Introduction
Olof Svensson
Head of Shareholder Relations, EQT AB

Welcome
Good morning, and welcome to EQT’s Year-End Report. In 2021, we added new investment strategies strengthening EQT’s ability to support companies from emerging to mature. We acquired Exeter and LSP, and we strengthened EQT’s operating platform.

Importantly, we delivered on EQT’s mission to create strong returns for EQT’s fund investors, paced by a record amount of realisations. As a result, EQT doubled revenues, and nearly tripled EBITDA.

Together with Christian, Caspar, and Kim, we will reflect on the past year, our strategy, and how we continuously invest to future-proof EQT. As always, there will be a Q&A after the presentation. And in order to ask questions, you will need to be dialled into the conference line.

With that, I hand over to Christian. Next slide, please.

Presentation
Christian Sinding
CEO and Managing Partner, EQT AB

2021 in brief
Building on our strengths
Thank you, Olof, and good morning, everyone. It has been another engaging year, and performance has been strong across the EQT funds.

As we stood here in January last year, we announced the acquisition of Exeter, and a lot has happened since. It has been really great to have Ward and his team onboard and, actually always, Exeter has performed better than what we expected, and more on this shortly.

We also look forward to joining forces with LSP, a leading European life sciences venture capital firm. With LSP, we strengthen our capabilities in early-stage healthcare, and accelerate our leadership throughout the lifecycle of companies in our largest sector, which is healthcare, thus we are replicating the ability to invest in tech from ventures through growth and into buyouts & long term also in healthcare.

Last year, we closed fundraising of Infrastructure V and we also had the final pieces of EQT IX. Both closed at their hard caps. And we launched the Growth and the Future Fund fundraisings.

This year, we expect to be even more active. We already kicked off January by setting target sizes for EQT X yesterday, Ventures III, and for our new strategy, EQT Active Core Infrastructure. In the last year, we have grown our capital raising team from about 50 to
almost 85 people. We have also built a team to tap into the private wealth channel, and we have invested into our digital client interface to support all these fundraisings.

2021 was a year of high deal activity. We had a strong year when it comes to realisations, announcing €30.7 billion worth of exits. We are returning considerable amounts of capital to our clients, and our ability to realise companies at these strong returns we believe is a testimony of our thematic investment strategy and the effectiveness of our value creation toolbox. And, of course, a focus on portfolio construction and driving exits in our funds.

Value creation was strong throughout the year and across strategies, for example, EQT VII and EQT VIII were both upgraded to above plan, and Infra III continues to develop above plan. We are now 1,160 EQTarians globally. We continue to attract talent to support our growth journey, meaning, we could see EQT approaching 1,400 FTE-pluses this year, possibly even a little bit more.

And as we are growing, of course, during this time of continued pandemic and travel restrictions, we have been focusing a lot on nurturing our culture. One of the fun things we did was to come together December for a virtual party where we had breakfast party in the US, a party lunch in Europe and a party dinner in Asia. And as you can hear from my voice, it was a bit corny, but there was a lot of fun, and we are really working hard on making sure that we have as much interaction and engagement with our great teams as possible to keep our unique culture going strong.

Importantly, we also upped our strategic focus on sustainability as part of our purpose journey. EQT, as the first private markets firm in the world, set science-based targets. And I am going to have more on this in a few minutes.

Our growth in AUM and the strong fund performance resulted in EQT doubling revenues in 2021, and Kim will of course come back to that later in the presentation.

**Active ownership to drive investment and transformation**

*Building on our strengths*

EQT is solely focused on active ownership strategies. And why is this so fundamental for us? Well, because it is the foundation of our ability to create strong returns for our clients. Through active ownership, we actually transform companies. We implement a clear governance framework. We accelerate digitalisation, futureproofing. We invest in people. We really work hard to make the companies more sustainable for the long-term and more resilient. And in short, all of these actions help the companies and the assets become more valuable for the long term.

The returns we are realising today are the results of investments and value creation actions taken over a number of years. And we do call it future-proofing companies, as you know. We were early in areas such as digitalisation and artificial intelligence and sustainability. And we were really early to adopt a thematic investment approach to find the best companies and assets in the industries that we want to be in that are driven by a long-term secular trend.

However, with our ambition to be a thought-leader, we need to continuously develop ourselves to stay ahead of the curve. Over the past year, we have broadened our strategies to build thematic expertise in, for example, life sciences, and we strengthened our ability to
support companies at different stages from emerging companies all the way to mature long-term ownership.

And we are working with Motherbrain, our artificial intelligence unit, more deeply within the investment organisation. And ultimately, actually, our goal is for her to have a seat on the investment committee.

Having a listed share and a balance sheet has helped us accelerate growth, be it through acquisitions, or by supporting our new strategies with capital from our balance sheet. And we are going to drive growth in the business through both of these initiatives going forward.

**We are continuously developing our investment strategies**

*Ability to cover entire life cycle of a portfolio company*

By investing in companies from emerging to mature, we become better at refining our thematic approach, identifying investment opportunities, identifying new talents, evaluating risk, and sharing knowledge and best practices across companies at different stages of their development.

For example, by adding EQT Growth, we bridged the gap between ventures and the more mature companies in private equity. And this combination has already proven really powerful, with Wolt being a great example. EQT Ventures first invested in Wolt in 2016 and has supported the company to become one of the largest European tech companies and exits actually. And with that proven business model that ventures helped to create, EQT Growth invested in Wolt, to help accelerate their expansion until their combination with DoorDash.

We acquired LSP for similar reasons to be able to support healthcare companies from early stage to mature companies, and also to really strengthen our scientific expertise.

In real estate, EQT Exeter strategy is similar, developing single properties, which are aggregated into portfolios, which can be owned by a third-party but also managed by EQT Exeter for the very long term.

In private capital and in infrastructure, we are expanding our ability to own and transform companies over the longer term. We recently activated EQT Future, our impact-driven longer hold fund, with a €4 billion target size. And we just set the target size at €5 billion for our new strategy, EQT Active Core Infrastructure.

More broadly, I am actually quite confident that we will continue to see this trend of companies remaining private for longer. EQT and our peers are driving this trend by being active owners and supporting companies at every stage of their development and also with strong capital bases.

Looking overall at private markets, we expect the market to continue to grow at about 10% annually until 2030. This means more than $10 trillion of capital coming into our industry. This trend is driven by investors increasing their allocations to private markets. Why is that? Well, private equity, private markets have now proven that it has outperformed globally over time.

There is also an increasing amount of capital in the world that is seeking outperformance and stronger yields, stronger returns. A major trend is retail and private wealth, where a lot of capital are now being channelled into private markets. And as we seek to continue to
outperform public market benchmarks, which we have since our inception, we are really excited to partner with our clients on this journey to continue to deliver outsized returns.

**LSP – building thematic expertise**

Creating **EQT Life Sciences**

Next, let me share some more details on LSP, the leading European life sciences venture capital firm. The transaction is expected to close this quarter, and we very much look forward to welcoming the team of 34, based in Amsterdam, Munich, and Boston to the EQT family.

It is a team with strong scientific knowledge and experience from investing in about 200 life sciences companies and generating excellent returns. With LSP, we see a really interesting opportunity to support life science companies, primarily first in Europe with funding and expertise. We really do expect LSP to also strengthen our overall healthcare platform globally.

We are going to become better at identifying themes and evaluating scientific risk across the healthcare spectrum, and thus, broadening the scope of investment opportunities within healthcare.

I am happy to say that the feedback from clients has been very positive so far. This combination has strong merits for both LSP and for EQT, and maybe most importantly, we have a great cooperation with Rene and his team already.

**EQT Exeter - efficient integration and strong performance**

Now to Exeter. It has been a real joy to work with the Exeter team for almost a year now. We closed the transaction in April. The collaboration has been super. And Exeter is actually outperforming on all metrics.

Prior to teaming up with EQT, Exeter had grown AUM, revenues, and EBITDA by about 25% annually over the last three years. In the last year, Exeter accelerated its growth journey. AUM grew by about 50% while exit activity was strong. Revenues grew by about 45% and EBITDA grew by 55%. A great performance.

EQT Exeter has delivered some quite impressive realisations over the last year, including a US$6.8 billion industrial portfolio sale. This was really active ownership and futureproofing at its best. We raised occupancy from 55% to 95%. 22 million square feet of newly constructed properties were equipped with the newest renewable design features in the industry.

Performance remains top, with Preqin, for example, recognising EQT Exeter as being a consistent top performer across vintages over time. We have, of course, continued to add talent in order to grow EQT Exeter’s footprint, with 300 people now being part of that superb team. As you know, being local with locals at EQT and even more so at EQT actually is a key advantage to finding the best investment opportunities.

**EQT’s strategies are delivering strong performance**

Realising investments and returning capital to clients

The EQT funds have performed strongly in 2021. We have returned a record amount of capital to our clients, after realisations of €30.7 billion. This is the result of having created future-proofed companies, companies which are more valuable, and which we realise and then pass on to new responsible owners.
Looking more broadly, different sources of capital are looking to buy these kinds of thematic assets that we are owning. This means that there is great demand for the assets when we realise and make exits, but of course it also means that competition for these companies and assets are as high. That has been the case for a long time.

To future-proof returns, we continuously develop our value creation toolbox and our future-proofing capabilities, trying to find companies and assets where we can add value to the business and where the price today is not the determining factor for future return. We have active ownership strategies and that is how we create that return.

One great example is IVC Evidensia, where we have five-folded revenues. We have made over 600 acquisitions, and we have added 1,500 new clinics to the platform. That is the kind of active ownership that we like to see where we buy a great platform and then we build onto it the best we can with all of our talent at EQT with superb boards and management teams.

Talking about people, we, of course, are working to attract the best talent so we can continue to add value in creative ways. Thus, we also invest in the EQT platform to support our deals with companies with everything that is needed behind the scenes so our teams can really focus on, making investments and adding value.

Let me therefore next share some perspectives on how we strive to stay ahead of the curve.

**Accelerating futureproofing**

*EQT as a first mover in sustainable transformation*

Right now, the most integral pillars to future-proof ourselves and our portfolio companies are digitalisation & AI and sustainability.

Let me first focus on sustainability. We are convinced that sustainable companies attract the best talent, will have the best relationships with regulators, the most attractive customers, and be best placed in the value chain over time.

Sustainable companies are going to be more resilient and more relevant. Therefore, ultimately, we are convinced than we see it now in our portfolio. They are going to be the most valuable. This philosophy, you can call it stakeholder capitalism, is simply good business. Like my predecessor, Tom, has said, we are in the business of good business.

At EQT level, we took incremental steps last year to ensure we are working with all stakeholders. We were the first private equity firm in the world to issue a sustainability-linked bond at the EQT AB level. We became the first private equity firm in the world to set science-based targets and demand that our companies and the portfolio also set the science-based targets.

I am super pleased to have Bahare Haghshenas, EQT’s Head of Sustainable Transformation, now being part of EQT’s Executive Committee, further strengthening EQT’s strategic focus on this important area of sustainability.

We also continued to integrate sustainability expertise into our investment organisation. Sustainability is no longer a separate corporate function. It is really being truly integrated into the entire investment life cycle of all of our portfolio companies. Lots of initiatives are underway.
We are, for example, strengthening EQT’s data engine to drive transparency and accountability and measurement. After setting the science-based targets, maybe more importantly, we are setting out our ambition levels for the next decade. We will come back to that later this year.

These almost are all connected to driving long-term performance for our clients by transforming companies to make them more valuable for the long-term.

For the EQT Funds, there is a huge investment opportunity ahead. However, as you know, society faces a number of long-term challenges, be it in terms of the ageing population, inequality of opportunity, or the climate emergency that we are in. To solve the global challenges such as these, capital and new solutions will be required.

Being a purpose-driven investor and owner, we are confident that EQT has a strong foundation to transform industries to tackle these problems, like you see across many of our investments across our funds, including maybe more in particular right now, infrastructure, both in how we are transforming student bus industry in the US and how we are transforming the ferry industry in Scandinavia.

In fact, I believe that private markets have the opportunity and the obligation to really make a difference. We have the governance model, the capital, the time to really be able to drive that positive change that is needed in the world.

EQT’s new strategy, EQT Future, is one way for EQT to accelerate that impact agenda and the same with EQT Active Infrastructure. All of EQT funds are invested based on our purpose, to future-proof companies and make a positive impact. With EQT Future, again, we really set out to challenge ourselves and to raise the bar for all of our strategies and testing new concepts such as carry that is linked to ESG goals, all in order to secure again long-term returns for our clients.

### Accelerating futureproofing

**EQT Digital – Staying ahead of the curve**

Now on the other hand, for several years or for many years now, we have invested in digital transformation to support our investment core. We have built an in-house team of digital natives to work alongside and together actually with investment professionals in due diligence and at value creation and with the companies.

Second, to accelerate and improve accuracy of decision-making across all aspects of investing, we have developed the Motherbrain AI platform and when we built a team of super strong data scientists and data engineers that are also working in a really integrated way with the investment teams.

These early investments have been paying off since and strongly contribute to our current performance and resilience but will do so even more in the future.

Today, fully integrated, EQT digital systematically engages across all of our investment strategies, although we can continue to do a lot more. We are actually at a great place. However, like I said, we continue to stay paranoid and work hard to stay ahead of the curve.

During 2021, we established a dedicated in-house cybersecurity centre of excellence to reinforce our efforts in portfolio resilience. Motherbrain has also added emphasis on
supporting portfolio companies in identifying add-on acquisitions, for example, in GETEC. She has so far has supported EQT ventures in identifying 14 new investments. Motherbrain is then being rolled out across the EQT platform with use cases depending on fund strategy, and a common core to ensure that we really over time create one easily accessible EQT corporate memory and corporate intelligence.

Moreover, we are measuring how we take decisions in Motherbrain to help us sharpen the pencil on our own decision-making in our investment committees. Super exciting developments, I must say.

With that, I would like to hand over to my colleague, Caspar, who will talk more about futureproofing regarding the EQT platform. Caspar?

Future-Proofing EQT
Caspar Callerström
COO and Partner, EQT AB

Future-proofing the EQT operating platform

Thank you, Chris. We have three strategic priorities for EQT’s operating platform.

First, we are investing in talent to support our growth journey. Over the past year, we have added great people across capital raising, technology, sustainability, and operations. And we are further strengthening the EQT Academy or in-house training programme. We are also developing our platforms for talent management. The objective is clear. We will continue to invest in our ability to attract, retain and develop the best talent.

Second, we continuously invest to improve the client journey. We recently launched a new investor portal, and we are trying hard to make it easier for our clients to gain access to data and simplifying the fundraising process for our clients. This is particularly important in a year like this when our clients will be busy with a very active fundraising pipeline across private markets.

Third, we continue to build EQT’s platform for scalable growth. As mentioned, this means adding talent but also developing our organisation structure and establishing even more efficient data management tools, for example.

Continued investments in our global client relationships
We now have about 730 clients globally, up from 550 a year ago. The commitments that we have from North American clients represent now about 30% of commitments, partly driven by the addition of clients from Exeter.

Our capital teams are expanding with stronger local presence across Europe, APAC, and the US. Over the past year, our capital raising team increased from about 50 people to almost 85 people, a significant increase in investment.

We are also strengthening EQT’s focus on private wealth clients. Our products are now distributed through more private wealth platforms. Remember, EQT is not structuring investment solutions. That is not really our core. We instead work with private wealth
managers and servicing their clients, offering them our products in partnership with us. The private wealth landscape is evolving, and we are in active dialogue with various distribution platforms to explore new ways to broaden access to alternative investments in general. Next slide, please.

**EQT’s platform is set to deliver a number of new strategies and fund generations**

2022 will be a very active when it comes to fundraising. We continue to raise EQT Future, EQT Growth and EQT Exeter’s fourth US industrial core fund. We have just set the target fund size for EQT X at €20 billion and Ventures III at €900 million. The target size for EQT’s new Infrastructure Fund, Active Core Infrastructure, was set at €5 billion.

Similar to EQT Future, EQT Active Core Infrastructure will have a longer hold structure and initially charge fees based on invested capital rather than on committed. This means that management fees will ramp-up as the fund deploys capital and not in fundraising.

Fundraising of EQT X could follow a broadly similar timeline as EQT IX did. Fundraising will likely be materially done during 2022, but it will certainly continue into 2023 before we have a final close.

EQT Infrastructure V is now 60-65% invested and we are preparing for Infrastructure VI. As previously stated, we will not be fundraising the flagship funds in parallel in their active phases. It is more likely that we will follow a similar sequencing as we did when it came to the fundraisings of EQT IX and Infra V, where Infra V was launched when the active part of the EQT IX fundraise was materially concluded.

As previously mentioned, we continued to strengthen our position in APAC, hiring leaders in both Japan and South Korea over the past months across Infra, PE and real estate. However, we have decided to prioritise other near-term fundraisers.

Looking ahead, we see opportunities to expand the investment strategies within healthcare, as Chris mentioned, to support, for example, growth stage companies in a similar way that we do with growth within tech. We also continue to selectively evaluate M&A opportunities to strengthen our products or geographical presence.

The bar, as mentioned before for any acquisition, is high and we stay focused on culture, performance, and our vision on being the most reputable investor and owner.

Before handing over to Olof, let me briefly comment on the ongoing review by the Swedish Financial Supervisory Authority, SFSA, with regards on how we handled the information in relation to the lock-up revision and related sale of partner-owned shares back in September.

We continue to be of the view that we acted correctly. We have leading Swedish law firms advising us throughout the process, and we have subsequently obtained a second opinion from another leading Swedish law firm supporting that view as well.

In addition, we have engaged two separate leading international experts on the EU Market Abuse Regulation, the MAR. They have both made their assessments and their conclusions also support our view. Regardless, we are fully collaborating with the SFSA and will await their final decision. If and when we have anything further to communicate on this matter, we will provide an update.

Okay. Thank you. With that, I leave it over to you, Olof.
Investment Overview
Olof Svensson
Head of Shareholder Relations, EQT AB

Strong exit activity throughout 2021
Thank you, Caspar. Deployment continued at a good pace throughout 2021 with signed investments of just over €20 billion, of which €13 billion related to the second half of the year.

Deployment over the year was evenly distributed between private capital and real assets at about €10 billion per segment.

In terms of our key funds, EQT IX is now 75-80% invested, up from 65-70% in our Q3 update. Multiple investments in the last quarter included zooplus, CFC and 3Shape.

Looking at Infra V, it is now 60-65% invested, as Caspar mentioned, and that is in line with the deployment level in our Q3 update. After a busy Q3, the main investment announced in Infra V during Q4 was the acquisition of Icon Group.

In addition to the €20 billion of investments announced in 2021, our clients deployed another about €9 billion through co-investments with us over the past year. As Christian mentioned, we continue to make investments where sustainability is an important value driver. To highlight a few examples. EQT Ventures is backing Einride, specialising in electric and self-driving trucks. EQT IX acquired Thinkproject, providing software to help reduce waste in the building sector.

In our Infrastructure segment, decarbonisation and electrification was a key theme, as Chris mentioned, in recent investments such as First Student, Molslinjen and Torghatten.

Over the past year, we realised assets of €30.7 billion. In private capital, EQT VI is now fully realised, and it will be removed from our key funds from Q1 and onwards. More than half of the current value of EQT VII has been realised. We have selectively started to realise assets in EQT VIII. This means our private capital team has ample capacity to continue to drive investments at a good pace in more recent funds and value creation in the existing portfolio companies.

In real assets, almost 90% of the current value of Infrastructure II has been realised. In Q4, Infrastructure III announced the sale of GETEC and Fenix Marine, and we expect Infra realisations to continue in 2022.

Similarly, the drive for exits means that the smaller size of that portfolio enables us to continue to develop companies and make new investments at reasonable pace. As Christian already mentioned, EQT Exeter, of course, had some large recent portfolio sales.

Next slide, please.

Fund valuations – strong performance across the platform
Value creation across our key funds continued to develop well throughout 2021. As previously noted, EQT VII, EQT VIII and Infra III are all expected to deliver returns above plan.
Notably, EQT VIII saw a valuation uplift from 1.4 times gross MOIC to 2.6 times over the past year. Companies across the portfolio have strongly performed this year, and the fund has had few exits, including some IPOs.

Listed holdings are booked at market value in our quarterly fund valuations. EQT VIII being a 2018 fund, will be active for a few years still. As such, we stay focused on developing companies rather than the short-term market moves we see in listed holdings.

The valuation of Infrastructure III increased from 1.8 times to 2.6 times over the past year, and this was partly driven by strong realisations towards the end of the year, resulting in a meaningful value uplift.

As the EQT funds have actively been exiting assets, they have a relatively young portfolio of companies which have all been sourced with a strict thematic focus. With a healthy portfolio, investment teams can largely focus on sourcing new investments and driving value creation across portfolio companies.

Market values remain high, and we continue to be very focused on companies, which are supported by strong secular growth trends. Our funds invest in companies with leading market positions and pricing power, and in downside protected businesses with high cash conversion.

We are also remaining disciplined when it comes to leverage levels targeting what is best for the business and its value creation plan rather than maximising total leverage. To put this in context, when we analyse the value drivers for our past exits, about three quarters of value creation was driven by sales growth and margin expansion in our private capital segment. In other words, it is how we develop the companies over time and over cycles, which matters the most, not leverage.

Portfolio construction is important, and we maintain well-diversified funds. With deal flow continuing to be strong across sectors and geographies, we stay selective.

With that, I will hand over to Kim.

Financial Overview

Kim Henriksson
Chief Financial Officer, EQT AB

AUM growth from EQT Infrastructure V, Exeter and EQT IX

Thank you, Olof, and good morning, everyone. I am very pleased to look back at a year of record performance in all areas. The full effect of EQT IX and Infrastructure V as well as the addition of Exeter led to a strong uplift in management fees.

In addition, the strong performance resulted in significant carry recognition. Combined, this meant revenues doubling and EBITDA nearly tripling as the business scales.

Let me first focus on AUM, which increased by 40% during 2021, mainly driven by EQT Exeter adding about €9 billion in AUM as the acquisition closed on 1st April, and with another more than €6 billion of gross inflows since closing. With some sizable, successful realisations this year, Exeter is today at about €12.5 billion of AUM.
Secondly, on EQT Infrastructure V, the fund had its final close at €15.7 billion in AUM with about half of the fund commitments being attributed to 2021. EQT IX held its final close at €15.6 billion in April with about €1.6 billion of those commitments being closed out in 2021.

As you know, the AUM base is reduced with the cost of investment as the fund exits holdings, so amounting to about €8 billion last year. Remember that some of the recently announced exits have not yet closed and are therefore still included in our AUM numbers.

As we think about 2022, we expect a meaningful uplift in AUM based on the various fundraisers which have been initiated, as Caspar outlined earlier.

There are a couple of technical aspects to keep in mind. First, in our H1 2022 numbers, only closed out commitments from the ongoing fundraises will be included in AUM, and thus in the management fee number for H1.

Secondly, when we activate the new fund generation, the previous fund generation generally reduces the AUM base to invested capital. Thirdly, all clients, regardless of when they commit to a new fund, they pay fees from the fund starting date. Next slide, please.

**Management fee growth coupled with increased carried interest**

Revenues more than doubled in 2021 compared to 2020. The increase was primarily attributed to the management fees from Infrastructure V and EQT IX, as well as the combination with Exeter and the carried interest from EQT VIII and VII.

One-third of revenues in 2021 were attributed to carried interest and investment income, of which investment income was some €73 million. As a reminder, investment income is a function of the changes in fund valuations. Currently, EQT’s fund investments stand at just shy of €0.5 billion.

Our platform is scalable. Whilst we grew expenses meaningfully in 2021, our EBITDA margin widened to 68%. The retroactive fees, as we call them, late fees, did increase the margin somewhat approximately 2 percentage points for the year.

Note that Exeter's financials were only included for during nine months of 2021. Exeter contributed to revenue with €134 million and €86 million of EBITDA during the nine months of our ownership. For Exeter's full-year numbers in 2021, you can add another approximately €30 million to revenues and €15 million to EBITDA. Next slide, please.

**Building our platform to support growth**

In 2021, we added about 450 people, of which approximately 300 related to Exeter. We are growing across the board, including in areas such as client relations and capital raising, digital and fund operations. We also added colleagues across EQT’s investment strategies, including our new strategies.

The 21 personnel expenses do not show the full effect of this FTE increase, with many joiners only having been with us for part of the year. We continue to actively hire to support our growth agenda.

As Christian mentioned, we could see EQT having towards 1,400 FTE+ at the end of the year or possibly more. From LSP, for example, we expect 34 people to join, and they will also be growing their organisation during 2022.
By adding people across the platform, we continuously invest ahead to support our AUM growth and to have the right resources to continue to drive investments and returns across our investment strategies. As we look ahead, we will likely continue to have about two-thirds of our cost base relating to personnel expenses, and about half of our personnel cost is generally variable.

In a year like 2021, where performance is very strong across the board, incentive compensation is higher as we look to reward our global teams. Next slide, please.

**EQT is pro-actively managing potential risks and challenges**

*Rising inflation and interest rates*

2021 has been a very strong year, but we remain vigilant. Inflation has picked up and interest rates may be on the rise. As Olof described earlier, our funds are well-positioned with portfolio companies backed by secular growth trends, and we have well-performing funds.

Our business is to transform companies, and this is the primary driver of the returns, not leverage, for example. Whilst we think our portfolio would be resilient in a downturn, we would surely be affected if we were to see a sustained deterioration in the economy and markets.

Let me recap what we would expect in such a scenario. We would expect that activity levels would go down, which in turn means we could revert to more normal fund cycles. Our management fees are stable and contractually recurring. However, if realisations go down, it could take longer to realise carried interest. If funds were to be marked at lower valuations, this would be reflected in our investment income.

We do control a meaningful part of our costs, and thus, we would expect our cost base to grow at a slower pace in such a scenario. Next slide, please.

**Financial targets and dividend policy**

Let us wrap up by looking at our financial targets. As stated at the IPO two years ago, we expected an EBITDA margin of between 55% and 65% over the medium-term. And the targets should be viewed over a cycle, and we think this range is still a reasonable indication of where we expect margins to be over the mid-to long-term.

In years with great performance and thus carry recognition, we would expect to be at the upper end of such range or even above. Indicatively, we have also said that over time, the share of carried interest and investment income is expected to be between 25-30% of total revenues.

Carry and investment income corresponded to 33% of total revenues in 2021. As always, it is important to look at carry on a long-term basis over the lifetime of the funds. Remember that carry is 20% of all profits in a fund. When a fund goes from 2x to 3x, that doubles the amount of carry generated.

We have stated that our ambition is to generate a steadily increasing dividend in absolute euro-denominated terms. We continue to see opportunities for growth. With a strong balance sheet, we retain the flexibility to support new initiatives with capital to follow our fund commitments and to make add-on acquisitions.
The Board of Directors has proposed a dividend per share of SEK2.80 to be paid in two instalments.

With that, I will say thank you, and we will now open up for questions.

**Q&A**

**Arnaud Giblat (BNP Paribas):** I have got three questions, please. Firstly, could you talk about the outlook on investment activity and exit activity? Obviously, you are coming off a very hot 2021. How does the pipeline look on both fronts?

I have a sub-question there as well. Could you talk a bit about the sensitivity to returns over 100 basis points increase in base rates and how you are factoring that in your investment model?

My third question is on corporate M&A. I mean, across the board, we have seen quite a lot of activity happening there. You talk about it as an opportunity for growth. Could you flush out a bit more what sort of opportunities you may be looking at? Are there a lot of companies that might be seeking to be acquired?

**Christian Sinding:** Thanks, Arnaud. I will share some of these questions, I think, with Caspar. Starting out on the activity, the strong activity that we saw in 2021 on the new investment side is continuing. It is continuing across all of our asset classes, actually. The way that we work, we work with long-term secular trends. We are local with locals in every country and for Exeter actually even every state or jurisdiction. Our ability to drive deal flow continues to be very strong and really unchanged, and the momentum for the medium to longer term also looks strong.

When it comes to exits, we have had a huge push on exits as we have been talking about, I think, for quite a while across all of our strategies. That will continue. We believe that it is quite important to drive portfolio construction when you are making new investments and adding to the portfolio. It is also important to work with the older portfolios to make sure that you exit in a way where you drive returns to the investors, as we have been doing, but also making sure that the portfolios in total become manageable for our teams to continue to be really close to and add value to. Our exit push will continue this year across, again, across multiple strategies or all of them.

When it comes to M&A or add-on acquisitions for EQT, as you heard, we are super happy with how we are working together with Exeter and becoming one company. LSP is about to join the team. We are looking at a number of smaller specialty investors either in certain geographies or in certain investment themes. Then we continue to look at filling in the white space over time where we are still not yet that active.

Behind the scenes, we have also been really strengthening our M&A and business development team so that we can continue to drive the add-on acquisitions and also make sure that we handle them and work together and integrate them in a really good way.

That is also one of the reasons; since we are also growing, and it is best to say this way. We are also growing organically quite significantly, both in existing funds and the new funds. Therefore, we are having a lot of focus on making sure our whole platform, which Caspar is
responsible for, is really scalable so we can continue to add new initiatives to the platform. Anything you want to add, Caspar?

**Caspar Callerström:** No. I think you covered it well.

**Christian Sinding:** Very good. Anything further, Arnaud?

**Arnaud Giblat:** Yes. Just the impact of 100 basis points.

**Christian Sinding:** Yes, apologies, I did not write that one down. The way that our value creation plans are developed, it is really about transforming companies. As you heard, about 75% of our value creation is actually generated by transforming the companies, by increasing sales and growing margins.

Then there is a remaining effect between leverage and multiples. 100 basis points in our models, given also that we are typically not the ones that are maximising leverage, is not going to have a material impact.

**Bruce Hamilton (Morgan Stanley):** Just three from me. Firstly, on exit, I guess, just as we cast forward and if market uncertainty increases, how important to you if you look historically have IPOs been versus strategic buyers and selling to other PE just to get a sense of the importance of the IPO market?

Secondly on the on the wealth access, which we agree is going to be an important growth area. Just to double check. You are not innovating on products. You are just looking to access more distribution channels. Are that mainly large wholesale banks across different geographies? Is it through wealth platforms or a combination of both? Where are you, perhaps from a geographical standpoint, pushing first or is it across all geographies? Then, I guess, just any other colour around cost flexibility. I guess on cost, we should take the second half run rate and grow from there. You are annualising at about EUR610 million of costs, I think, based on the second half. Is that the start point or is there an elevated level of variable compensation because 2021 was an extraordinary year? How should we think about some of the impacts that might be offset the strong growth in FTEs?

**Christian Sinding:** Thank you, Bruce. On the IPO side, it might be that one that my colleagues have this number off the top of their head. However, in general, we like to make exits through either strategic buyers or through financial buyers or families or other groups that will buy the companies from us.

In certain circumstances, we do IPOs. We typically do a few per fund, and we try to select those very carefully so that there are companies that are really highly appreciated by the public markets and where we can slowly but surely monetise over time. That is kind of the philosophical answer.

Certainly, there is a premium for us, also for our clients, when we make an exit to distribute cash. Everything else equal, we will typically choose another route than IPO. However, it is really on a case-by-case basis. Sometimes, like Certara, for example, which is a platform that is doing lots of acquisitions and needs a currency to grow, makes a lot of sense to have that be a public company. There will be a few. Generally, it is not our preferred or primary route.
I do not know if you have anything to add, team. Otherwise, I would go to the next question and that is the wealth channel. Caspar, do you want to cover that?

**Caspar Callerström:** Yeah. Sure. I can just touch upon the IPO exits as well. Now it was a couple of years since I looked at it. However, a couple of years ago, it was less than 20% of our total exits that were IPOs. It is not a huge and has never been, although this varies quite a bit over time, and we have gone through long periods where the IPO markets have not been open, and we have managed to do good exits during those periods of times as well. Just to be clear on that.

When it comes to the wealth channel, I guess, there was basically two questions, what do we think about distribution and are we distributing through banks or other platforms? I would say both. Also from a geography perspective, we are also working with both. I mean, historically, we very much come from a Nordic distribution, if you look way back, to a more European and now I would say global with also quite a few of the US big names, as you would imagine.

We have also added cooperation with more specialised platforms that we work closely with. I think it is early days for those. I think the potential there is obviously great over time, but it will not move the needle in the short period of time. We are investing in that relationship as well. I think if you look at private wealth as a whole, we expect that share to be growing in our fundraising. Even though our fundraisings will grow by itself, the share from private wealth would grow at a higher base.

**Kim Henriksson:** The third question with regards to cost, Bruce. Well, of course, it is so that the latter part of the year is more representative of the current run rate on the cost side. When it comes to flexibility or variability in the costs, I did mention that north of half of the employee costs are variable in a year like this, but it really depends on what you assume as performance in the future, whether how much you vary that cost number. I cannot give you that type of guidance. However, then you have a sense for what we can do under different scenarios.

Maybe also a reminder that the investment professionals’ ability to invest in the funds, and therefore take part of the performance upside through the carried interest is an important element of the wealth creation for the investment professionals, not necessarily the variable compensation.

**Ermin Keric (Carnegie):** Could you just talk a little bit more on the carried interest that you put now in H2 in terms of which funds are contributing? For instance, is Infra III contributing? Could you quantify-ish how much?

**Christian Sinding:** We do not provide that breakdown in detail for you, but we did mention that VII and VIII and Infra III are contributing, all three of them to the carried interest. Obviously, EQT VIII is a larger fund, where we have a larger part of the carry going to the house as well. That is an important element to it. I will leave it at that.

**Ermin Keric:** Okay. Then, if we are turning a little bit to the private wealth channel. Do you see that you have any different terms or higher PE levels also in that channel? Then, I can just also add on the last question I had on a different topic. Given the quite material exits that Exeter has had recently and so on, when could we expect EQT to start having any carry
contribution from Exeter? Is that still a few years away or has the more active exit agenda generally also moved that time points earlier?

**Caspar Callerström:** Should I start with private wealth?

**Christian Sinding:** Yes.

**Caspar Callerström:** I would say there is, in general, not a big difference on the private wealth side, if you look at the net fee levels. Typically, the models may be looking a little bit different than institutional capital. However, if you look at the net fees received by EQT, they are typically aligned with what an institutional investor of that similar size pays. I would say that is the answer to that question. Exeter carry, do you want to?

**Kim Henriksson:** Yeah, you can fill in. You are on the Board. The deal was structured in a way whereby we had a smaller proportion of the carry in some of the older funds and then in all funds following the acquisition, we would have the 35% as we do have in EQT. It is not yet time for carry from Exeter. Yeah. I will leave it at that.

**Hubert Lam (Bank of America):** I have got three questions. Firstly, on Infrastructure VI. You seem to imply that fundraiser could start later this year. Any indication in terms of the size for that particular fund? That is the first question.

The second question is on valuation of your funds. You moved up valuations across most of your funds in private capital over the last year. Do you think you are at risk the fund valuations now just given the recent selloffs and your exposure to the tech sector in high multiple sectors?

Lastly, I guess, you did discuss a bit about M&A and that you are open to doing more. You just mentioned the white space. Do you think that you could possibly fill if you see good opportunities?

**Christian Sinding:** Thank you very much. Good questions. When it comes to Infra VI, we have not indicated a size yet. The way we typically do that is that once we get towards the end of the previous fund, which is Infra V, of course, we look at the opportunity set. We look at the demand that we expect from our clients, then we set a target. And once we start to fundraise, then we set the hard cap. That is how that process works.

We will be clear on that as the year goes by. As Caspar said, we will start to activate that once the main intense period of EQT X, we have been through that; of course, as Infra V becomes fully invested.

When it comes to the valuation of funds, most of our value creation is actually from transforming the companies from driving revenue growth, EBITDA growth, change in the company, become more valuable for the longer-term. If you look at this correction in some of the growth stocks that has happened in new year, we do not expect that to have a material impact on our valuations, nor on our long-term performance.

Of course, there are probably one or two companies that are mark-to-market that are public. However, if you take the scale of EQT’s funds and where our capital is invested, the amounts that are in such high growth public companies or private companies is pretty small.

I think this is really an important point and why we are so focused on active ownership and really driving value creation in the businesses. We like to say that the companies that we buy
today, the prices that we are paying today for the businesses is ultimately not the main determining factor. The key is to buy the right platform, the right company, the right asset that we can really transform. EQT Exeter, of course, is buying multiple smaller assets, creating much more resilience and the much better assets holding them together and then exiting that to a longer-term owner. Companies, it is really about driving transformation, like the great example that we love with yellow buses. Any short-term market fluctuations, as we see now, are a little bit of interest rate movements, is not really what drives the value creation in EQT’s investment strategies.

The next one, M&A. Not sure I can answer it much more specifically. However, what we have said is that over time we would like to be global in all of our strategies. Where we are the strongest today is in Europe. The second strongest market that we have is North America, but still there is a lot to do there. The third one where we are the smallest in relative terms, both the EQT into market, is in Asia.

Then there are certain themes like life sciences, like tech, etc., that are our largest investment strategies where we could be interested in accelerating. There might be other themes that we would look at long term secular trends that we would like to strengthen. That is how we think about the matrix and then we, of course, only choose companies that fit EQT’s culture and values.

Magnus Andersson (ABG): A lot of questions already. I think just, for you, Kim, try my luck again with the carry split between the funds in H2 2021. In relation to the first half report, you were a bit more explicit saying that 90% of the total carry was from the EQT VII, which at least was very helpful to me. I would just like to know if you can be a bit more specific. You are highlighting EQT VIII, but could you say whether it is, I mean, more than 50% of the carried interest or be a bit more explicit?

Kim Henriksson: Really fishing there for a number. Magnus, no, I would not like to give out those numbers randomly here now. I do not think that would be fair to everyone, because of that, you have a kind of the VII number that I mentioned in the H1 and then that gives you sufficient triangulation to know where we are approximately. Sorry about that.

Magnus Andersson: Okay. Secondly then, just, Olof, you mentioned that you had €9 billion in co-investments in 2021. What was that number in 2020?

Olof Svensson: 2 point something, between €2 billion and €3 billion.

Magnus Andersson: €2 billion to €3 billion. Okay.

Mike Werner (UBS): Two questions for me. First, I guess on the dividend. I think the proposed dividend for 2021 was a little bit less than what the market was anticipating. I know you guys had a progressive dividend policy, but we saw that dividend rise I think about 17% year-on-year, whereas net income more than doubled. How should we think about the progressive dividend policy as we go forward in terms of the correlation between earnings growth and dividend growth? Then second, very helpfully, you provided the percent of variable cost in 2020 as a percent of personnel costs, which I think was a bit greater than 50%. Again, apologies if I have missed. Can you provide the figure – in 2020, you provided in 2021; can you provide that figure for 2020 last year?
Kim Henriksson: Yeah. I can take, I guess, at least the second one. Yeah, the 50% is more of a rule of thumb. The difference between 2021 and 2020 is not dramatic, because half of it is fixed cost and a significant part of the variable is also the same year-over-year, regardless of whether it is a great year or just a good year, but I guess 2020 was also a really, really good year. It is only a few percentage points that those differ from each other.

Secondly, when it comes to dividend, we have explicitly not tied the dividend to net income. You should not be looking at our dividend policy as a function of the net income, but rather as a growth. Growth stable, growth in the dividend in euro terms. That is the target for us.

Christian Sinding: Kim, do you want to add a little bit on how we are thinking about our balance sheet?

Kim Henriksson: Yeah. I guess that we are in the growth business, and you know that the various opportunities we have been discussing here are already both when it comes to M&A, when it comes to starting a new strategy is helping out with those when it comes to investing in the funds in order to show to the client base that we strongly believe in these funds as well. All of that requires a strong balance sheet with flexibility, and that is what we think we have in addition to the cash we had on the balance sheet as of year-end which was close to €600 million.

We obviously have €1 billion of revolver as well and a significant operational cash flow coming in. Maybe a reminder that year-end and half year-end are always the sort of low points of our cash position as the management fees are charged in January and July.

Jakob Brink (Nordea): Just two technical questions. We just discussed it just before. On the variable pay, maybe I missed it in the report. However, do you state, or can you help us understand how much of the Q4 staff costs were related to performance-based pay? That is the first one.

Kim Henriksson: No. We do not state that number. We just give a sort of rough split, i.e., that 50% of the employee costs are variable. That number was a few percentage points higher this year than it was last year, which was also a good year, keep that in mind.

Jakob Brink: Just the reason for asking is that obviously costs were somewhat higher in the half year than consensus had expected, so just trying to understand with all the stuff that has happened with Exeter coming in and you expanding outside Europe with higher pay, how much of it is sustainable and how much is related to the strong year? I do not know if you can give any help there.

Kim Henriksson: Well, it is a mix of both of those. We are recruiting, like we mentioned, both in sort of new geographies. We have opened offices in Japan and Korea and so on. However, that is the sort of slow change if you have more than 1,000 employees to start with. Those are on the margin changes. The main part of it would relate to the compensation, to the ones that are on the book already.

Jakob Brink: Okay. Fair enough. Then, maybe one other point where you deviated somewhat from consensus on the carried interest in the quarter. You did already mention, was it €73 million investment income for the full year. However, just trying to understand a bit more. I know we have discussed it before, and I do get the overall model. How exactly did you end up with the carry and investment income number to put in the P&L this quarter?
I mean, the gross MOIC of EQT VIII was unchanged from Q3, obviously up a lot from the half year. What kind of discount moves assumptions did you make on the line to derive that number?

**Kim Henriksson:** We have said that the discount we apply is in the range of 30-50%, and it is higher for the higher risk strategies than for the lower risk strategies. It may be higher depending on the time of where we are in the specific funds. We have high discounts. We have used at the higher end of that range discounts during the course of this year or last year.

**Caspar Callerström:** However, is not it fair to say that the majority of the carried realisations come, or the carried recognition comes out of realisations from the portfolio? It is when exits are made. Obviously, it is an equation where you have both valuations and exits, but really it really comes out of realisation exits.

**Jakob Brink:** Okay. I cannot remember exactly when you did the exits, but you have done two real exits from EQT VIII and then two semi-exits. I cannot remember exactly when you did them. However, just wondering why exactly this pretty big impact in the second half of the year. I guess, you must have moved the discount somewhat or is it –

**Kim Henriksson:** No, it doesn’t have to do with that. When you are making an exit, you obviously take away the discount completely because then the company has been exited. If you make a partial exit, you still leave the discount on the part that you own but you may mark up the value, of course, to the exit value. The valuation may still be higher or would still be higher in these instances than they were in the books. It is a combination of valuation and exits there. Then, as we mentioned, SEK73 million of the total carried interest and investment income line is actually investment income, which is directly related to the changes in the fair values of the fund investments we have.

**Christian Sinding:** The MOIC driven mostly by the exits went from 2.1 to 2.6 in the second half.

**Kim Henriksson:** Yeah.

**Christian Sinding:** I hope you understood that it is getting a bit technical, but what Caspar and Kim are saying regarding what happens when you drive an exit you have a kind of a double whammy because you eliminate the discount, and you have a mark-to-market.

**Olof Svensson:** I think in the interest of time, I am very happy to follow up on all, the details and the technical around this separately as well. Maybe we move on.

**Christian Sinding:** Yeah. Maybe we do the same on personnel expenses, so we do not get more questions on that because I do not think we are going to give more information on that in this forum.

**Maths Liljedahl (SEB):** A few follow ups then from the SEB team. Kim, you mentioned in relation with the Q3 update that you had like 4.4 billion in implied carried interest if all funds were performing according to plan. Do you have updated figures on that number, or has it been changed because it was according to plan? That is the first.
Then Infra VI, if you could just allude how we should think about size going forward because EQT IX and V are rather similar? Should we draw the same conclusions on the upcoming Infra VI, or is it too farfetched?

**Kim Henriksson:** On the first one, no, I do not have an updated number for that.

**Christian Sinding:** On the second one, I explained a little bit earlier that once we are a little bit more invested and we are heating up the fundraising for Infra VI, then we evaluate the opportunity set, the momentum, and the funds, and we are speaking to our clients. That is when we set the target fund size, the same way that we set the target fund size last night for EQT X. It is too early for us to comment on the size of that fund. However, of course, what I can say is that, as you can see, our fund strategies are performing well, and we are driving both deal flow and exits and have the capacity to drive a good fundraising.

**Gurjit Kambo (JP Morgan):** Just a bit of points of clarification. On the EQT Fund X, are we expecting a first close like in the first half of this year and then the final close in 2023? Do you say the Infrastructure Fund VI could come like the second half of this year? Just I am trying to understand a broad timing around, I guess, the bigger flagships that we have. That is the first question.

Then on the personnel and other operating expense, I think on slide 25, you give some comments around the Exeter purchase price and transaction cost. Just to clear that those are excluded as those are the items that adjust the comparability just so they are excluded from the, I guess, the starting base.

Then, finally, just on the FTEs, the 1,400 employed. How much of that growth year-on-year will come from the considered consultants versus the FTE+ numbers?

**Christian Sinding:** Thanks. The quick answer on your first question is yes. We are 75-80% invested in EQT X. We are in fundraising now as we speak. The timing you mentioned is what we would expect. The same with Infra VI is that once the active period of EQT X is done, we would activate the Infra VI, of course, depending on also investment base. However, generally, first half and second half, yes, and then a final close in 2023 for EQT X. Kim, did you hear the question on the personnel expenses?

**Kim Henriksson:** I did not get the second question. I am sorry. Can you repeat that one? Or maybe I answer the third one first, on the 1,400. The answer is that we do not necessarily know because some of the people that are starting off as consultants then transferring into full-time employees over time. However, I do say similar proportion I do say similar proportion as we have right now. I do not see any reason to change that with the potential exception then of the acquisitions where, as we mentioned, LSP will add 34 to, say, by the end of the year, 50 heads to the headcount already.

That is the third question. The second one, can you repeat that?

**Gurjit Kambo:** Yeah, sure. Just on the €524 million of costs for the full year, I am just trying to understand, is there anything that would be considered to be, I guess, slightly exceptional? It is sort of coming back to a point when we used the exit rate for H2 gets up to about €610 million. Is there anything exceptional maybe in the second half for costs?

**Kim Henriksson:** No. If you look at adjusted numbers, that are the ones that we follow operationally, there is nothing exceptional in those numbers. No.
Chris, you are on mute.

**Christian Sinding:** Thank you very much, Kim. Thank you very much for the engagement and all the questions. We look forward to seeing you at our next quarterly meeting and to continue to drive the momentum at EQT forward. Have a great day, everyone. Thanks.

[END OF TRANSCRIPT]