Fundraising and thematic investment activities keeping a sound pace
Q3 2020 in short

Investments and exits
- Rebound in activity with EUR 6.0bn of thematic investments
  - IFS (EQT IX and EQT VIII), Chr. Hansen Natural Colors (EQT IX), idealista (EQT IX), Casa.it (EQT IX), Colisée (EQT Infrastructure V), EdgeConneX (EQT Infrastructure IV), launch of JV to build rental homes in the UK (EQT Real Estate II)
- Investment level in key funds¹: EQT IX 15–20%, EQT Infrastructure IV 80–85%, Infrastructure V 10–15 %
- EUR 1.9bn of exits in Q3 – sound exit pipeline, subject to market conditions

Value creation
- Resilient and thematic portfolio remains robust
- Continuously evaluating impact of global pandemic, fiscal and political events
- Handful of companies significantly impacted by COVID-19, required capital injections remains limited
- EQT VII Gross MOIC increased from 1.7x in the second quarter to 2.0x

Fundraisings, AUM and FTE+
- AUM increased from EUR 36.5bn to EUR 46.5bn during Q3, driven mainly by EQT IX being activated in July
  - EQT VIII step-down in AUM-base of approximately EUR 3.4bn
- Hard cap for EQT Infrastructure V announced at EUR 15.0bn
- EQT Real Estate II closed at the EUR 1bn hard cap

Other
- Divestment of Credit on track to close in Q4 2020
- Team for EQT Growth strategy announced on 19 October
- Accelerated investments in people and the EQT platform in the coming quarters

① As of 21 October 2020
We have a purpose driven, thematic investment approach.

- Theme- and sector-based approach
- Local-with-locals
- Clear governance model
- 500+ EQT advisors
- House of value creation
- Purpose driven
- Digitalization and transformation

And a unique culture!
Purpose driven since inception

“More than capital”

Core values formalized

Early signatories of UN Principles for Responsible Investment (PRI)

ESG awareness and integration – “future-proofing”

“Future-proofing and making a positive impact with everything we do”

From transparency and policy to accelerated action and positive impact at scale
With EQT IX, we took another step in our growth journey

Of which 13.0bn of AUM from EQT IX as of Q3

AUM
EUR 46.5bn

Private Capital  Real Assets
Fundraising cycles for key funds

**Private Capital Equity**

- **EQT IX**
  - Target: EUR 14.75bn
  - Hard cap: EUR 15bn
  - AUM per Q3 2020²: EUR 13.0bn
  - Invested: 15–20%
  - Status: Activated on 14 July 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Private Capital (EURbn)</th>
<th>Financial crisis</th>
</tr>
</thead>
<tbody>
<tr>
<td>'95</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>'98</td>
<td>0.7</td>
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<tr>
<td>'01</td>
<td>2.0</td>
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<tr>
<td>'04</td>
<td>2.5</td>
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<tr>
<td>'06</td>
<td>4.3</td>
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<td>'11</td>
<td>6.9</td>
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<tr>
<td>'15</td>
<td>10.9</td>
<td></td>
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<tr>
<td>'18</td>
<td>15.0</td>
<td></td>
</tr>
</tbody>
</table>

**Real Assets Infrastructure**

- **Infrastructure V**
  - Target: EUR 12.5bn
  - Hard cap: EUR 15bn
  - AUM per Q3 2020²: EUR 0bn
  - Invested²: 10–15%
  - Status: Expect to recognize management fees as of 1 November, 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Real Assets Infrastructure (EURbn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'08</td>
<td>1.2</td>
</tr>
<tr>
<td>'13</td>
<td>1.9</td>
</tr>
<tr>
<td>'16</td>
<td>4.0</td>
</tr>
<tr>
<td>'19</td>
<td>9.1</td>
</tr>
<tr>
<td>V</td>
<td>15.0</td>
</tr>
</tbody>
</table>

Note: 1) Fund sizes refers to final close, except for ongoing fundraisings, 2) 30 September 2020, 3) 21 October 2020
We are executing on our strategy

**EQT Growth**
- Strategy positioned in between Ventures and Private Equity
- EQT Growth strategy announced
- Strong team in place
- First balance sheet investment

→ Expected to be fully operational in 2021

**Expand in APAC**
- Growth area for Private Equity and Infrastructure
- Key recruitments in Private Equity, Sydney

→ Strategy is expected to be announced in 2021

**Real Estate**
- Developing Real Estate
  - New geographies
  - New strategies
- EQT Real Estate II closed at the EUR 1bn hard cap

→ Scale over time

**M&A**
- Selective M&A
  - Investment teams
  - Scale strategies
  - Geographies

→ Continuously evaluate opportunities
EQT Growth strategy – leveraging our strengths

With EQT Growth, we will be one of the few private markets firms in the world with investment strategies addressing the capital needs of companies throughout their life cycles.
Investment activity and fund valuations
Activity picking up after subdued Q2 and Q1

Investments

<table>
<thead>
<tr>
<th></th>
<th>Q3 2019 LTM</th>
<th>Q3 2020 LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR (bn)</td>
<td>10.5</td>
<td>9.6</td>
</tr>
</tbody>
</table>

EUR 6.0bn in Q3

Exits

<table>
<thead>
<tr>
<th></th>
<th>Q3 2019 LTM</th>
<th>Q3 2020 LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR (bn)</td>
<td>5.3</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Approximately 80% of investments LTM in TMT and Healthcare

Selected transactions in the past 12 months

- Metlifecare
- IFS
- INEXIO
- SHL Group
- Schülke +
- Edge Connect
- Idealista
- EGT Real Estate JV with Sigma Capital in UK

Selected transactions in the past 12 months

- Altus
- Anticimex
- Contanda
- Musti
- Synagro
- IFS
## COVID-19 portfolio update

### Sectors
- Travel & Leisure
- Consumer & Retail
- Transports

### Scope
- Handful of companies

### Covid-19 capital needs
- Approximately 1% of total commitments
- No material injections in Q3
- Structural, long term impact
- Monitor impact of 2nd wave

### Outlook

### Structural impact

### Resilient
- Healthcare
- Industrial tech
- TMT
- Services
- Energy
- Environmental
- No equity injections to date
- Resilient, but could be impacted in the long run by an ongoing pandemic

### Beneficiaries
- Selected parts of:
  - TMT
  - Healthcare

- Limited number of companies
  - No equity injections to date
  - Strong valuations
  - Accelerated exits possible

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### Resilient portfolio underpinned by thematic investment approach

**Market outlook remains uncertain**

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Note: 1) 1% of total commitments in key funds excluding EQT IX, includes executed equity injections and planned equity injections since COVID-19 outbreak
Resilient valuations — key funds

Private Capital

EQT VI

2.4x
2.3x
2.3x
2.3x

On plan

EQT VII

1.8x
1.6x
1.7x
2.0x

On plan

EQT VIII

1.1x
1.1x
1.2x
1.3x

On plan

Real Assets

EQT Infrastructure II

2.1x
2.1x
2.0x
2.0x

On plan

EQT Infrastructure III

1.5x
1.5x
1.6x
1.6x

Above plan

EQT Infrastructure IV

1.1x
1.0x
1.1x
1.1x

On plan

Note: Data for current Gross MOIC reflects only closed investments and realizations. For Private Equity funds (part of segment Private Capital), target Gross MOIC amounts to 2.3x and “On Plan” refers to expected Gross MOIC between 2.0-2.5x. For Infrastructure funds (part of segment Real Assets), target Gross MOIC amounts to 2.0x and “On Plan” refers to expected Gross MOIC between 1.7-2.2x.
Key data per Q3 2020
Increase in AUM driven by EQT IX – step-down in EQT VIII

AUM development Sep 2019 - Sep 2020

- Sep-19: 36.8
- Gross inflows: 15.5
- Step-downs: (3.4)
- Exits: (2.1)
- FX and other: (0.3)
- Sep-20: 46.5

+26% LTM

AUM development Q3 2020

- Jun-20: 36.5
- Gross inflows: 14.4
- Step-downs: (3.4)
- Exits: (0.8)
- FX and other: (0.2)
- Sep-20: 46.5

+27% Q3 2020
Carried interest recognition update

Timing of carried interest recognition is driven by

- **Exits**
- **Changes in unrealized values**

“Rule of thumb” on initial recognition

- ~1.7–1.8x Gross MOIC reached
- Usually a few exits

~4-6 years after first investment

Status of carried interest recognition in key funds

- EQT VI and EQT Infrastructure II have recognized revenue from carried interest to date
- Status for EQT VII and EQT Infrastructure III as below:

<table>
<thead>
<tr>
<th>Metrics</th>
<th>EQT VII</th>
<th>EQT Infrastructure III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross MOIC (Current)</td>
<td>2.0x</td>
<td>1.6x</td>
</tr>
<tr>
<td>Number of exits</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Years since first investment</td>
<td>~5.0</td>
<td>~4.0</td>
</tr>
</tbody>
</table>

Long term focus on meeting MOIC targets and full value creation potential

Recognition timing is partly subject to market conditions

Note: 1) For IFRS 15 purposes
How does our IFRS carried interest model work?

1. An illustrative fund reaches a current Gross MOIC of 2.0x as investments increase in value and/or are realized.

2. Unrealized investments are subject to a valuation buffer of 30-50% in carried interest accounting.

3. Invested capital, management fees and ongoing fund expenses are deducted from accrued value.

4. If fund profits exceed the hurdle, carried interest is earned on all profits.

5. EQT AB Group to receive its share of carried interest (varying between funds).

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**Accrued valuation**

- Current Gross MOIC: 2.0x
- Unrealized: 100
- Realized: 40
- Valuation buffer (unrealized): 60
- IFRS 15 valuation (accounting): 75
- Invested capital: 50
- Mgmt. fees and expenses: -5

**Deduction of costs**

- Fund profits (IFRS 15): 20
- Fund investors (80%): -16
- Carried interest (20%): 4

**Distribution of IFRS profits**

- Illustrative (at a certain point in time)
- % of total value

Split in future funds (varying between funds)

- EQT AB: 35% = -1
- Investment advisory professionals: 65% = -3

**Note:** 1) As presented in Gross Investment Performance table in external reporting. 2) Based on all capital contributions, including management fees and expenses, and preferred return (e.g. 8% annually).
Re-accelerating investments in personnel

Operating expenses, H1 2020

- Personnel expenses (66%)
- Other operating expenses (34%)
- External services, admin & other

<table>
<thead>
<tr>
<th></th>
<th>Dec-17</th>
<th>Dec-18</th>
<th>Dec-19</th>
<th>Sep-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE</td>
<td>427</td>
<td>493</td>
<td>606</td>
<td>657</td>
</tr>
<tr>
<td>On-site consultants</td>
<td>454</td>
<td>547</td>
<td>665</td>
<td>709</td>
</tr>
</tbody>
</table>

\[+93 \quad +118 \quad +44\]

- Recruiting activities accelerated following hiring freeze in H1 2020 (COVID-19)
- Personnel (FTE+) increase as the business grows, with operating expenses share of total cost largely stable
  - Launch of new strategies; Growth and APAC
  - Central function projects; digitalization and increasing our global fundraising capabilities

Note: 1) FTE+
Financial targets and dividend policy

**Growth**  Total revenue growth exceeding the private markets’ long-term growth rate

**Profitability**  Adjusted EBITDA margin of 55-65%

**Dividend policy**  To generate a steadily increasing annual dividend in absolute euro-denominated terms

Targets should be considered over a fund cycle
Questions?
Appendix
Our business model is long-term, simple and scalable

Attractive client returns...

...growth in AUM...

...with integrated revenue streams...

...and a predictable cost base
How does our AUM and management fee model work?

1. A fund is raised and fees are charged on total committed capital during the investment phase.

2. Successor funds normally start to invest when ~85% of the fund is invested.

3. When a successor fund is activated, the AUM base applied when charging management fees changes from committed capital to invested capital (remaining cost of investments):
   - Management fee not charged on committed capital on two fund generations in the same strategy concurrently.
   - Step-down AUM based in closed investments only (half yearly).

4. As the fund exits companies, the invested capital base is reduced:
   - After 8-12 years, the fund is typically terminated.

5. Same fee rate (%) apply throughout fund life.

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**Illustrative**

**Step-down example for EQT VIII of EUR 3.4bn (EQT Q2 2020)**

*Gross investment performance of key EQT funds*

<table>
<thead>
<tr>
<th>EQT</th>
<th>Start Date</th>
<th>AUM</th>
<th>Committed capital</th>
<th>Cost of Investments</th>
<th>Value of Investments</th>
<th>Group ROCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIII</td>
<td>Jun-11</td>
<td>1.3</td>
<td>4.8</td>
<td>4.4</td>
<td>3.1</td>
<td>1.3</td>
</tr>
<tr>
<td>VII</td>
<td>Jul-15</td>
<td>8.2</td>
<td>6.2</td>
<td>2.1</td>
<td>1.1</td>
<td>5.1</td>
</tr>
<tr>
<td>VII</td>
<td>May-18</td>
<td>10.9</td>
<td>7.6</td>
<td>-</td>
<td>-</td>
<td>3.5</td>
</tr>
<tr>
<td>Real Assets</td>
<td>Oct-Dec</td>
<td>0.7</td>
<td>1.9</td>
<td>1.7</td>
<td>1.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Infrastructure II</td>
<td>Nov-Dec</td>
<td>3.4</td>
<td>4.0</td>
<td>3.4</td>
<td>0.0</td>
<td>3.4</td>
</tr>
<tr>
<td>Infrastructure III</td>
<td>Nov-Dec</td>
<td>3.4</td>
<td>4.0</td>
<td>3.4</td>
<td>0.1</td>
<td>3.4</td>
</tr>
<tr>
<td>Infrastructure IV</td>
<td>Nov-Dec</td>
<td>8.2</td>
<td>8.1</td>
<td>5.7</td>
<td>-</td>
<td>6.1</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>5.6</td>
<td>4.6</td>
<td>4.6</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>36.5</td>
<td>33.9</td>
<td>50.9</td>
<td></td>
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</tr>
</tbody>
</table>

Note: Cost and value of investments reflect only closed deals. Fee paying AUM: 65 + closed investment - closed exits = 75

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**Fee paying AUM**

5. Flat management fee (%) throughout fund life – charged on half yearly AUM number.
Fundraising key milestones and management fees

1. New fund activated, last new investment made in existing fund
2. Investment period closed and fees based on net invested capital of closed unrealized investments (“remaining costs”)
3. **Key date 1:** Successor fund activated (fees based on commitments to date)
4. New commitments continuously being closed out. **Key date 2:** Management fees booked in year 1 based on total closed out commitments as of year-end. All commitments in year 1 charged fees from first fee date, i.e. when the fund was activated, irrespective of when commitment was made in year 1
5. Fees in year 2. Final close of fund. Any commitments in year 2 are charged from first fee date. Results in “catch up” fees from year 1 being booked in year 2

While fundraising is ongoing, management fees are booked based on total closed out commitments at year end. At final close, all investors will have been charged management fees from activation (first fee) date

Note: 1) Remaining commitments to be used primarily for add-on acquisitions and strategic capital injections as well as ongoing expenses; 2) Normally 80-90% invested
Most funds are yet to start recognizing carried interest

Current lifecycle positions in selected funds

--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
EQT VI (4.8) | 6% | | | | | | | ~6 years | | |
EQT Infrastructure II (1.9) | 9% | | | | | | | ~3.5 years | | |
EQT VII (6.9) | 25% | | | | | | | | | |
EQT Infrastructure III (4.0) | 25% | | | | | | | | | |
EQT VIII (10.9) | 30% | | | | | | | | | |
EQT Infrastructure IV (9.1) | 36% | | | | | | | | | |
EQT IX | | | | | | | | | | |
EQT Infrastructure V | | | | | | | | | | |

Bar height indicates relative size of commitments\(^1\)
Period with revenue recognized from carried interest
\(^\%\) Share of carried interest attributable to EQT AB Group

Note: 1) Excluding EQT IX