares under the EQT Share Program.
3. Authorization to, during the period until the annual shareholders' meeting 2020, on one or more occasions, repurchase its own class C shares. The repurchase may only be effectuated through an offer directed to all holders of class C shares and shall comprise all outstanding class C shares. Repurchases shall be effectuated at a purchase price corresponding to the quota value. Payment for the class C shares shall be made in cash. The purpose of the proposed repurchase authorization is to ensure delivery of class C shares under the EQT Share Program. The number of class C shares that can be repurchased are subject to recalculation in the event of a bonus issue, split, rights issue and/or other similar events.

The first authorization was used by the board on 23 September 2019. The second and third authorizations were used by the board on 13 November 2019.

Shareholders' meetings and the Annual Shareholders' Meeting 2020

According to EQT AB's articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and on EQT's website. At the time of the notice convening the meeting, information regarding the notice

shall be published in the Swedish daily newspaper Dagens Industri.

Shareholders who wish to participate in a shareholders' meeting of EQT AB must be included in the shareholders' register maintained by Euroclear Sweden ("Euroclear") on the day falling five workdays prior to the meeting and notify EQT AB of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares in EQT AB owned or represented by the shareholder, without restrictions on the number of votes.

The annual shareholders' meeting 2020 (the "AGM 2020") of EQT AB will take place on 8 June 2020 at the Waterfront Congress Centre, Nils Ericsons Plan 4, in Stockholm, Sweden. All documents related to the AGM 2020 will be published on EQT's website.

Shares

At year-end 2019, EQT AB had 23,121 shareholders according to the shareholders' register maintained by Euroclear. The only shareholders representing more than one tenth of the shares and votes in EQT AB are Investor Investments Holding Aktiebolag, an indirect subsidiary of Investor Aktiebolag, with 18.1 percent of the capital and 18.3 percent of the votes and Bark Partners AB, an entity owned by Conni Jonsson, Thomas von Koch, Harry Klagsbrun and Per Franzén, with 15.2 percent of the capital and 15.3 percent of the votes. For more information about the EQT AB share and its largest shareholders, see page 135. Information on EQT AB's shareholder structure is also made available on EQT's website.

Nomination committee

Under the Code, all companies whose shares are listed on a regulated market in Sweden must have a nomination committee to prepare proposals regarding certain appointments by the shareholders' meeting. The main task of the nomination committee is to propose candidates for election to the board, including the chairperson of the board, and, where applicable, propose auditors for election to the shareholders' meeting. When nominating persons for election to the board, the nomination committee shall determine whether in its view the persons nominated for election are considered independent of EQT AB, its senior management and the major shareholders in EQT AB. In addition, the nomination committee shall propose a candidate for election as chairperson of the annual

shareholders' meeting. The nomination committee shall also submit proposals concerning the remuneration of the chairperson of the board, the other board members and the auditors.

The nomination committee of EQT AB shall be appointed as follows:

- i. The nomination committee shall comprise one member appointed by each of the four largest shareholders, based on ownership in EQT AB on the last banking day of August the year before the annual shareholders' meeting, and the chairperson of the board. For the AGM 2020, the composition shall however be based on ownership in EQT AB as of 31 October 2019. If any shareholder renounces its right to appoint a member to the nomination committee, such right shall transfer to the shareholder who is the next largest shareholder in EQT AB.
- ii. If none of the four largest shareholders is (a) a member of the EQT Partnership Association ("EQT Member"), which is the manager of Stiftelsen EQT Foundation ("EQT Foundation"), or (b) the EQT Foundation, the fourth largest shareholder's right shall instead vest in the EQT Foundation. Thus, an EQT Member or the EQT Foundation shall always be allowed to appoint a member of the nomination committee. If the EQT Foundation renounces such right, the right shall transfer to the fourth largest shareholder pursuant to (i).

For further information regarding the principles for appointment of the nomination committee, please refer to EQT's website. The composition of the nomination committee meets the requirements concerning the independence of the nomination committee. All AGM documents related to the nomination committee will be published on EQT's website.

Nomination committee for the AGM 2020

Members	Appointed by	% of the votes per 31 December 2019
Jacob Wallenberg (Chairperson)	Investor AB	18.3
Harry Klagsbrun	Bark Partners AB	15.3
Kine Burøy-Olsen	Lennart Blecher	3.4
Anders Oscarsson	AMF Insurance & Funds	0.7
Conni Jonsson	Chairperson of the Board	0.6

Auditor

EQT AB's auditor shall review EQT AB's annual report and accounting, as well as the management of the Board and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual shareholders' meeting.

Pursuant to EQT AB's articles of association, EQT AB shall have no less than one and no more than two auditors with no more than two deputy auditors. Since 2011, EQT AB's auditor is KPMG AB.

For details on remuneration to the auditors, see Note 8.

The Board



CONNI JONSSON

Born 1960. Chairperson of the Board since January 2012¹⁾. Founder of EQT.

Education: Bachelor of Science with majors in Economic Analysis and Accounting & Finance from Linköping University. Studies at the Management Development Program, Harvard Business School.

Other current assignments: Board member of POP HOUSE SWEDEN AB and EQT Partnership Association. Member of several Investment Committees within EQT – Equity, Real Assets, Public Value and Ventures Growth.

Previous assignments: Chairperson of the board and board member of EQT Partners Aktiebolag.

Shareholding in EQT AB: 52,322,636 ordinary shares (indirectly).

Independent of EQT AB and executive management: No.

Independent of major shareholders: No.

¹⁾ Conni Jonsson was the sole board member of EQT AB from 13 January 2012 until 26 August 2013, when he was elected Chairperson of the board.



EDITH COOPER

Born 1961. Board member since October 2018.

Education: Master of Management from Kellogg School of Management, Northwestern University. Bachelor of Arts from Harvard University.

Other current assignments: Board member of Slack Technologies Inc. and ETSY Inc.

Previous assignments: Executive Vice President and Global Head of Human Capital Management for Goldman Sachs.

Shareholding in EQT AB: –

Independent of EQT AB and executive management: Yes.

Independent of major shareholders: Yes.



JOHAN FORSELL

Born 1971. Board member since August 2015.

Education: Master of Science in Economics and Business Administration from Stockholm School of Economics.

Other current assignments: CEO and board member of Investor AB. Board member of Atlas Copco AB, Epiroc AB, Wärtsilä Oyj Abp and Patricia Industries.

Previous assignments: Board member of SAAB Aktiebolag.

Shareholding in EQT AB: –

Independent of EQT AB and executive management: Yes.

Independent of major shareholders: No.



GORDON ORR

Born 1962. Board member since October 2018.

Education: Master in Engineering from Oxford University. MBA, Baker Scholar, Harvard Business School.

Other current assignments: Chairperson of the board of Westchel Ltd. Board member of Lenovo Group Ltd, China Britain Business Council, Swire Pacific Ltd, PCH Ltd, Phynova Ltd and Meituan Dianping Ltd.

Previous assignments: Partner and board member of McKinsey & Company. Board member of BioProducts Laboratory Ltd.

Shareholding in EQT AB: 31,530 ordinary shares (directly).

Independent of EQT AB and executive management: Yes.

Independent of major shareholders: Yes.



FINN RAUSING

Born 1955. Board member since August 2013.

Education: LL.B. from Lund University. MBA, INSEAD, Fontainebleau.

Other current assignments: Board member of Tetra Laval Group, Alfa Laval AB, DeLaval Holding AB, Swede Ship Marine AB, Excillum AB, Östekonomiska institutet and Islero Investments AG.

Previous assignments: –

Shareholding in EQT AB: –

Independent of EQT AB and executive management: Yes.

Independent of major shareholders: Yes.



PETER WALLENBERG JR

Born 1959. Board member since July 2014.

Education: International Bacheloria, American School in Leysin Switzerland BSBA Hotel Administration, University of Denver USA.

Other current assignments: Chairperson of the Board of Knut and Alice Wallenberg Foundation, Marianne and Marcus Wallenberg Foundation, Wallenberg Foundations AB, The Grand Group AB and KAK – the Royal Automobile Club. Board member of Atlas Copco AB and Scania AB.

Previous assignments: Board member of Aleris, Investor AB and FAM AB.

Shareholding in EQT AB: –

Independent of EQT AB and executive management: Yes.

Independent of major shareholders: No.

According to EQT AB's articles of association, the board members elected by the shareholders' meeting shall be no less than three and no more than 10 members without any deputy members.

Since the annual shareholders' meeting on 27 June 2019, the board has consisted of six members and no deputy members, all of which were re-elected at the annual shareholders' meeting 2019.

The composition of EQT AB's board meets the Code's requirements concerning independence. In the nomination committee work for the Annual General shareholders' Meeting 2020, the nomination committee will apply rule 4.1 of the Code as diversity policy in its nomination work with the aim to achieve a well-functioning composition of the board when it comes to diversity and breadth, as regards inter alia gender, nationality, age and industry experience.

EVALUATION OF THE BOARD AND THE CEO

The board applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting each year. Pursuant to the rules of procedure, the Chairperson of the board initiates an annual evaluation of the performance of the board. The objective of the evaluation is to provide insight into the board members' view about the performance of the board and identify measures that could make the work of the board more effective. A secondary objective is to form an overview of the areas the board believes should be afforded greater scope and where additional expertise might be needed within the board. All members of the board participated in the 2019 evaluation. In addition, and within the evaluation, each board member responded to a survey and the Chairperson of the board held individual conversations with each board member to discuss the results of the survey to gain a better

understanding of the board's work during the year. As part of the annual evaluation process, the Chairperson reports the results to the nomination committee. The board continuously evaluates the performance of the CEO by monitoring the development of the business in relation to the established objectives. A formal performance review is carried out once a year.

WORK OF THE BOARD IN 2019

During 2019, the board held 10 meetings. The board members' attendance is shown in the table below. The secretary of all board meetings was Lena Almfelt, General Counsel at EQT AB. Prior to each meeting, the board members were provided with written information on the matters that were to be discussed. Furthermore, there have been board meetings where the board members have had the opportunity to discuss matters without representatives of EQT AB's management being present.

The large number of board meetings held in 2019 were primarily caused by the extensive information and decision-making process leading up to the reorganization of EQT AB's ownership structure and EQT AB's listing on Nasdaq Stockholm on 24 September 2019. The main focus area for the board's work during the year has been the preparations for and execution of the listing of EQT AB on Nasdaq Stockholm.

Committee work is an important task performed by the board. For a description of the work conducted by the committees during 2019, see the table below.

In addition to participating in meetings of the audit committee, EQT AB's auditor also attended a board meeting during which board members had the opportunity to pose questions to the auditor without representatives of EQT AB's management being present.

Attendance at Board meetings and Board remuneration in 2019

Member	Attendance record, Board and Committee meetings 2019			Remuneration resolved by the annual shareholders' meeting 2019 (EURk)			
	Board meetings ¹⁾	AudCo meetings	RemCo meetings	Board Fee	Audit committee	Remuneration committee	Total
Connj Jonsson (Chairperson)	10/10	7/7	3/3	275	20	20	315
Johan Forssell	10/10	7/7	–	125	20	–	145
Peter Wallenberg Jr	9/10	–	3/3	125	–	20	145
Finn Rausing	8/10	–	–	125	–	–	125
Gordon Orr	10/10	7/7	–	125	40	–	200 ²⁾
Edith Cooper	10/10	–	3/3	125	–	40	200 ²⁾
Total				900	80	80	1,130

¹⁾ Per capsulam and by correspondence not included.

²⁾ The total remuneration includes EUR 35,000 for consultancy work, please see further Note 24.

BOARD COMMITTEES

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the board has formed an audit committee as well as a remuneration committee. The members of the committees are appointed at the inaugural board meeting and the committees' duties and decision-making authorities are regulated in annually approved committee instructions. The primary objective of the committees is to provide preparatory and administrative support to the board. The matters considered at committee meetings are recorded in minutes and reported at the next board meeting. Representatives from EQT AB's specialist functions typically participate in committee meetings.

The audit committee shall perform the tasks set out in applicable EU rules, the Swedish Companies Act and, to the extent appropriate, the Code. The purpose and aim of the audit committee is to assist the board in fulfilling its responsibilities with respect to financial reporting, internal control and risk management and to increase the quality of the audit of EQT AB and the EQT AB Group, to improve contacts between the board and EQT AB's auditor and to increase the quality and improve the supervision and control of EQT AB's financial risk exposure, risk management and financial reporting. The audit committee shall also keep itself informed about the audit of the annual financial statements and the consolidated financial statements, monitor the handling of related party transactions, review and monitor the impartiality and independence of the auditors and pay special attention to whether the auditors are providing other services besides audit services to EQT AB, and assist in preparations for the purchase of auditing services as well as preparations for the annual shareholders' meeting's decision on the election of auditors.

The purpose and aim of the remuneration committee is to address remuneration matters and ensure a comprehensive and well prepared and supervised remuneration model for the EQT AB Group's employees.

The remuneration committee is tasked with preparing proposals on remuneration principles, remunerations and other employment terms for EQT AB's executive management. The remuneration committee is also tasked with monitoring and evaluating programs for variable remuneration for the executive management, the application of the guidelines for remuneration to the executive management adopted by the annual shareholders' meeting as well as the current remuneration structures and remuneration levels in EQT AB.

REMUNERATION TO THE BOARD

Fees and other remuneration to the board members, including the Chairperson of the board, are resolved by the shareholders' meeting. Detailed information about remuneration, pensions and other benefits for the board is set out in note 7 and on EQT's website. The board members are not entitled to any benefits following termination of their assignments as members of the board. To the extent a board member conducts work for EQT, in addition to the board work, consulting fees and other compensation for such work may be paid.

The executive committee



CHRISTIAN SINDING

Born 1972. CEO and Managing Partner since January 2019. Deputy Managing Partner 2015–2019. Employed by EQT since 1998.

Education: Bachelor of Science in Commerce with Distinction, University of Virginia.

Other current assignments: Board member of Vidsjaa AS, Baggins AG and EQT Partnership Association. Member of the EQT Executive Committee and Chairman of the Equity Partners Investment Committee.

Previous assignments: Board member of XXL ASA, Plantasjen AS, VTI Technologies, ISS AB, Cimbria A/S, Gambro AB, Vaasan&Vaasan Oy., Findus AB and Flexlink AB.

Experience: Joined EQT Partners from AEA Investors Inc., a leading U.S.-based private equity firm. Previous Christian was a financial analyst with Bowles Hollowell Conner & Co. Christian has worked in the Stockholm-, Munich- and Copenhagen-offices of EQT Partners and opened the Oslo office in 2007. Christian was Head of Equity between 2011–2018.

Shareholding in EQT AB: 31,241,385 ordinary shares (indirectly).



LENNART BLECHER

Born 1955. Deputy Managing Partner since August 2013. Head of Real Assets Advisory team since January 2015. Employed by EQT since 2007.

Education: Master of Laws, Lund University. Academy of American and International Law, University of Dallas.

Other current assignments: Board member of Volito AB, Volito Fastigheter AB, Volito Industri AB and Nordkap Holding AB. Chairperson of EQT Credit Advisory team and EQT Infrastructure Partners Investment Committee.

Previous assignments: –

Experience: Managing Director and Senior Banker in the investment bank of Unicredit/HypoVereinsbank, Munich. Managing Director at GE Commercial Finance, London. Various position in the ABB Group, Zurich, such as General Counsel for the ABB Financial Services Group, President and Business Area Manager for ABB Structured Finance and ABB Equity Ventures.

Shareholding in EQT AB: 32,448,395 ordinary shares (directly and indirectly).



CASPAR CALLERSTRÖM

Born 1973. Deputy CEO. Partner since 2004. COO since February 2017. Employed by EQT since 1997.

Education: Studies at Stockholm School of Economics with majors in Financial Economics and International Business.

Other current assignments: Chairperson of the board of EQT Partners AB, Brookite Real Estate 2 AB, Brookite Infrastructure 4 AB and Brookite Equity 8 AB. Board member of Kramerica Industries AB and EQT Partnership Association.

Previous assignments: Board member of Scandic Hotels Aktiebolag, Scandic Hotels Group AB, Scandic Hotels Holding AB and Balder Sunstorm AB. Deputy board member of Trill Capital AB. Member of the EQT Equity Partners Investment Committee.

Experience: Caspar joined EQT while completing his studies at the Stockholm School of Economics. From 2007 to 2013, Caspar was Head of EQT Equity in Stockholm and has served as member of the Equity Partners Investment Committee.

Shareholding in EQT AB: 30,429,355 ordinary shares (directly).



KIM HENRIKSSON

Born 1968. CFO since October 2018.

Education: Master of Science in Economics from Hanken School of Economics.

Other current assignments: Board member of EQT Partners AB, Altia Oyj and Nokkila Konsult & Förvaltnings Aktiebolag.

Previous assignments (last five years): Partner and board member of Access Partners Oy. Executive Vice President and CFO of Munksjö Oy. Board member of Ahlstrom-Munksjö AB, APG Advisory AB, APG Holding AB, APG Invest AB and Cubs Club V AB.

Experience: Kim started his career at Morgan Stanley in 1994 and left the Nordic M&A team as a Managing Director in 2008. Between 2010 and 2015 Kim held the position as CFO at Munksjö and most recently he was a Partner and Corporate Finance Advisor at Access Partners.

Shareholding in EQT AB: 225,000 ordinary shares (directly).

**THOMAS VON KOCH**

Born 1966. Deputy Managing Partner since January 2019. CEO and Managing Partner 2014–2018. Employed by EQT since 1994.

Education: Master of Science with majors in financial Economics and Accounting & Finance from Stockholm School of Economics.

Other current assignments: Board member of TomEnterprise AB and Bactiguard Holding AB. Deputy board member of Kochcompany AB. Member of several Investment Committees within EQT – Equity, Real Assets, Mid Market, Credit and Public Value.

Previous assignments: CEO, Chairperson of the board and board member of KK Technology AB. Board member of Trill Capital AB, Bactiguard AB and Bactiguard Holding AB. Board member of Broadnet AB, Gambro AB, Plantasjen AS.

Experience: Joined EQT in 1994 from Investor AB and was part of the initial EQT team.

Shareholding in EQT AB: 38,445,602 ordinary shares (indirectly).

**JUSSI SAARINEN**

Born 1967. Partner since 2014 and Head of Client Relations and Capital Raising Advisory team since 2008. Employed by EQT since 2008.

Education: Bachelor of Science in Business Administration and Economics with a major in Finance from Stockholm University.

Other current assignments: Board member of Alados AB and Sodala AB.

Previous assignments: –

Experience: Prior to joining EQT Partners, Jussi was a Managing Partner at Impact Capital Partners, an investment firm which he co-founded in 2005. Between 2002 and 2005, he was a partner at BrainHeart Capital. Prior to that he worked at Hagströmer & Qviberg Fondkommission where he was a Partner and responsible for the Transaction team in the Corporate Finance department. He has also worked as an audit assistant at Ernst & Young in Stockholm.

Shareholding in EQT AB: 1,868,453 ordinary shares (indirectly).

**ANNA WAHLSTRÖM**

Born 1976. Global Head of Human Resources since October 2017. Employed by EQT since 2013.

Education: Master of Social Science and Human Resources with a major in Sociology from Uppsala University.

Other current assignments: Board member of Inannut AB.

Previous assignments: –

Experience: Prior to joining EQT, Anna was CEO at Propell, a recruitment agency that she founded in 2004 together with Investor and Novare. Prior to that she worked as HR consultant for Investor's HR firm Novare.

Shareholding in EQT AB: 577,335 ordinary shares (directly).

The CEO is appointed by and subordinated to the board and is responsible for the everyday management and operations of EQT AB. The division of work between the board and the CEO is set out in the rules of procedure for the board and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information from executive management for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in EQT AB and consequently must ensure that the board receives adequate information for the board to be able to evaluate EQT AB's financial condition continuously, including results, liquidity and credit status.

Furthermore, the CEO must continuously keep the board informed of developments in EQT's operations, important business events, as well as environmental, social and governance issues and risks and all other events, circumstances or conditions which can be assumed to be of significance to EQT AB's shareholders.

EQT AB's executive management, Executive Committee, consists of seven members. In addition to the CEO/Managing Partner (Christian Sinding), the team comprises the CFO (Kim Henriksson), the COO/Deputy CEO (Caspar Callerström), the Global Head of Human Resources (Anna Wahlström), the Deputy Managing Partner (Thomas Von Koch), the Head of Client Relations and Capital Raising Advisory team (Jussi Saarinen) as well as the Head of the Real Assets Advisory team, Chairperson of the Credit Advisory team and Deputy Managing Partner (Lennart Blecher). Executive Committee meets on a regular basis, and the matters considered at the meetings are recorded in minutes. In 2019, Executive Committee's work has mainly been focused on the preparations for EQT AB's listing on Nasdaq Stockholm.

The remuneration for the CEO is determined by the board. Remuneration for other members of the executive management is determined by the CEO and approved by the remuneration committee, following which the board is informed. The latest adopted guidelines for remuneration to executive management are described in Note 7. The proposal for new guidelines for remuneration to executive management is described in the Board of the directors' report, as well as on EQT's website. The evaluations and statements regarding remuneration that shall be presented to the AGM 2020 according to the Code will be published on EQT's website.

Control functions

The risk management function is responsible for coordinating the internal reviews and reporting of significant risks and the effectiveness of the EQT AB Group's internal controls. Risk management reports to the CFO and the audit committee.

The compliance function supports the EQT AB Group's compliance with laws and regulations by implementing regulatory frameworks, monitoring compliance and training employees. The compliance function is separate from the risk management function and reports to the General Counsel of the EQT AB Group.

INTERNAL CONTROL FRAMEWORK

The EQT AB Group's internal control framework is governed by the Swedish Companies Act and the Code. The internal control process is effectuated by the board, the audit committee, the CEO, the executive management and other employees. The internal control process is intended to provide reasonable assurances that the EQT AB Group's objectives are met with respect to effective and efficient operations, reliable reporting and compliance with applicable laws and regulations. With respect to financial reporting, internal control is an integral part of the overall internal control, using for example such control activities as segregation of duties, reconciliations, approval, safeguarding of assets and control over information systems. Internal control of financial reporting is intended to provide reasonable assurances regarding the reliability of external financial reporting as well as to ensure that external financial reporting is prepared in accordance with applicable laws and regulations, applicable accounting standards and other requirements for EQT AB as a company listed on a regulated market.

The process for the EQT AB Group's internal control is based on the Committee of Sponsoring Organizations of the Treadway Commission's guidelines on internal control ("COSO"). The process includes control environment, risk assessment, control activities, information as well as communication and monitoring. The control environment establishes the character and provides the discipline and structure for the other four integral components of internal control.

The board of EQT AB evaluates the need for a separate internal audit function on a yearly basis. EQT AB does not currently have a separate internal audit function, based on the board's assessment that, taking into account the Group's size and business, the ongoing internal work with internal control is sufficient as an audit function.

CONTROL ENVIRONMENT

The internal control environment is built upon corporate values, which ensures the organization's commitment to integrity and holding individuals accountable for their responsibilities. The board is responsible for performing independent oversight of the development and performance of the EQT AB Group's internal control. The audit committee is responsible for the quality and the supervision and control of the EQT AB Group's internal control and risk management, particularly on matters regarding compliance and financial reporting. A key aspect of the internal control environment is the organizational structure of the EQT AB Group, including its reporting lines, authorities and allocation of responsibilities established by the executive management. To ensure that EQT's values, ways of working and regulatory requirements are applied throughout the entire organization, the EQT AB Group has developed a number of policies, guidelines and instructions, including i.a. the Information Security and Data Privacy Policy, the EQT Responsible Investment & Ownership Policy and the Conflicts of Interest Policy. The process for managing these policies and allocating ownership and accountability is set out in the Governance Policy. In addition to Group policies, the EQT AB Group has a Code of Business Conduct with mandatory principles regarding management and employee behavior.

RISK ASSESSMENT

The EQT AB Group identifies, assesses and manages risks based on the EQT AB Group's purpose, vision, mission and goals. Risk assessments are conducted continuously by way of interviews and internal reports. Conclusions drawn from conducted risk assessments are presented to key representatives of the EQT AB Group and used to conduct a group wide risk analysis of key strategic, operational, legal and financial risks, including environmental, social and governance risks. A summary of the EQT AB Group risk analysis is documented in a risk map and presented to the audit committee and the board annually.

Using the EQT AB Group's risk analysis, the audit committee determines which of the identified risks should be prioritized by the risk management function for the following year, suggests improvements and follows up on previously identified areas of improvement.

The assessment of financial reporting and fraud risks has been a focus area during the year and the risk management function performed in-depth reviews of internal controls in this area. However, all risks included in the EQT Group's risk register have also been reviewed.

CONTROL ACTIVITIES

Control activities mitigate the risks identified and ensure accurate and reliable financial and sustainability reporting. Risks are mapped out for all key business processes and internal controls designed and implemented to cover these risks. On a periodic basis, the risk manager ensures that EQT's new initiatives and processes are captured by the internal control framework.

The mapping and documentation of internal controls, including financial reporting internal controls, has been a focus area during the year.

INFORMATION AND COMMUNICATION

Within the EQT AB Group, information and communication regarding risks and internal controls contributes to ensure that the right business decisions are made. Key policies and guidelines are communicated to employees, e.g. by ensuring that those are published and accessible through the intranet or on the shared drive. EQT recognizes that certain policies are also of interest to external stakeholders and as such publish these on EQT's website. Internal controls awareness sessions are conducted with the persons responsible for each process, who then ensure those controls are understood and performed by relevant staff.

MONITORING

A self-assessment of the effectiveness of internal controls for each business process is performed annually and reported to the audit committee and the board. The CFO is responsible for the self-assessment process, which is facilitated by the risk manager. In addition, independent reviews are conducted by the risk manager using a risk-based approach. The risk manager performs reviews of the risk- and internal control systems.

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in EQT AB, corporate identity number 556849-4180

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2019 on pages 111–121 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit

conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 30 March 2020

KPMG AB

Thomas Forslund

Authorized Public Accountant

Additional sustainability disclosures

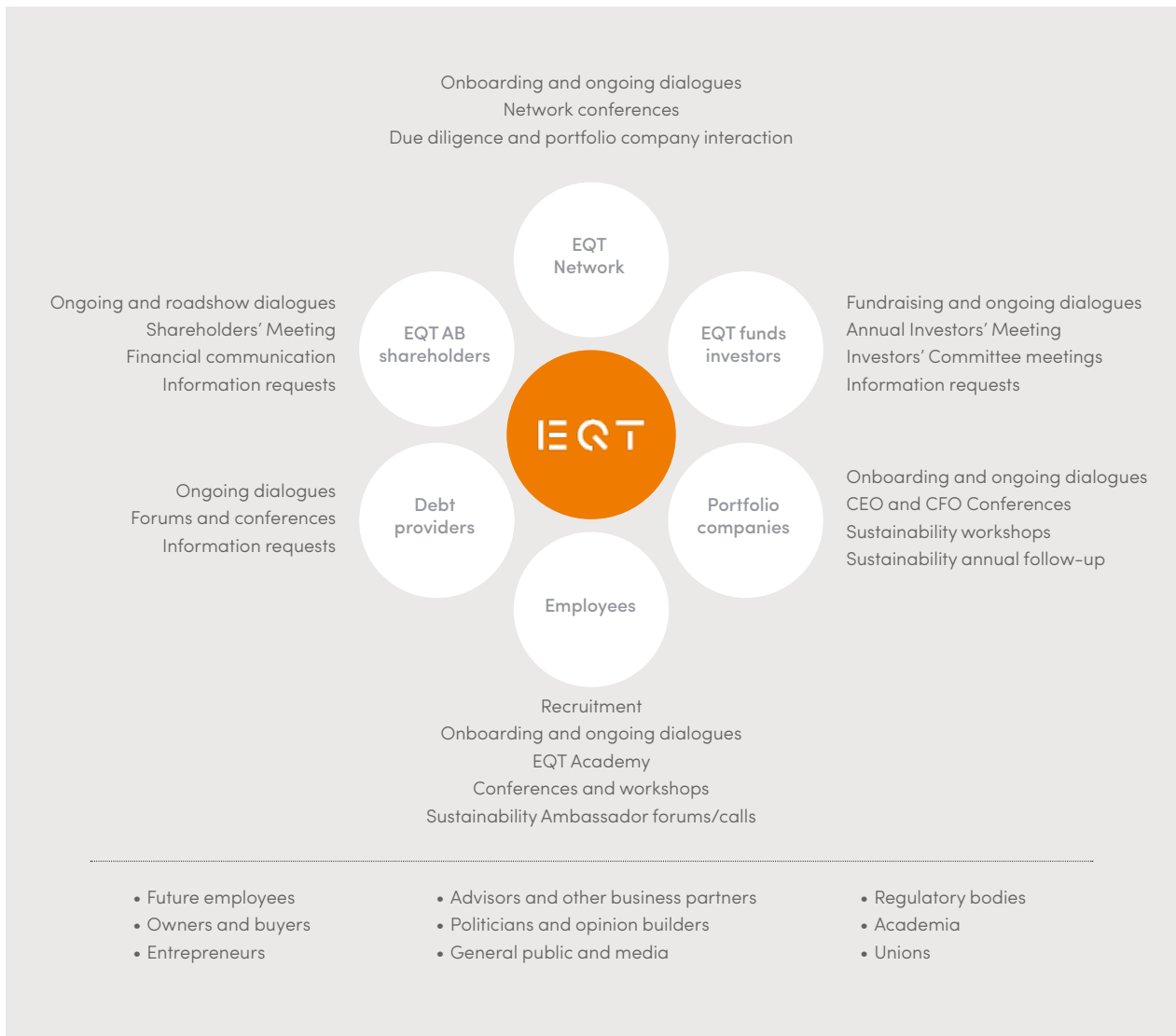
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Stakeholder engagement

A broad variety of stakeholders today expect companies to be part of the solution and take a lead on solving the major environmental and social challenges that society is facing – from pension funds that want to see their customers retire in a healthy world, to people wanting to be part of a purpose-driven company.

EQT engages continuously with its stakeholders to understand their perspectives, needs, and areas of focus. The illustration below shows some of EQT's key relationships and methods of engagement. Sustainability topics often form an integrated part of EQT's interactions with stakeholders but can also be the principal reason for the conversation.

Key stakeholders and methods of engagement



Priority topics

Material sustainability topics are those factors that have, or have the potential to have, a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders or society at large. These help organizations focus on what matters.

In its efforts to elevate its societal ambitions, during 2019 EQT incorporated insights from stakeholder engagement and assessed the United Nations Sustainable Development Goals (SDGs) at target level for its own organization. EQT further compared the topics identified with those of global standard-setters such as the Sustainability Accounting Standards Board (SASB), data providers such as MSCI and initiatives and frameworks such as the Principles for

Responsible Investment (PRI), the EU Commission action plan on financing sustainable growth and the Task Force on Climate-related Financial Disclosures (TCFD).

The conclusion from this exercise was a long list of priority topics clustered into four dimensions that were presented in senior leadership forums and further discussed at topic level in separate meetings with internal functions.

The dimensions were later formalized into EQT’s elevated societal ambitions, with SDG alignment at the underlying target level. Delivering these ambitions will help EQT to remain relevant and generate, accelerate and scale positive societal impact. Because of the systemic nature of the global challenges, stakeholder engagement and the formation of new partnerships are essential for building lasting solutions.

Long list of priority topics



Transparency & Accountability

For EQT, transparency and accountability are prerequisites for good business. This section contains additional disclosure on topics of priority to build and uphold trust.

- Conflicts of interest
- Anti-bribery & corruption and anti-money laundering
- Human rights
- Tax

Conflicts of interest

One of EQT's core responsibilities is to protect the interests of the EQT funds' investors. This responsibility includes ensuring appropriate systems and controls are in place to identify, prevent and manage any conflicts of interest that may arise.

EQT has a Conflicts Committee in place, which is responsible for reviewing conflicts of interest and advising on action required to manage an identified conflict of interest at EQT.

When a potential conflict is identified, the Fund Manager must disclose it during the board meeting and ensure the conflict is resolved fairly, within a reasonable timeframe and in the interest of the investors of the fund(s). To minimize a potential conflict, the Manager or General Partner may, among other things, decide to split the board, excuse certain individuals from the decision, review the deal allocation and size, and/or request evidence that the transaction will be conducted at arm's length. Should the Manager or General Partner be unable to resolve a conflict on their own, it will be escalated to the EQT Conflicts Committee. Furthermore, each EQT fund has its own Investors' Committee to whom questions of conflict are presented.

A conflict of interest can also arise when an EQT representative's personal responsibilities, interests and/or relationships interfere with, or appear to interfere with, professional responsibilities, interests and/or relationships (including the interests of EQT and/or an EQT employee's duties or respective role at EQT). In this respect, a framework of governance documentation and procedures, based on the operating environment, has been established for EQT to deal with the potential risks and events relevant to the handling of conflicts by EQT.

Anti-bribery & corruption and anti-money laundering

EQT has an Anti-Bribery & Corruption Compliance program that aims to prevent and detect bribery, corruption and related activities, reducing EQT's risk of liability for improper conduct and ultimately to uphold trust. No policy or procedure – however well-designed – can guarantee detection and prevention of all corruption and bribery; however, EQT is committed in its effort to fostering a culture of high business ethics and integrity.

EQT also has an Anti-Money Laundering (AML) program, consisting of policies and procedures designed to prevent and detect money laundering and related activities. EQT reviews its AML and Countering of Financial Crime and Terrorist Financing strategies, goals and objectives on an ongoing basis.

All employees at EQT shall complete training on both anti-bribery & corruption and AML to ensure they are aware of the risks, requirements and consequences. EQT manages its training in a two-year cycle, focusing on anti-bribery & corruption and AML in alternate years. Some regions and countries receive training more often and/or in greater depth in line with local regulatory requirements. During 2019 all employees received training in e-learning format.

EQT further expects that employees live by EQT's ethical standards and blow the whistle if they experience anything within EQT that does not comply with laws, rules, regulations or internal policies. Employees are encouraged to communicate concerns and EQT also provides an anonymous whistleblowing service.

Human rights

EQT's main direct human rights risk is connected to its employees, if it does not fulfil its commitment with regards to diversity, inclusion and a harassment-free workplace. EQT complies with international conventions on human rights and its commitment is formalized in policies including the [EQT Diversity & No-Harassment Guidelines](#). This guidelines outline EQT's values and standards on diversity, inclusion and anti-harassment, and provides information on its whistleblowing process.



Service providers are screened against sanctions lists, using Thomson Reuters World-Check. Furthermore, in the UK, the Modern Slavery Statement outlines EQT's approach to combating modern slavery.

To protect the organization and to effectively help fight the spread of child sexual abuse, ultimately stop child sexual abuse, EQT has installed NetClean Proactive as a detection tool.

However, EQT's main impact and risk in this area is indirect, through supply chains and most importantly, EQT funds' portfolio companies. EQT therefore aims to promote sound ethical standards within EQT funds' portfolio companies. EQT's ESG standards, as described in the [Responsible Investment & Ownership Policy](#), include human rights aspects, and portfolio companies are requested to confirm annually their adherence to the United Nations Global Compact Principles. All of the EQT funds' portfolio companies that to date have completed EQT's sustainability annual follow-up process for 2019 have confirmed their adherence to these Principles.

Tax

EQT's commitment to responsible investment and ownership, and to upholding stakeholder trust, extends to the way in which it manages its tax affairs. The EQT tax strategy is fully aligned with the EQT business strategy. Decision-making around tax is to be done in the light of EQT's commercial objectives and long-term sustainable behavior.

It is EQT's objective to always adhere to tax rules and regulations in all countries in which it operates and engages with tax authorities in multiple jurisdiction. In order to meet new requirements in an ever-changing tax environment, EQT has developed a [Tax Policy](#) outlining the way it seeks to manage taxes on all governance levels of EQT.

Tax plays an important role in EQT's strategy to develop good companies into great sustainable companies, and includes considering the impact businesses have on the societies in which they operate. EQT acknowledges that although companies have a responsibility to manage all their costs, including taxes, taxation is one of the ways in which companies contribute to the development of the communities in which they operate.

EQT believes that unacceptable tax practices can erode trust for EQT and for portfolio companies of the EQT funds and in turn damage reputations and, in the long-term, the license to operate. Hence, EQT believes that aggressive and abusive tax practices are counterproductive to its long-term strategy.

EQT funds are established and maintained in a manner that meets operational efficiency, long-term sustainable requirements and commercial considerations for the EQT funds' investors. EQT expects all investors in the EQT funds to be taxed on the returns and gains from the EQT funds in accordance with the tax legislation in the jurisdiction in which the fund investors reside.

Detailed environmental disclosures

GHG emissions by scope and category

EQT AB Group's CO₂e emissions are calculated and reported in accordance with the GHG Protocol. The data collection and assessments have been done together with the help of an external advisor. The 2019 data has also been assured by an external auditor.

Source	2019				Share of total	2018	2017
	Scope 1	Scope 2	Scope 3	Total		Total	Total
Energy consumption	0	0	255	255	1.5%	240	489
Heating and cooling	–	–	237	237	1.4%	227	323
Electricity	–	–	18	18	0.1%	13	166
<i>Grid mix</i>	–	–	0	0	0.0%	–	156
<i>Renewable</i>	–	–	18	18	0.1%	13	10
Business travel	0	0	16,979	16,979	97.7%	14,403	12,502
Air travel	–	–	16,623	16,623	95.7%	14,131	12,270
Ground travel	–	–	87	87	0.5%	74	62
Hotels	–	–	269	269	1.5%	198	170
Office consumables	0	0	138	138	0.8%	129	143
Waste	0	0	2	2	0.0%	2	2
Total (metric tons CO₂e)	0	0	17,374	17,374	100%	14,775	13,137

EQT AB Group's emissions are divided into three scopes with the following distribution:

Direct (scope 1) GHG emissions
No such direct sources have been identified.

Indirect energy (scope 2) GHG emissions
Emissions from the generation of purchased electricity and district heating/cooling for owned offices.

Other indirect (scope 3) GHG emissions
All other emissions, including indirect emissions related to heating/cooling and other energy production. Business travel, office consumables and waste are also included.

The results in the tables and charts are expressed in metric tons CO₂e and may not add up precisely to the totals due to rounding. The market-based method has been applied for scope 2 emissions. EQT further uses the financial control approach for the division of emissions into scopes.

Note: 2018 numbers have been restated following external assurance. Amounted previously to 14,798t CO₂e.

Energy consumption

EQT office energy consumption 2019	Total consumption (MWh)	Intensity (kWh per m ²)
Electricity	2,892	168
District heating	628	37
District cooling	364	21
Natural gas	727	42

Business travel

EQT AB Group's employees' flights 2019	Distance (pkm)
Short haul (<500 km)	1,496,303
Medium haul (500–1,000 km)	3,276,966
Long haul (>1,000 km)	28,140,286

Detailed employee disclosures

Employee distribution

Employees by category and gender	2019	2018	2017
Total, end of reporting period	706	601	510
By category			
Investment Advisory Professionals, %	40	42	45
Other, %	60	58	55
By gender			
Female, %	43	44	45
Male, %	57	56	55
Employees by region, number	2019	2018	2017
Asia	46	40	38
Nordics	294	255	206
North America	74	61	47
UK	101	80	68
Rest of Europe	191	165	151
Employees by gender and age¹⁾, %	2019	2018	2017
Investment Advisory Professionals			
Female	16	16	14
Male	84	84	86
Under 30 years	27	29	29
30–50 years	67	68	67
Over 50 years	5	4	5
Other			
Female	67	72	70
Male	33	28	30
Under 30 years	23	27	30
30–50 years	70	67	62
Over 50 years	8	6	8

¹⁾ Table above excludes onsite consultants and is based on headcount.

New hires and turnover

Employee hires, %	2019	2018	2017
By gender			
Female	40	57	46
Male	60	43	54
By region			
Asia	6	9	7
Nordics	41	33	33
North America	12	15	12
UK	17	17	17
Other Europe	24	26	32
By age group			
Under 30 years	53	48	38
30–50 years	44	50	60
Over 50 years	3	2	2
Employee turnover, %	2019	2018	2017
Total	11	12	12
By gender			
Female	14	15	15
Male	9	9	9
By region			
Asia	13	13	17
Nordics	11	9	7
North America	12	17	12
UK	6	22	12
Other Europe	12	8	17
By age group			
Under 30 years	11	11	5
30–50 years	11	11	13
Over 50 years	8	15	15

CEO pay ratio

	2019	2018	2017
CEO pay ratio ²⁾	2.8	2.9	2.8

²⁾ CEO total compensation to median FTE total compensation.

Employee metrics above refer to FTE+ unless otherwise stated and may not add up precisely due to rounding. For key employee metrics, also see page 49.

Sustainability reporting index

EQT's sustainability reporting for calendar year 2019 forms an integrated part of EQT's first Annual Report as a listed company. EQT's sustainability reporting is found under sections: Introduction (business model page 9), EQT Playbook (pages 26–28), Future-proofing EQT (pages 42–49), Managing risks (pages 62–64) and Additional sustainability disclosures (pages 124–132) and are described in the sustainability reporting index below. However, sustainability information is also included in other parts of the report as a result of the integrated approach. The Global Reporting Initiative's (GRI) reporting standards have been used as guidance for EQT's sustainability reporting and disclosures. That means EQT has applied GRI's underlying principles and standards definitions in preparing this report. Some disclosures may, however, not fulfil all reporting requirements in GRI's 'Core Option'.

EQT's sustainability reporting fulfills the requirement for a statutory sustainability report found in the Swedish Annual Accounts Act. Since 2018, EQT has published a statutory sustainability report.

The content and topic boundaries related to EQT's sustainability reporting are based on the outcome from ongoing stakeholder engagements and dialogues as well as from the assessment of the Sustainable Development Goals and targets performed by EQT during 2019. The assessment identified four dimensions for EQT's elevated societal ambitions – Transparency & Accountability, Diversity & Upskilling, Clean & Conscious and Innovation & Partnerships. The direct scope of the report is EQT AB Group and its business principles. EQT funds and the portfolio companies are not included in the scope of the sustainability report.

The sustainability reporting index below, in the format of a GRI content index, is included to guide the reader and contains references where in this Annual Report the sustainability information and disclosures can be found, and if there are any deviations or comments to the reviewed GRI Standards. The sustainability reporting has been assured by an external party. See Auditor's Limited Assurance Report on Sustainability Report and statement regarding the Statutory Sustainability Report on page 133.

General GRI Disclosures		Page	Comment
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of the organization	70	
102-2	Activities, brands, products, and services	2–3	
102-3	Location of headquarters	70	
102-4	Location of operations	2–3	
102-5	Ownership and legal form	58, 70, 135	
102-6	Markets served	2–3, 15–16	
102-7	Scale of the organization	2–3, 15–16, 49, 67–68, 80	
102-8	Information on employees and other workers	49, 129	In principle, all employees are employed on a permanent basis and work full-time. Part-time is usually connected to parental leave and not to employment contract. A majority of activities within the organization are performed by employees employed by EQT.
102-9	Supply chain	26, 43, 127	EQT's main supply chain is limited to different types of services providers. The indirect impact in relation to the supply chain is found within EQT funds' portfolio companies.
102-10	Significant changes to the organization and its supply chain	4, 15–16, 134–136	This is EQT AB's first Annual Report as a listed company.
102-11	Precautionary principle or approach	26–27, 61–65	EQT is a differentiated global investment organization investing in, owning and developing companies. The precautionary approach is not applicable to business operations but relevant when investing in, owning and developing companies.
102-12	External initiatives	26, 44	www.eqtgroup.com/About-EQT/societal-engagement/
102-13	Membership of associations		www.eqtgroup.com/About-EQT/about-the-industry/
Strategy			
102-14	Statement from senior decision-maker	6–8, 111	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	0, 42–44, 47, 111, 121, 124, 126–127	

General GRI Disclosures		Page	Comment
GRI 102: General Disclosures 2016			
Governance			
102-18	Governance structure	43, 111–117, 120–121	
102-25	Conflicts of interest	63, 93, 121, 126	
102-38	Annual total compensation ratio	129	EQT is reporting on 'S1. CEO Pay Ratio' in accordance with the ESG Reporting Guide 2.0 published by Nasdaq.
Stakeholder Engagement			
102-40	List of stakeholder groups	124	
102-41	Collective bargaining agreements	59	EQT mirrors the collective bargaining agreement for the banking community and offer employees the same or better benefits.
102-42	Identifying and selecting stakeholders	124	
102-43	Approach to stakeholder engagement	124	
102-44	Key topics and concerns raised	124–125	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	70, 94–96	
102-46	Defining report content and topic boundaries	130	
102-47	List of material topics	125	
102-48	Restatements of information	128	This is EQT AB's first Annual Report as a listed company. See page 128 for a restatement regarding GHG emissions.
102-49	Changes in reporting		This is EQT AB's first annual sustainability reporting guided by the GRI Standards.
102-50	Reporting period	130	
102-51	Date of most recent report		EQT AB's Annual Report for 2018 was published in July 2019.
102-52	Reporting cycle	130	
102-53	Contact point for questions regarding the report		Therése Lennehag, Head of Sustainability at EQT AB (therese.lennehag@eqtpartners.com).
102-54	Claims of reporting in accordance with the GRI Standards	130	EQT has applied the underlying Principles of the GRI Standards, however some disclosures may not fully comply with all reporting requirements.
102-55	GRI content index	130–132	
102-56	External assurance	130, 133	
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	125	The purpose and four dimensions for EQT's elevated societal ambitions set the scope and boundary for the sustainability report. For each identified area at least one GRI Standard and/or EQT disclosure is reported on.
103-2	The management approach and its components	23–28, 42–43	
103-3	Evaluation of the management approach	7, 26–27, 42–44, 124–125	

Specific GRI Disclosures	Page	Comment
Purpose: to future-proof companies and make a positive impact		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	43
GRI 203: Indirect Economic Impacts 2016		
203-2	Significant indirect economic impacts	3-4, 9, 15, 29, 43
Responsible Investment & Ownership		
EQT-1	Annual follow-up for responsible investment and ownership in EQT funds	26
Transparency & Accountability		
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	126
GRI 417: Marketing and Labeling 2016		
417-3	Incidents of non-compliance concerning marketing communications	During the reporting period, no instances of non-compliance with regulations or voluntary codes concerning marketing activities resulting in fines or non-monetary sanctions from competent authorities were identified.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the reporting period, no substantiated complaints regarding breaches of customer privacy and losses of customer data were identified.
Clean & Conscious		
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	128
302-3	Energy intensity	128
GRI 305: Emissions 2016		
305-1	Direct (scope 1) GHG emissions	45, 128
305-2	Energy indirect (scope 2) GHG emissions	45, 128
305-3	Other indirect (scope 3) GHG emissions	45, 128
305-4	GHG emissions intensity	45, 128
Diversity & Upskilling		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	47-49, 129
GRI 404: Training and Education 2016		
404-3	Percentage of employees receiving regular performance and career development reviews	47
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	49, 80, 114-115, 118-119, 129
Innovation & Partnerships		
EQT-2	Selected collaborations	44

Auditor's Limited Assurance Report on EQT AB's Sustainability Report and statement regarding the Statutory Sustainability Report

To EQT AB (publ) *Translation from the Swedish original*

Introduction

We have been engaged by the Board of Directors of EQT AB (publ) to undertake a limited assurance engagement of EQT AB's Sustainability Report for the year 2019. The company has defined the scopes of the Sustainability Report and the Statutory Sustainability Report on page 130 in this document.

Responsibilities of the Board of Directors and the Group Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on pages 128–130 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that EQT AB has developed. This responsibility also includes the internal control relevant to the preparation of Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in

accordance with FAR's accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of EQT AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 30 March 2020

KPMG AB

Thomas Forslund
Authorized Public Accountant

Karin Sivertsson
Expert Member of FAR

The EQT share and ownership

Shares in EQT AB were listed on Nasdaq Stockholm on 24 September 2019. The initial public offering constituted of 190,596,780 ordinary shares with an offering price at SEK 67.0, corresponding to a market capitalization of the group of SEK 63.8 billion.

Share performance and trading

Since its listing on Nasdaq Stockholm on 24 September 2019 and up to the last day of trading on 30 December 2019, the EQT AB share (ticker: EQT) delivered a shareholder return of 62.5 percent. Nasdaq Stockholm exhibited a return of 9.9 percent over the same period. On the last day of trading on 30 December 2019, the share price closed at SEK 108.9, compared to the first trade on 24 September 2019 of SEK 80.5, equivalent to a share price increase of 35.3 percent. As of 31 December 2019, and from 24 September 2019, EQT AB has 952,983,900 ordinary shares listed on Nasdaq Stockholm. In addition to the ordinary shares, 8,663,490 class C shares, as part of the EQT Share Program, were outstanding as of 14 November 2019. As of the year end, the total amount of shares outstanding were 961,647,390 shares.

Between 24 September 2019 and 31 December 2019, 125 million EQT shares were traded on Nasdaq Stockholm, corresponding to a traded value of SEK 11.7 billion over the period. The traded volume on all venues combined amounted to 228 million shares, corresponding to a value of SEK 21,8 billion. On average, 3.4 million EQT shares were traded daily. The turnover ratio for EQT amounted to 23.2 percent from the first day of trading until the last day of trading for the period.

Share information and tickers

EQT	Nasdaq Stockholm
EQT SS Equity	Bloomberg
EQTAB.ST	Reuters
8700	Industry Classification Benchmark (ICB)
SE0012853455	ISIN code

Share performance

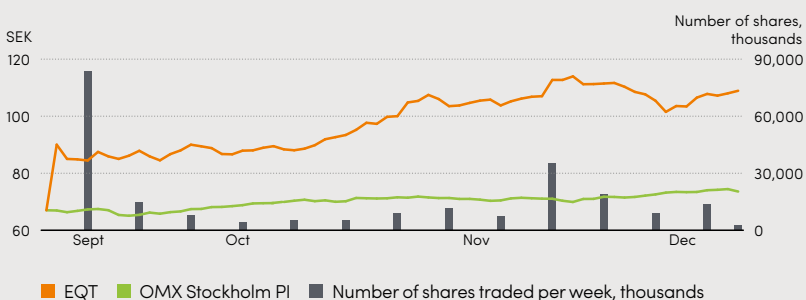
EPS, diluted (SEK)	0.187
EPS (SEK)	0.188
Year open (SEK) ¹⁾	67.0
Year close (SEK)	108.9
Year low (SEK)	79.5
Year high (SEK)	115.5
Beta ¹⁾	-0.11
Annualized volatility (%) ¹⁾	63.3
Turnover ratio (%) ²⁾	23.2
Average daily volume	3,407,612
Quota value (SEK)	0.10
No. of shares outstanding (SEK)	961,647,390
Market capitalization ³⁾ (SEK million)	104,723.4

¹⁾ Following figures includes the offering price of SEK 67.0.

²⁾ Measures the share liquidity by setting the turnover value in relation to the average market capitalization for the period.

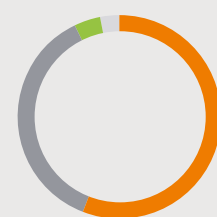
³⁾ Based on the total number of outstanding ordinary shares and class C shares as of 31 December 2019.

Share price and trading



Source: Bloomberg Finance L.P./Fidessa

Trading per venue, 2019 (%)



Top 25 largest shareholders in EQT

Shareholder	Number of ordinary shares	Number of class C shares	Share capital (%)	Votes (%)
Investor AB ¹⁾	174,288,016		18.1	18.3
Bark Partners AB ²⁾	145,854,092		15.2	15.3
Lennart Blecher ³⁾	32,448,395		3.4	3.4
Christian Sinding ⁴⁾	31,241,385		3.2	3.3
Marcus Brennecke	31,192,436		3.2	3.3
Morten Hummelrose ⁵⁾	30,913,156		3.2	3.2
Caspar Callerström	30,429,355		3.2	3.2
Fredrik Åtting	28,678,559		3.0	3.0
Andreas Huber	25,003,371		2.6	2.6
Jan Ståhlberg	24,722,070		2.6	2.6
Stefan Glevén	21,975,157		2.3	2.3
Kristiaan Nieuwenburg	16,573,877		1.7	1.7
Capital Group	14,647,231		1.5	1.5
Klumpen HB	12,904,000		1.3	1.4
Åsa Christina Riisberg	11,882,717		1.2	1.2
Fidelity Investments (FMR)	9,830,460		1.0	1.0
Stiftelsen EQT Foundation	9,529,840		1.0	1.0
SEB Funds	9,440,712		1.0	1.0
Alecta Pension Insurance	7,700,000		0.8	0.8
Government of Singapore (GIC)	6,750,000		0.7	0.7
AMF Insurance & Funds	6,292,792		0.7	0.7
Conni Jonsson	6,026,336		0.6	0.6
XACT Funds	6,006,541		0.6	0.6
Norges Bank	5,461,616		0.6	0.6
Swedbank Robur Funds	4,412,844		0.5	0.5
Total top 25	704,204,958		73.2	73.8
Others	248,778,942	8,663,490	26.8	26.2
Total	952,983,900	8,663,490	100.0	100.0
Shares owned by EQT		8,663,490	0.9	0.1

¹⁾ Investor AB holds shares indirectly.

²⁾ Indirectly controlled by Conni Jonsson, Thomas Von Koch, Harry Klagsbrun and Per Franzén.

³⁾ Lennart Blecher holds shares directly and indirectly.

⁴⁾ Christian Sinding holds shares directly and indirectly.

⁵⁾ Morten Hummelrose holds shares indirectly.

Shareholding distribution

Holding	Number of ordinary shares	Number of class C shares	Capital (%)	Votes (%)
1–500	3,076,785		0.32	0.32
501–1,000	922,325		0.10	0.10
1,000–5,000	1,860,626		0.19	0.20
5,001–10,000	918,832		0.10	0.10
10,001–15,000	360,650		0.04	0.04
15,001–20,000	546,962		0.06	0.06
20,001–	945,297,720	8,663,490	99.20	99.19
Total	952,983,900	8,663,490	100.00	100.00

Source: Euroclear Sweden

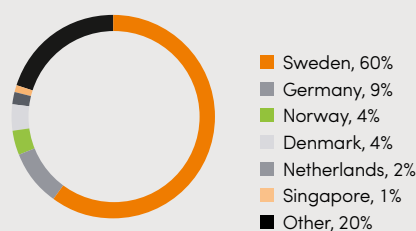
Ownership structure

As of 31 December 2019, EQT AB had 23,121 shareholders according to Euroclear Sweden. At the end of 2019, approximately 26 percent of the shares were held by Swedish institutions, 7 percent by foreign institutions and 16 percent were held by Swedish retail investors. As of 31 December 2019, the 25 largest shareholders held 73.2 percent of the capital and 73.8 percent of the votes in EQT AB. On 31 December 2019, Investor AB, through Investor Investments Holding AB was the largest shareholder in EQT AB, both in terms of capital and votes.

Share capital

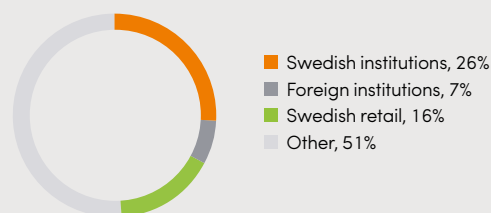
As of 31 December 2019, the share capital of EQT AB amounted to SEK 96,164,739, distributed over 961,647,390 shares, including the 8,663,490 class C shares issued during autumn 2019 as part of the implementation of the EQT Share Program. Further, during 2019, a redemption of all preference shares outstanding was carried out, totalling the number of preference shares to zero from 29 July 2019.

Geographical shareholder distribution, as of 31 December 2019 (% of capital)



Source: Monitor

Shareholder distribution by owner type, as of 31 December 2019 (% of capital)



Dividend policy and distribution of company funds

The dividend policy of EQT is to “generate a steadily increasing annual dividend in absolute euro-denominated terms”. The policy is adopted by the Board of directors of EQT. The Board of directors proposes a dividend of SEK 2.20 per share in respect of the fiscal year of 2019, payable in 2020. The dividend will be paid in two installments, SEK 1.10 in June 2020 and SEK 1.10 in December 2020. Holders of ordinary shares and class C shares are equally entitled to dividend.

The dividend will be based on the number of shares outstanding at the date the dividend will be determined.

Voting rights

Each ordinary share in EQT entitles the holder to one vote at the shareholders’ meetings and one class C share entitles the holder to one tenth vote at shareholders’ meetings. Each shareholder holds voting rights equal to the number of shares held by the shareholder in the Company.

Additional information

Analysts

For information regarding analysts covering EQT, please visit: www.eqtgroup.com

Shareholder contact:

PAWEL WYSZYNSKI

Shareholder Relations Officer

Phone +46 72 987 36 44

shareholderrelations@eqtpartners.com

Share capital development

Time	Event	Number of shares						Share capital (SEK)	
		Change in number of preference shares	Change in number of ordinary shares	Change in number of class C shares	Number of preference shares after the transaction	Number of ordinary shares after the transaction	Number of class C shares after the transaction	Change	Total
2017-03-08	Share issue ¹⁾	4,900	–	–	4,900	6,172,840	–	49.00	61,777.40
2018-03-02	Share issue ¹⁾	1,500	–	–	6,400	6,172,840	–	15.00	61,792.40
2019-01-18	Reduction of share capital ²⁾	–200	–	–	6,200	6,172,840	–	–2.00	61,790.40
2019-01-25	Share issue ³⁾	–	209,475	–	6,200	6,382,315	–	2,094.75	63,885.15
2019-01-25	Share issue ⁴⁾	–	894,130	–	6,200	7,276,445	–	8,941.30	72,826.45
2019-01-25	Share issue ⁵⁾	–	4,120,370	–	6,200	11,396,815	–	41,203.70	114,030.15
2019-04-23	Share issue ⁶⁾	–	404,376	–	6,200	11,801,191	–	4,043.76	118,073.91
2019-04-30	Share issue ⁷⁾	–	982,669	–	6,200	12,783,860	–	9,826.69	127,900.60
2019-06-30	– ⁸⁾	–	–	–	6,200	12,783,860	–	–	127,900.60
2019-07-24	Share issue ⁹⁾	–	879,630	–	6,200	13,663,490	–	8,796.30	136,696.90
2019-07-24	Reduction of share capital ¹⁰⁾	–	–5,000,000	–	6,200	8,663,490	–	–50,000	86,696.90
2019-07-24	Bonus issue	–	–	–	6,200	8,663,490	–	43,348.45	130,045.35
2019-07-29	Reduction of share capital ¹¹⁾	–6,200	–	–	–	8,663,490	–	–93.00	129,952.35
2019-07-29	Bonus issue	–	–	–	–	8,663,490	–	86,504,974.65	86,634,900
2019-07-29	Split (1:100)	–	857,685,510	–	–	866,349,000	–	–	86,634,900
2019-09-24	New Share Issue in connection with the Offering	–	86,634,900	–	–	952,983,900	–	8,663,490	95,298,390
2019-11-14	Issue and Repurchase of class C shares for the EQT Share program	–	–	8,663,490	–	952,983,900	8,663,490	866,349	96,164,739

¹⁾ Paid in cash. The subscription price amounted to SEK 0.01 per share which, adjusted for the split which was completed during 2019, corresponds to SEK 0.0001 per share.

²⁾ The purpose of the reduction was for repayment of SEK 2 to shareholders.

³⁾ Paid by way of set-off of receivable. The subscription price amounted to SEK 1,225.19 per share which, adjusted for the split which was completed during 2019, corresponds to SEK 12.25 per share.

⁴⁾ Paid in cash. The subscription price amounted to SEK 1,225.19 per share which, adjusted for the split which was completed during 2019, corresponds to SEK 12.25 per share. Members of the executive management who have subscribed are Jussi Saarinen (20,994 shares), Anna Wahlström (10,497 shares) and Conni Jonsson through Qaribo Associates SA (75,364 shares).

⁵⁾ Paid in kind which was recorded in the Company’s balance sheet to SEK 2,611,674, corresponding to approximately SEK 0.63 per share and SEK 0.0063, adjusted for the split which was completed during 2019.

⁶⁾ Paid in cash. The subscription price amounted to SEK 1,225.19 per share which, adjusted for the split which was completed during 2019, corresponds to SEK 12.25 per share.

⁷⁾ Paid in kind which was recorded in the Company’s balance sheet to SEK 1,337,372,122.29, corresponding to approximately SEK 1,360.96 per share, which, adjusted for the split which was completed during 2019, corresponds to SEK 13.61 per share.

⁸⁾ EQT AB has drawn up unaudited condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2019. As of 30 June 2019, all of the shares in the Company were fully paid for with a quota value of SEK 0.01.

⁹⁾ Paid in kind which was recorded in the Company’s balance sheet to SEK 335,095.22, which corresponds to SEK 0.38 per share and SEK 0.0038 per share, adjusted for the split which was completed during 2019.

¹⁰⁾ The purpose of the reduction was repayment of SEK 50,000 to shareholders.

¹¹⁾ The annual shareholders’ meeting on 27 June 2019 resolved on a reduction of the share capital whereby these preference shares were redeemed at quota value SEK 0.15 resulting in a SEK 93 transfer to the reserve fund.

Alternative performance measures (APM)

ALTERNATIVE PERFORMANCE MEASURES (APM)

To increase the understanding of the development of the operations and the financial position of EQT AB Group, EQT presents some alternative performance measures in addition to financial measures defined by IFRS. EQT believes these measures provide a better understanding of the trends of the financial performance and that such measures, which are not calculated in accordance with IFRS are useful information to investors combined with other measures that are calculated in accordance with IFRS.

These alternative performance measures should not be considered in isolation or as a substitute to performance measures derived in accordance with IFRS. In addition, such measures, as defined by EQT, may not be comparable to other similarly titled measures used by other companies.

Measure	Definition	Reason for use
Adjusted total revenue	Total revenue adjusted for fair value step-up on acquired contractual right to carried interest from EQT VI and selected funds. For revenue adjustments related to the accounting treatment of change of entitlement to revenue from EQT VI and selected funds, see note 4.	Total revenue adjusted for fair value step-up on acquired contractual right to carried interest from EQT VI and selected funds, implying that (i) revenue recognition from the date of the acquisition will be consistent with the valuation principles used for previously owned right to carried interest entitlements and (ii) closer correlation between future revenues from carried interest and investment income and expected cash to be received.
Gross segment result	Total revenue adjusted for fair value step-up on acquired contractual rights to carried interest from EQT VI and selected funds less directly incurred expenses by business segment. For revenue adjustments related to the accounting treatment of change of entitlement to revenue from EQT VI and selected funds, see note 4.	Gross segment result provides an overview of the direct contribution of each business segment.
Gross segment margin	Gross segment result divided by Adjusted total revenues by business segment.	Gross segment margin provides an overview of the profitability by each business segment.
EBITDA	EBIT excluding depreciation and amortization of property plant and equipment and intangible assets.	EBITDA provides an overview of the profitability of the operations.
EBITDA margin, %	EBITDA divided by Total revenue.	EBITDA margin is a useful measure for showing the profitability of the operations relative to total revenue generated by the Group during the period.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability and revenue adjustments. Items affecting comparability means items that are reported separately due to their character and amount. For a specification of items affecting comparability, see note 4. For revenue adjustments related to the accounting treatment of change of entitlement to revenue from EQT VI and selected funds, see note 4.	Adjusted EBITDA is a useful measure for showing profitability of the operations and increases the comparability between periods.
Adjusted EBITDA margin, %	Adjusted EBITDA divided by Adjusted total revenue.	Adjusted EBITDA margin is a useful measure for showing the profitability of the operations and increases the comparability between periods, relative to total revenue generated by the Group during the period.
Adjusted net income	Net income adjusted for items affecting comparability and revenue adjustments. Items affecting comparability means items that are reported separately due to their character and amount, see note 1. Revenue adjustments related to the accounting treatment of change of entitlement to revenue from EQT VI and selected funds, see note 4.	Adjusted net income is a useful measure for showing the profitability generated by the Group as this measure is adjusted for items affecting comparability between periods.
Adjusted earnings per share	Adjusted net income in relation to average number of shares.	Adjusted earnings per share is a useful measure for showing the profitability per share generated by the Group as this measure is adjusted for items affecting comparability between periods.
Financial net cash	Cash, cash equivalents and short-term loans receivable less short-term loans.	Financial net cash / (net debt) is used to assess the Group's financial position in terms of the possibility to make strategic investments, payment of dividend and fulfillment of financial commitments.

Adjusted total revenue

EUR m	2019	2018
Total revenue	599.7	393.2
Revenue adjustments	6.5	–
Adjusted total revenue	606.1	393.2

Adjusted EBITDA / Adjusted net income

	2019	2018
Net income	159.6	120.9
Income taxes	13.2	7.5
Net financial income and expenses	5.5	1.7
Operating profit (EBIT)	178.4	130.1
Depreciation and amortization	29.8	18.8
EBITDA	208.2	148.9
Revenue adjustments	6.5	–
Items affecting comparability	60.1	7.3
Adjusted EBITDA	274.7	156.2
Depreciation and amortization	–29.8	–18.8
Net financial income and expenses	–5.5	–1.7
Income taxes (including tax on adjustments)	–26.1	–9.1
Adjusted net income	213.3	126.6

Adjusted earnings per share, basic

	2019	2018
Adjusted net income, EUR m	213.3	126.6
Average number of shares, basic	851,289,562	620,912,290
Adjusted earnings per share, basic, EUR	0.251	0.204

Adjusted earnings per share, diluted

	2019	2018
Adjusted net income, EUR m	213.3	126.6
Average number of shares, diluted	851,748,997	620,912,290
Adjusted earnings per share, diluted, EUR	0.250	0.204

Financial net cash / (Net debt)

EUR m	2019	2018
Cash and cash equivalents	908.5	264.4
Short term loan receivable ¹⁾	9.4	15.2
Interest-bearing liabilities – current	–9.4	–14.9
Financial net cash / (Net debt)	908.5	264.7

¹⁾ Short term loan receivable is a subtotal of Other current assets.

Definitions

AUM Assets Under Management (“AUM”) represent the total assets and commitments from fund investors based on which EQT AB Group is entitled to receive management fees. All of the Group’s AUM is fee-generating.

Active funds Funds currently investing or with not yet realized investments.

Average AUM The average balance of AUM for the period, calculated on a quarterly basis.

CAGR Compound Annual Growth Rate.

Carried interest A share of profits that is received by the Carried Interest Participants through their holding in Special Limited Partners of EQT funds as variable consideration, fully dependent on the performance of the relevant EQT funds and such EQT funds’ underlying investments.

Carried Interest Participants Participants entitled to carried interest in EQT funds through the Special Limited Partner (SLP).

CLO platform A CLO (Collateralized Loan Obligation) is an investment entity which buys several company loans and aggregates them into different groups which are then sold to different types of investors.

Committed capital The total amounts that fund investors agree to make available to a fund during a specified time period.

Commitment period / Investment period First phase of a fund lifecycle after fundraising, in which most of a fund’s committed capital is invested into portfolio companies. Management fees are normally based on committed capital during this period.

Credit Business segment comprised of EQT’s platform for credit investments comprised of Special Situations, Direct Lending and Senior Debt.

Current Gross MOIC (Multiple of Invested Capital) A fund’s Gross MOIC based on the current total value and cost of its underlying investments.

Effective management fee rate Weighted average management fee rate for all EQT funds contributing to AUM in a specific period.

EQT Where used on its own, is an umbrella term and may refer interchangeably to the EQT AB Group, SEP Holdings Group and/or EQT funds, as the context requires.

EQT AB Group or the Group EQT AB and/or any one or more of its direct or indirect subsidiaries (excl. the EQT funds and their portfolio companies).

EQT Advisors The group of individuals who are not board members or officers of any member of the EQT AB Group and who provide knowledge and experience to EQT on a consultancy basis.

EQT funds From time to time, investment vehicles or other arrangements and any of their respective predecessor, in each case managed by a member of the EQT AB Group and/or SEP Holdings Group, as the context requires.

EQT Network The network of EQT Advisors which supports the General Partners and/or the Fund Managers of EQT funds.

ESG Environmental, social and governance.

EUR Euro.

Exits Cost amount of realized investments (Realized cost) from an EQT fund.

Expected Gross MOIC A fund’s expected Gross MOIC at termination, when a fund is fully realized, based on the estimated total value and cost of its underlying investments upon realization.

FTE The number of full-time equivalent personnel on EQT AB Group’s payroll.

FTE + The number of full-time equivalent personnel and contracted personnel working for EQT AB Group.

Fund Investor An investor in an EQT fund.

Fund Manager The entity appointed to act as alternative investment fund manager for an EQT fund.

Fund Management team The general partners and/or managers of the EQT funds and/or the team engaged by the general partners and/or managers, responsible for managing and operating the EQT funds.

Fund size Total committed capital for a specific fund.

General Partner An entity directly or indirectly held by EQT AB acts as general partner of the limited partnerships constituting the EQT fund.

Gross inflows New commitments through fundraising activities or increased investments in funds charging fees on net invested capital.

Gross fund exits Value of realized investments (Realized value) from an EQT fund.

Gross MOIC Total value of investments divided by total cost of investments.

IFRS International Financial Reporting Standards.

Industry AUM Total industry assets under management.

Investment Advisory Professionals Employees within the EQT AB Group that provides Investment Advisory services to the Fund Managers of the EQT funds.

Investment level / % Invested Measures the share of a fund’s total commitments that has been utilized. Calculated as the sum of (i) closed and/or signed investments, including announced public offers, (ii) any earn-outs and/or purchase price adjustments and (iii) less any expected syndication, as a percent of a fund’s Committed capital.

Investments Announced investments by an EQT fund.

IPO The initial public offering of EQT AB’s ordinary shares during autumn 2019.

Key funds Funds with commitments that represent more than 5 percent of total commitments in active funds, respectively, as well as EQT Infrastructure II.

Limited Partner Investors in EQT funds whose commitment and right to return is derived from the size of the investment.

Net invested capital Total cost of investments not yet realized (Remaining cost). Management fees are generally based on Net invested capital after the Commitment period / Investment period.

Net IRR Internal rate of return, after deductions for carried interest, fees and costs.

Partners Employees within the EQT AB Group primarily with the title “Partner” (including three former Partners depending on the context) who are also shareholders in the Company.

Post-commitment period / Divestment period Phase of a fund lifecycle after the Commitment period, in which most of a fund’s investments are realized. Management fees are normally based on the net invested capital during the period.

Private Capital Business segment comprised of business lines Private Equity, Mid Market Asia, Ventures and Public Value.

Real Assets Business segment comprised of business lines Infrastructure and Real Estate.

Realization (of investments) Sale or write-off of investment made by an EQT fund.

Realized value / (Realized cost) Value (cost) of an investment, or parts of an investment, that at the time has been realized.

SEK Swedish krona.

Shares Unless otherwise stated, “shares” refer to ordinary shares in the Company.

Step-down Step-downs in AUM generally resulting from the end of the investment period in an existing fund or when a subsequent fund starts to invest. Fees in a specific fund will normally be charged on net invested capital post step-down.

Target Gross MOIC Measure used in fundraising of an EQT fund as a fund’s target level of investment return based on Gross MOIC.

USD US Dollar.



AGM information

EQT AB invites shareholders to participate in the Annual Shareholders' Meeting on Monday, 8 June 2020, at 14.00 CET at Stockholm Waterfront Congress Centre, in Stockholm, Sweden.

Shareholders who would like to attend the Annual Shareholders' Meeting must (i) be recorded in the register of shareholders maintained by Euroclear on 1 June 2020 and (ii) notify EQT of their intention to attend the Annual Shareholders' Meeting no later than 1 June 2020.

Shareholders can give their notice of participation:

- through the EQT website: <https://www.eqtgroup.com/shareholders/corporate-governance/general-meetings/>
- by mail to: Computershare AB, "EQT AGM 2020", Box 5267, 102 46 Stockholm, Sweden, or
- by phone: +46 8 46 00 73 80

Notice convening the Annual Shareholders' Meeting and proxy forms will be available on EQT's website no later than four weeks prior to the Annual Shareholders' Meeting, <https://www.eqtgroup.com/sv/aktieagare/bolagsstyrning/bolagsstamma/>

It will be possible for shareholders to participate and vote online. Details are provided in the notice.

Financial calendar 2020

24 April 2020	Quarterly Announcement January–March 2020
16 July 2020	Quarterly Announcement April–June 2020
20 August 2020	Half-year Report 2020
21 October 2020	Quarterly Announcement July–September 2020
26 January 2021	Year-end Report January–December 2020

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