Introduction
Olof Svensson
Head of Shareholder Relations

Good morning, everyone, and welcome to EQT’s half-year 2021 results presentation. Today, I will be joined by Christian, Caspar and Kim. As we approach two years since the IPO, we thought it would be timely for Christian to start off by reflecting on our journey to date and, more importantly, our strategic priorities ahead. Caspar will share an update on our clients. Kim will talk about our financials, including Exeter, and wrap up with a few comments on our targets. After the presentation there will be a Q&A. In order to ask questions during the Q&A, you need to be dialled into the conference line, as always. And with that, I will hand over to Christian.

Strategic Journey
Christian Sinding
CEO

Thank you, Olof, and good morning, everyone. We continued to enjoy healthy momentum across the board in H1. Investment and exit activity is quite high, and value creation in our funds is also strong. We have taken further steps to expand our palette of active ownership strategies, in line with our purpose. And notably, we closed the Exeter transaction and we announced a longer-hold strategy in private capital, a strategy which will have impact at the core and drive long-term sustainable transformation together with financial returns.

The First Half Of 2021 in Brief
So let’s look at the half-year in a bit more detail. The Exeter transaction closed in April, and EQT Exeter is experiencing healthy momentum. EQT AB, as the first private equity firm in the world, successfully raised a €500 million sustainability-linked bond. Fundraising across EQT is also progressing well, with EQT IX having concluded in April. EQT Infrastructure V has reached its hard cap, and its final close is expected during the second half of 2021.

We set the target for EQT Growth at €2 billion, as previously announced, and fundraising has been initiated for EQT’s longer-hold strategy in private capital. Turning to deal activity, we have seen a continued strong investment pace throughout the first half of the year. We see strong deal sourcing capabilities based on our thematic investment focus and our local-with-locals approach.

H1 was actually a period for EQT when exit volumes surpassed investment volumes, a testament to our ability to generate performance and return capital to our clients. Value creation continues to develop well across the board. EQT VII and EQT Infra III continue to develop above plan. EQT VIII is also enjoying very strong performance, with a significant value uplift this year and a strong outlook.

When it comes to people, we have welcomed approximately 230 new employees from Exeter to the EQT family, and the collaboration is excellent.
Two years Since IPO – A Lot Has Happened!
A lot has happened since EQT went public almost two years ago. Our AUM has increased to €71 billion from €40 billion, which shows the trust our clients put in EQT. EQT’s mission is to generate superior risk-adjusted returns, and we are delivering with strong performance across the EQT funds. This is the bedrock; when we perform, our companies are happy, our clients are happy, and we get the confidence and the resources to continue to grow our business. And being solely focused on active ownership strategies and generating strong returns should also contribute to fee levels continuing to be stable.

Furthermore, the organisation has grown to over 1,000 people globally. Our employees carry our values and culture to fulfil our vision of being the most reputable investor and owner. Our revenues have increased significantly, paced by the growth in AUM and a pick-up in carried interest.

EQT is a platform built for scale, but it is also fair to say that we are well ahead of the plans that we had at the time of our IPO. We are therefore accelerating investments in people and technology to prepare for continued growth.

EQT’s Strategic Journey Builds on Our Key Differentiators
As we set our strategic priorities and continue to grow, we do so by building on our unique strengths. People are, of course, our most important asset, and our culture is truly unique. At EQT, we live by five core values: high performing, respectful, entrepreneurial, informal and transparent. Our culture and values are the bonds that bring us together and ultimately help us succeed as a team.

We are, as you know, entirely focused on active ownership strategies; strategies where we can put our purpose into practice, to future-proof companies and make a positive impact. In fact, EQT is the only large private markets firm globally that can back companies across the development lifespan from start-up to maturity, and this makes us a smarter investor. We bring learnings and themes from early stage into all our strategies, and our network and experience as an owner into the early-stage companies. Of course, increasingly we do these kinds of knowledge-sharing by using Motherbrain, our artificial intelligence unit.

Our values, together with our purpose and focus on active ownership strategies, is what makes EQT a truly unique private markets firm and underpins our ability to deliver superior returns.

Expanding The Palette of Active Ownership Strategies
So let me recap our recent strategic milestones. We divested credit last year in order to focus solely on active ownership strategies. By introducing EQT Growth, we added a missing piece in our private capital puzzle. EQT growth has further strengthened EQT’s ecosystem, where our global investment advisory teams across all business lines share insights and best practices and spot the latest trends. EQT’s thematic approach is about investing in the positive long-term trends in society and driving transformation of companies.

Now, by joining forces with Exeter, we also created a global leader in value-added real estate. When it comes to Asia Pacific, we are sharpening our strategy and expanding geographically, although developments have been progressing a little bit slower than initially anticipated.
Adding Longer-Term Capital Strategies

Now let me next share some more colour on our longer-hold strategies. There are several reasons for us to introduce longer-hold strategies. First, they are aligned with EQT’s purpose. The strategies will have a longer holding period, with impact at the core and a focus on generating social and environmental impact at scale. With this, we will be able to capture the largest opportunities: to spot investments that will reshape the future. The businesses will also be in robust sectors that are suited to long-term ownership, such as essential services. And, as you have seen, Anticimex is the first investment we made in this private capital long-term strategy, executed together with our key clients.

Second, the strategies will build on EQT’s approach to value creation, leveraging EQT’s platform and deal flow. The strategies will focus on the same geographies as our existing strategies and be aligned with EQT’s sector focus, while addressing specific themes. They will also leverage our capabilities in digitalisation and sustainability.

Third, our clients are looking for further opportunities to invest with EQT in a risk/return segment which we do not address today: slightly lower returns with lower risk, with strong value creation over the long term. Now, this is still in its early days, but we currently expect that the longer-hold strategy in private capital and the potential infrastructure core strategy over time could constitute about €10 billion of AUM in total.

In terms of people, some talents will join from existing strategies while we continue to further strengthen our investment teams with new hires. More to come around this during the fall.

Long-Term Focus on Sustainable Transformation and Integration

Now, EQT was one of the first private markets firms to commit to science-based targets which, simply put, means that we will set emission reduction targets in line with the Paris agreement. Our membership in FCLT Global, focusing capital on the long term, is one example of how EQT takes part in the global conversation about the power of investing with purpose. EQT AB has already converted into renewable energy, and all of our portfolio companies are accelerating renewable energy transformation with a long-term target of 100%.

We have been working hard for several years to improve diversity; in particular, gender. We are doing this primarily by recruiting more women at junior levels, which eventually will lead to a more balanced organisation, and we are slowly seeing progress. And during the period, actually 61% of all of our hires were female.

Over the past year, we have implemented several financing structures which are linked to all of our ESG targets. If we meet these targets, we obtain cheaper financing, which is a great way to reward actionable ESG performance. We truly believe that we will generate stronger and more resilient returns by driving sustainable transformation, and these, along with many other initiatives, are a good start, but of course we have a lot of work to do and a lot of opportunities ahead of us to continue to make EQT an even more diverse organisation. I firmly believe that EQT, and in fact the private markets industry, has the capital, the governance and the business model to invest to support a healthier planet and people.
Looking Ahead

Looking ahead, our longer-hold strategies are a superb example of how we will sharpen our ESG approach and truly drive positive impact at scale. We are pushing boundaries with new initiatives, such as having impact-linked carry, an impact management framework and a mission board. Selective M&A, used to add competencies or to strengthen certain segments or regions, will continue to be part of EQT’s strategic agenda. In most cases, we will continue to build capabilities ourselves, leveraging our platform. When we acquire, the bar is high in terms of culture and alignment with our active ownership strategies and our thematic investment approach.

Importantly, we will significantly accelerate investments in EQT Central to future-proof EQT’s continued growth journey. We will, for example, grow our capital raising team by adding talent and making continued investments in our interface. We will invest in EQT digital, including EQT’s proprietary artificial intelligence colleague, Motherbrain. And by accelerating investments in our platform today we actually future-proof performance.

We constantly need to invest to stay ahead of the curve, and that is what we have always been doing and always will do. The key is to continue to develop our talent to make sure we stay at the forefront and have the skills for our mission. Nurturing our culture and developing diverse talent through our in-house training programme, EQT Academy, has become more important than ever. And as we slowly exit the pandemic, new ways of working will make this even more important.

We recently announced two new sustainability hires for two newly created strategic roles. Bahare Haghshenas joins us as Global Head of Sustainable Transformation, and Sophie Walker joins as Head of Sustainability for the EQT private capital segment. Together with the existing sustainability expertise within EQT, they will drive further integration of purpose and sustainability into the way EQT works, invests and transforms companies.

In these benign market conditions, we also need to stay alert and humble. Economies see cycles, and our investment and exit activity is correlated to broader market conditions. Inflation has picked up, but we are growth investors, focused on companies with strong secular growth trends. We are therefore not so concerned about inflation when it comes to how we deploy capital. However, we are looking at inflation from a 360-degree perspective: how it impacts our clients and their investment strategies, how our portfolio companies may be impacted and how financing structures may be impacted as well.

We see economies opening up post pandemic, but COVID is still a stark reminder of how external factors can have a tremendous impact on us all, overnight, and in a way few of us were able to predict. Therefore we will be, and we need to be, prepared for the unpredictable and remain vigilant about performance. With that, I hand over to you, Caspar.
Update on Clients
Caspar Callerström
COO

Fundraising And Deployment of Key Funds

As you know, a typical fundraising cycle is around three years in normal market conditions. In stronger markets, we have seen fundraising cycles closer to two years, whereas cycles have been closer to five years in more difficult market conditions, as we saw in the global financial crisis. EQT IX is 55-60% invested, approximately 12 months after being activated.

We see a healthy pipeline of investments and, depending on deal activity develops, it is possible that EQT IX will be invested in a timeframe of about two years. This is consistent with the very strong market environment that we are currently in, but also the strong value creation we see in our predecessor funds, including EQT VII and EQT VIII. In addition, as we continue to drive exits actively, we free up over time resources to manage new investments.

EQT Infrastructure V has €15.1 billion in fee-generating commitments, and fundraising is expected to be concluded during second half of this year. This fund, like EQT IX, has also had a high development pace and is now 50-55% invested. And similar to EQT X, we could envisage a relatively short cycle, and there is a scenario where Infra VI is in the fundraising not too long after EQT X.

To be clear, we do not think this is a new normal when it comes to fundraising cycles. As we think about flagship funds beyond EQT IX and Infra V, we still think that the typical cycle will be around three years in normal markets. And importantly, our mission is to generate returns for our clients, and the competitive situation in the market remains high. And several different types of buyers are competing for thematic assets, and the financing markets remain buoyant.

We invest where we have conviction, and that will meet our return requirements. We will continue to stay disciplined when it comes to investments, and we need to raise the bar and invest in our platform and people to stay ahead of the curve, as Chris mentioned.

In terms of our other strategies, the two longer-hold strategies could, as Christian mentioned, constitute some €10 billion of AUM in total, over time, across private capital and Infra. While the strategies build on our existing strengths and deal flow, they are first-time funds and fundraising will take time. Our recent flagship fundraisings have taken over a year from launch to final close, and fundraising for longer-hold strategies will take more time. And importantly, the strategies will charge fees on invested capital and, regardless of fundraising, it will take time for fees to ramp up for those strategies.

EQT Growth fundraising is ongoing, and the fund started generating management fees at the end of the reporting period. Being a first-time fund, it will continue fundraising into 2022. As Christian mentioned, APAC is taking a bit longer, and directionally we expect APAC strategy to be in line with EQT Growth in terms of size. In addition, fundraising at EQT Exeter is progressing according to plan. As previously mentioned, we expect EQT Exeter to raise about $5 billion in 2021 and at least a similar gross amount in 2022. EQT Exeter has an active exit agenda, with some larger potential sales coming up. However, a large part of the asset sales
are often directed to recap vehicles, where EQT Exeter continues to retain management fees, although in a different structure.

**Continued Investments in Our Global Client Relationships**

EQT has approximately 700 clients globally now. We have continued to broaden the client base geographically, and Americas and APAC now represent more than half of the commitments across EQT’s active funds. Over the past year, we have raised more than €25 billion and generated another €7 billion in co-invest. Looking at EQT IX, about 70% of the volume was committed by clients who invested in EQT VIII, and we had over 200 clients participating. About 30% of the commitment by volume came from clients who were either new to EQT or had not previously invested in EQT VIII. Similarly, we see significant commitments from existing clients in EQT Infrastructure V.

We are increasing our focus on the private wealth channel, under the leadership of one of our new hires, joining as a partner in the CR team, Peter Beske Nielsen. A meaningful amount of the commitments in Infra V has come from high-net-worth individuals. Exeter added some 60 new clients to EQT, and as Exeter is raising new flagship funds, we are introducing EQT clients to EQT Exeter and vice versa over time. And with that, I will hand over to Olof.

**Exits and Valuations**

Olof Svensson

*Head of Shareholder Relations*

**Sound Exit Activity in H1 21**

Activity continued at a sound pace, with investments representing €7.7 billion announced during the first half of 2021, compared to announced investments of about €10 billion in the second half of 2020. EQT has a highly thematic investment approach, as you know. We continuously refine our focus, identifying new angles to invest with broader trends, but also to drive specific themes. To give you one example, several investments made by the EQT funds over the past year have electrification and reduction of greenhouse gas emissions as a key value creation component. This includes investments such as First Student Buses in North America or Torghatten in Norway. Driving sustainability is a way of future-proofing companies, which in turn drives returns.

As anticipated, we have continued to execute on the exit pipeline. This resulted in announced exit volumes during H1 of almost €10 billion. It has been a strong period, but it is important to keep in mind that activity can be lumpy. The financing market continues to be strong, and we see all exit routes being open, be it sales to strategic or financial buyers or through IPOs. Igenomix is one example where we ran a multi-track process, eventually transferring ownership to a strategic buyer, Vitrolife, as announced early July. In June, EQT VIII announced the sale of Aldevron for an enterprise value of approximately $10 billion to Danaher Corporation.

We run competitive exit processes, but we are also mindful of finding the right home for our portfolio companies in order for them to continue to develop well under the new ownership. Looking ahead, we continue to expect a number of further exits this year, including certain material exits, should market conditions remain strong.
Valuations – Key Funds

Value creation across our key funds continued to develop well during the first half of 2021. As announced in our Q1 update, we expect EQT VII to deliver returns above plan. The fund is now valued at 2.6x gross MOIC, up from 2.5x in our Q1 update, supported by strong company performance and a number of realisations in the fund.

EQT VIII is performing very well and is now marked at 2.0x gross MOIC. The valuation marks a significant uplift compared to the 1.6x gross MOIC valuation as of Q1. The long-term performance of the fund is also looking strong, but we would only change our guidance to above plan if the expected gross MOIC was persistently and materially above 2.5x.

Further, Infra III continues to develop above plan and is now valued at a gross MOIC of 2.0x, while all other key funds remain on plan.

We continue to track the impact of the pandemic on our portfolio companies as part of our regular performance and liquidity dashboards. We only had very few companies which were significantly impacted to start with, and we have subsequently exited some, but not all, of those companies. We also get some questions about inflation and the potential impact on portfolio companies from, for example, global supply chain disruptions. Generally, we have not seen such factors having a meaningful impact on the portfolio companies to date. EQT’s fund investments, as you know, are skewed to sectors such as tech and healthcare which have no or little dependency on raw materials or components. With that, over to you, Kim.

Financial Results

Kim Henriksson

CFO

Aum Growth Reflects EQT IX, Infra V and Exeter

Let us have a look at the development in assets under management to start with. AUM increased by 36% during the first six months, mainly driven by Exeter adding some €9 billion in AUM as of closing, and contributing some €10 billion of AUM as of the end June. A major contributor is also the fundraising of Infra V, with the fund having reached €15.1 billion in fee-generating commitments as of the end of H1. In general, fundraisings continue to develop well in line with plan, as mentioned.

As a reminder, commitments which are closed out in 2021 will pay management fees from the time the fund was activated, and the related so-called retroactive fees, also called late fees or catch-up fees, will be booked in 2021. So when the revenue that relates to 2020 for these commitments is recorded, it means revenue in the H1 2021 period is temporarily elevated.

As you know, the AUM base in older funds is reduced with the cost of investments as the funds exit their holdings, and this is only reflected when the exits have closed, not when they are announced, so many of the exits announced in the first half of 2021 are yet to close. All else being equal, this means, then, that AUM will go down, but we will over time see this being offset by new funds such as EQT Growth, APAC, the longer-hold strategies and eventually the next round of flagship fundraises.
Management Fee Growth Coupled with Increased Carried Interest

So let’s continue and look at the revenue during the period. Our revenues for the first six months have increased by 172% year-over-year. This number includes Exeter, so does not only constitute organic growth. And we have almost doubled the management fees in the first half of 2021 compared to the first half-year 2020, largely due to the activation of EQT IX and Infra IV and, as mentioned, the related retroactive fees which in practice relate to 2020.
And we have also recognised carried interest, the vast majority of which relates to EQT VII. Note that Exeter’s financials were only accounted for during three months of the first half of 2021. And, as you have seen, the year has started off very well with sound exit activity coupled with high and increasing valuations. If this development continues into H2, carry recognition, from an accounting point of view, could continue this year.

Operating Expenses Reflecting Investments to Support Long-Term Growth

So, in line with EQT’s growth plan, the number of employees increased in H1 2021 across business lines, geographies and central functions. The FTE+ count increased by 294 persons in the first half of 2021, from 710 to 1,004, with Exeter contributing 229 FTE+ as of the end of H1. When we think about the remainder of 2021, we continue to expect a meaningful increase in the number of employees and, longer term, we expect the cost per FTE to increase somewhat, for example due to growth in more expensive regions.

So far during the first half of 2021, the recruitment pace has developed reasonably well, and we have a good number of new colleagues expected to join us during the second half of the year. As mentioned, we do expect to increase the investments in personnel and thus increase costs to support the activity level you have seen here and our growth ambitions that Chris laid out.

Page 17: EBITDA Expansion Following Activation of EQT IX, EQT Infrastructure V and Carried Interest

As mentioned, we have significantly increased the management fees in the first half of 2021 compared to the first half-year 2020, keeping in mind then this includes the so-called retroactive fees, and it includes Exeter for three months. In addition, we’ve had considerable carried interest recognised during the period, which also fuels the revenue growth and, thus, margins. As a consequence, the EBITDA margin has increased to 69% during H1, of which however some three percentage points is due to retroactive fees.

Exeter’s Contribution to H1 Numbers

The transaction with Exeter was completed on 1st April, so we thought it would be useful to show Exeter’s contribution separately. As mentioned, EQT Exeter will on a continuous basis be reported in the real asset segment, so not separately. But Exeter is now integrated with EQT real estate under a joint EQT Exeter brand, and the collaboration has started off very well, I would say. Given the consolidation as of 1st April, the key financials are only for three months, and they include €39 million of revenues and €25 million of EBITDA, as you can see here. AUM as of end of June, €10.4 billion, and 229 FTE+. Investments by the fund in the period was €0.5 billion, and exits were rounded off to €0 billion.

Financial Targets and Dividend Policy

Let’s wrap up by looking at our financial targets. As stated at the IPO two years ago, we expect an EBITDA margin of between 55% and 65% over the long term. Whilst being above
this target in H1, these targets should be viewed over a cycle, and we think the range is still a
good indication of where we expect margins to be over the mid to long term. Indicatively, we
have also said that, over time, the share of carried interest and investment income is
expected to grow towards 25-30% of total revenues. Carry and investment income
corresponded to 24% of total revenues in H1, and the more recent funds such as EQT VIII
and Infrastructure IV are expected to have a larger impact on carry in our financials once
they start generating carry, given the larger fund sizes and EQT AB’s higher share of carry
from these funds.

As always, it is important to look at carry on a long-term basis over the lifetime of the funds.
Regarding the timing aspect of recognition, we have previously said that timing of carried
interest recognition is driven primarily by exits but also by increases in unrealised values. So,
in order to get a good feeling for the timing aspects, it is therefore needed to keep an eye on
the exits we announce and subsequently close, as well as the developments of total gross
MOIC.

When it comes to our cost base, we are accelerating investments in our platform and, near
term, we expect a faster growth in expenses, also noting that AUM may grow at a slower rate
next year with the recent flagship fundraises being fully reflected in our 2021 management
fees. We have stated that our ambition is to generate a steadily increasing dividend in
absolute euro-denominated terms, and our dividend in the last two years has been in line
with this policy.

We have a strong balance sheet, and our net debt as of 30th June stands at €113m. As a
reminder, our management fees are charged immediately after the half year, thus we are
already net cash positive as of today.

So, to conclude, we continue to make progress on our strategic agenda. Fundraising has
progressed well, and preparations are ongoing for new initiatives. We will continue to invest
into our operating platform to future-proof the organisation, which will lead to higher FTE
count and cost. Market conditions have been strong, with activity levels keeping a good pace
while valuations across our key funds are developing well. So, while markets are strong, we
know that things can change quickly, and we need to stay alert. So deal activity, both on the
investment and exit side, is dependent on market conditions, and our outlook for carry as well
as timing of fundraisings is thus subject to how markets develop from here on. Thank you;
and now it is time for questions.

Q&A

**Arnaud Giblat (Exane BNP Paribas):** Good morning. I have two questions, please. Firstly,
could you quantify the amount of late fees earned in the period? My second question is on
the investment pipeline. You have discussed a healthy investment pipeline. If market
conditions remain the way they are, could we see a pace of investment similar to what we
saw in H1? And, to that, how do you think about vintage risk when you think about portfolio
construction? And my third question is on M&A. It seems like Exeter is pretty well bedded in;
you have started cross-selling, done a number of actions. Could you maybe elaborate a bit
more on whether or not you are looking at the potential of acquiring any other managers?
Thank you.
**Kim Henriksson:** On the first one, it is so that when we have our two flagship fundraises running across two calendar years, these late fees become more pronounced than it otherwise is, but it is something that we will have also on an ongoing basis. I mentioned that it impacts approximately three percentage points on our EBITDA margin for the period, which translates into approximately €60 million.

**Caspar Callerström:** On investment pipeline and vintage risk, basically we continue to see a very healthy pipeline. So will it continue with the same pace as H1? I think it is difficult to judge. It has been obviously a busy first half, and the pipeline looks good, but in the end the actual pace depends on whether you win or lose, and sometimes you win a little bit more etc. So I would say it would not be above H1. It could be H1, but it also could be lower in the end. I think, as I alluded to, we see for EQT IX more of a two-year investment period. And I think, obviously, if you have invested a fund over two years, there will be a bit of a vintage risk, but in the end, we think that we invest in very robust, good companies. We have made, I think, 11 investments in EQT IX, so I think we have a reasonably good diversification to start with, in very, very good industries. So we keep an eye on that risk, but it is nothing that we are very concerned with right now.

**Christian Sinding:** Yeah, thanks for that, Caspar. And if you look historically during the best periods of the market, we have been investing in around the two-year cycle. The average is around three, and during the weaker, longer cycles like the great financial crisis, then it was about a five-year investment period, so this is still within the range of history as well.

When it comes to the final question on M&A, yes, given that we built this platform and the integration of Exeter is going very well and our cooperation in the new EQT Exeter is performing nicely, then we are of course actively evaluating those kinds of opportunities. But, as we have said before, first of all any M&A opportunity has to fit strategically into how we build the firm, and also, maybe most importantly, that there is a real cultural fit between the people and the cultures of the two firms. So we are having some dialogues of mostly smaller and, let us say, medium-sized type of businesses. If that develops more actively, then we will inform about that further during the fall.

**Bruce Hamilton (Morgan Stanley):** Morning, guys. Just two questions from me. You talked a little about the recent fundraising from the high-net-worth channel and how that was a bit more important in Infra V. Can you give any rough percentages and sort of give some thoughts about how important that channel you expect will be to future fundraising in terms of the proportion from that side versus institutions? And then, secondly, I guess it is a bit hard to pick on APAC as the one area where maybe things are running a little bit slower, partly COVID-related. But, just to make sure I heard correctly, you were saying a size somewhere around the sort of growth size, so €2 billion? I guess, given the size of some of the specific Asia-region funds out there in the industry, I thought it might be higher, so what are some of the challenges that have maybe held that back?

**Caspar Callerström:** So, when it comes to fundraising from high-net-worth individuals, I think, to start with, that is typically done through intermediaries, i.e., private banks and similar, so it is not us directly, even though you can say some of the family offices are somewhere between high-net-worth individuals and sort of institutional capital, so there is a blurry line there as well. But I would say this is still a very small part of our fundraisings. I would say it is still a single-digit percentage out of the total, as an example, in Infra V, but it...
is increasing and it is a market that is growing, and it will over time, but longer time, grow as a percentage of the total, for sure. But this will still very much be an institutional market for many years to come.

**Christian Sinding**: Thanks, Caspar. When it comes to Asia Pacific, you are right, Bruce, that part of it, of course, is due to the COVID situation. But if you look at the existing strategy that we have there, we have about $800 million in the existing fund in the mid-market, so growing from $800 million to $2 billion arranged is actually quite a significant step. We are also building out our teams. As you have seen, we have started a cooperation in Japan, and we have opened up our Sydney office. And as we are building out the team, we are building out the strategy as well. So it is rather that we are taking and building stone upon stone and investing to really build the platform in a high-quality way, and we would rather spend a bit more time doing that than to try to take a giant leap.

**Ermin Keric (Carnegie Investment Bank)**: Good morning and thanks for taking the questions. I think you already touched upon it during your prepared remarks, but could you just try to summarise the outlook here now for fundraising? So you said that it tends to take around three years [inaudible] –

**Christian Sinding**: Could you slow your question down a little bit? It is a bit hard to hear. [Inaudible] repeat that.

**Ermin Keric**: Of course. So if you could just summarise the outlook for the fundraising. So you mentioned that EQT IX, we should expect perhaps around two years to be fully invested, so when could we expect you to start with EQT X raise? And would you start with Infra VI after the EQT X is kind of materially concluded? And also, for Exeter, you have mentioned before around €5 billion for this year and gross €5 billion for next year. How should we think about that gross number for next year in terms of net AUM contribution from Exeter?

**Caspar Callerström**: It is very detailed questions, but I think, as we mentioned, the honest answer is we do not know exactly, right, because it depends on investment pace etc. But, as I said, we could be on a two-year investment period for EQT IX, and that is the trajectory as it looks right now. And that means basically we will be fully invested about a year from now. And if you do that math, you could conclude that, in order to have funds to be invested a year from now, you need to start ahead of that time. So I would say some time during – I do not know the exact time and date where we will start fundraising, but it will be to handle that situation some time in 2022.

When it comes to Exeter, I think we mentioned a lot of the exits that you see in Exeter, in general terms, are portfolio exits. And typically those portfolios continue to be managed by Exeter, so the sort of gross to net is somewhat different in Exeter than you would see in private equity. You would not see a lot of outflows from exits. You will see some, but not a lot. And I think that is as much guidance as we can give on that, so less outflows than in the other funds when it comes to Exeter.

**Ermin Keric**: Okay, perfect, that is very helpful. Then perhaps a question also on the carried interest outlook for EQT VIII. You have done a few exits there, and obviously the value creation has done very strongly as well. Could we see that you start recognising carried interest for EQT VIII already in the second half of this year?
**Kim Henriksson:** I can take that. We do not want to give specific guidance on carried interest recognition for any specific fund, but also it cannot be ruled out – the scenario you are suggesting. But it would be dependent, then, on this very strong market continuing, us continuing to make exits and the underlying values continuing to increase. So that is approximately as much as I can give.

**Ermin Keric:** Got it, thanks. One final question. There has obviously been a lot of discussion globally about tax rates and minimum tax rates and so on, and currently I believe you are not paying tax on carried interest because the different other mechanics, but do you see any kind of residual risk that you might have a higher tax rate in the future?

**Kim Henriksson:** We can maybe share it. I think carry is a different animal because, in our book, that is capital gains. And I think it is quite common that that is not taxed fully, so we leave that aside. And I think we also pointed out that we are growing at a higher pace in countries where the average tax rate is maybe somewhat higher than we are currently in. So would we see a higher average tax rate over time? Yes, I think so. Will it be materially different from where we are today? I would not say so.

**Caspar Callerström:** That is a fair summary.

**Hubert Lam (Bank of America):** Hi, good morning, guys. Just a few questions. Firstly, on the retroactive fees, should we expect some more coming in the second half, and, if so, is it fair to assume they will be lower than the first-half number? Second question is on management fee rate. You reported 142 basis points for the first half. Is this a reasonable assumption for the run-rate management fee margin going forward? And lastly, in terms of outlook for carry in the second half, how should we think about that? Is there a particular higher skew towards the first half, or should we expect similarly high levels if markets continue to be where they are today?

**Kim Henriksson:** I will start, Chris. It was carry, it was retroactive fees –

**Speaker:** And fee margin.

**Kim Henriksson:** – and margin. On the margin, to start with, we do not want to guide with two decimals on the margin, but what we have said is that 1.4% is a good approximation of our overall fee margin, and we have continued to stand by that guidance. In terms of retroactive fees in the second half of the year, we materially concluded our fundraising on Infra V, so there will not be any meaningful retroactive fees in the second half of the year, so therefore the impact that you have seen really has hit the H1 numbers. And lastly, on carry and the skew, there is no reason to think that it would be skewed one way or the other from a seasonal perspective, so, no, there is no reason to that it is skewed in any direction, really.

**Magnus Andersson (ABG):** Yes. Thank you and good morning, guys. Just first on assets under management, I take it from what you were saying, Caspar, and the discussion we had in relation to the Q1 announcement that the minimum fundraising cycle is two years. You talked around three before, and you now gave us kind of interval between two and five. So should we take it that it is highly unlikely that it ever will be shorter than two years? That is number one on assets under management. The second one – you talked about the 10 million in the longer-hold strategy. Can you give us any feeling about when you will be around the 10 billion?
Thirdly, just on carry split in the first half, I saw that you had 34 investment income out of the 172, which leaves 138. Could you give us some feeling for the split there? I think you mentioned that the lion’s share was EQT VII, but some more colour, if there is contribution from Infrastructure III, for example, in this half and what is from Infra II and EQT VI. Thanks.

**Caspar Callerström:** So, on AUM, I think it is very difficult to be categorically saying we will never do shorter than two or never do longer than five, but I think if you take statistically – I think it is unlikely that it will be shorter than two or longer than five. And the reason for that is not only investment pace. It is also a little bit – I think it talked about that during Q1. It is also a little bit about the expectations of the clients and how quickly you can come back and how good visibility they have on the portfolio of the predecessor fund. So I think two years is already a very short period, if you ask me. And it is not the new normal; I think we were clear on that. I think we continue to see three years as the normal pace and two years as an exception to the rule, rather than anything else.

When it comes to the round number of 10 billion that I talked about in the longer-hold strategies, I think in order to achieve that, you first have to raise the commitments, and then you also have to make the investments. So this is nothing that will happen tomorrow; this is over a number of years, I would say. I do not want to give a sort of forecast, and I think we said longer term, but it is not –

**Magnus Andersson:** Three to five?

**Caspar Callerström:** Maybe between two and five again, right?

**Magnus Andersson:** Yeah, we are there again. Easy to remember.

**Christian Sinding:** And remember, these longer-hold strategies, just to be crystal clear, the fees will then be on invested capital. So even if the fund size is of a certain size, we are not going to get paid for that until we actually deploy the capital. And of course that capital will then be held over a longer period of time. And as these two strategies develop, one in private capital and one in infrastructure, we are of course going to inform more about it, but we just wanted to give you a feel for the size range.

**Magnus Andersson:** That is appreciated. And finally on the carry, then?

**Kim Henriksson:** On the carry question, I can take that. We have not recorded carry for Infra III from an accounting point of view in the period, and, say, some 90% of the total carry relates to EQT VII.

**Roberta De Luca (Goldman Sachs):** Hi. Good morning and congratulation for the results. I just have two questions. One, if you can maybe elaborate a bit more on the drivers of the step up in MOIC that you have seen in EQT VIII, even just understanding the concentration of that. And then maybe a clarification on the carry: can you help us maybe link – so, on the exits that you report on page 12, if I understand correctly, you have 9.9 billion in the first half of 2021, which is a significant number compared to the second half of 2020. However, the carry is not that much higher than the second half. Do you perhaps – in this number, the 9.9 billion, do you include announced but not closed deals, and therefore these will generate carry in the second half of the year?
Christian Sinding: On the first one, maybe, I will start. We are not going to go into details of the composition of the funds and the drivers of valuation per company or per sector. But we have more than 15 companies in the EQT portfolio. They are invested highly thematically across our core sectors of healthcare, T&T and services and some industrial tech. The drivers of valuation increases are several. It is both that we are building the companies to the best of our ability through our full-potential plans, investing in organic growth and investing in acquisitional growth, investing in innovation and growth, and then ultimately, again, transforming and growing the companies. So that is one of the elements.

Another element is, in certain sectors, as we reposition and transform companies, they become more valuable, we can apply a higher multiple to them. There have been a few exits, as you have seen, as well to strategic buyers in Igenomix and Aldevron. And I think those are the various components. So this is just a result of our investment strategy, which is highly thematic, and the way we develop companies, which has a lot of energy and drive behind it. And that is what you see across actually all of our funds at EQT.

Kim Henrikkson: And, on the second question, you are right in that we announce our transactions as they are signed, and there could therefore be transactions in there that are closed at a later stage and thus carry is recognised at a later stage, but it is not a linear relationship, so I am not sure you can really infer anything out of the numbers you were mentioning. It is more complex than that, because you also have the valuation effects, etc., in there, and obviously we are always talking about whole-fund carry here from an accounting perspective, and thus it is the whole. Single exits do not per se generate carry.

Jens Ehrenberg (Citi): Thanks. Hi, good morning. Just a couple left from my side. Firstly on EQT VII, which is now clearly performing very well above plan. Is there any sort of expectation on your side how much higher performance can get there? Then, secondly, partly coming back to Roberta’s question on the 9.9 billion but from a slightly different angle, as you say, you had 9.9 billion of exits during that period. Presumably, some of these will not have closed yet. Just sort of trying to bridge the gap if I look at the AUM development, where you had exits of 1.4 billion or 1.5 billion during the quarter. Now, I understand that is probably big differences between the invested capital and then the actual realisation, but any sort of help to bridge that gap would be appreciated. And then the last one – apologies in case I have missed it, but when we think about the long-hold strategy and the fee expectations at some point in the future, appreciate it is being charge on invested capital – any sort of view on the fee margins that you would expect there? Are they expected to be different from your usual closed-end funds, or how can we think about that? Thanks.

Christian Sinding: Thanks. I will start on the first one, and Kim and Caspar can take the second two. On EQT VII, we do not give specific guidance on [inaudible] margin specifically, but we do believe that will continue to create value with all of our funds as long as we have companies in them that at least are material to the fund, and that is still the case for EQT VII. So I think that is just maybe a generic answer.

We obviously, in our philosophy, never give up, but reflecting also on where we are in the markets and to the earlier question, certainly valuations are high now, and maybe even particularly so for the types of companies that we are investing in, which are companies that have long-term secular growth trends behind them, that are purpose-driven or have at least ESG as a core value-creation lever, and therefore some of the valuation uptick is of course
coming from the very strong market that we are in, and that is [inaudible], and therefore we are also subject to market condition, just to make that point as well.

**Kim Henriksson:** On the second question, the exit amount that we mention is of course the market amount and not the invested, so it should be two, two and a half times difference there in that. So there is not a direct link. Secondly, on the mechanics, it is right that the fees are paid on the AUM based on closed deals only, so not signed ones, so there is a lag to how the AUM then goes down over time. I do not think this forum lends itself well to the exact mechanics of that, so we can go through that separately, but those are the sort of components of it.

**Caspar Callerström:** Fee margins on longer-hold; should I take that? So I think our fee margin for EQT at 140 points is obviously a blended margin, and you will have some products generating slightly above that and some slightly below that. I think if you look at Ventures and Growth, they are going to be above that 140, and if you look at the longer-hold strategy – sort of the more core-plus type of strategies – they are probably going to be slightly below that margin. But, as we have said, we still think that the 140 that we have said still remains a good proxy for the totality.

**Jakob Brink (Nordea):** Thank you. Just one detailed question. You mentioned, in relating to Exeter – I was just reading the transcript here. You said something about the asset sales are often directed to recap vehicles where EQT Exeter continues to retain management fees. I am not sure I understood that part. Could you try and elaborate, please?

**Kim Henriksson:** I can do that, and I think there is a slide in an appendix somewhere, maybe, on this as well. But in any case, typically the Exeter business model – if I spend just 30 seconds on that – is buying smaller assets in the local communities where they are at, maybe undermanaged, and develop those and basically turn them into logistics portfolios, if you take the industrial and logistics. And then they are sold not as single assets but as a portfolio. Typically, those portfolios are sold to pension or sovereign wealth funds, typically clients of Exeter. So, in essence, what happens is they buy those portfolios, but they do not have the capacity to manage them themselves, so they actually leave the management back to Exeter to do it. So it is not the same management fee, it is a different management fee, and it is typically also calculated somewhat differently in those transactions, but that is normally how it looks like. So you sell the portfolio to someone who then puts a new debt package on top of that portfolio and continues to own it, and we continue to manage it for them. Hope that was clear.

**Jakob Brink:** So, when you sell the asset to the pension fund or whatever, then they leave the Exeter AUM, but you keep getting a fee margin. Is that correctly understood?

**Kim Henriksson:** No, because they enter a new AUM. So they leave for one fund, and then they typically enter as a managed account AUM.

**Jakob Brink:** Okay, but they are still included in the roughly 10 billion?

**Kim Henriksson:** Yes.

**Jakob Brink:** Okay, fair enough. And then, sorry, just one follow-up. I know we have talked about this a number of times now, but the launch of the new funds – I remember with EQT IX you had the fundraising announcement in January 2020, i.e., six months ahead of the actual...
launch. So, with the pace that we are currently seeing – and you have elaborated a few times that the second half of this year could be as good as the first half. We do not know, obviously, but, if it is, it seems like two years could be maybe a bit long, and hence, in order to be ready with the new money, should you not then be prudent and already come out in connection with maybe Q3 to fund the fund launch announcement? Or is that the wrong way to think of it?

Christian Sinding: When we announced fundraising and launches, that is actually formally when we launched, so we did launch actually in January last year for EQT IX. But I think what we did explain is that, before we do fundraisings, and actually even now, in the modern world, as part of our customer relationship management work, we are of course always speaking with our clients about our deployment, about our portfolio construction, about value creation, about the market conditions, which now are quite frothy, as everybody knows, and of course in planning for the next fundraise. So that part if very dynamic, but from an announcement point of view, when we have a material fund – or a key fund, as we call it – that goes into fundraising, we actually launch that when we formally launch.

Closing Remarks
Christian Sinding
CEO

Thank you for the very good questions and for participating this morning. I just wanted to reflect a little bit on where we are in terms of the market, just to make that even clearer. This is a particularly strong time for private equity. The combination of very strong deal flow, of exit possibilities through all channels – IPO, strategic sales, family offices, long-term funds, whatever it may be, private equity – and stock markets that are quite highly valued – and my point of saying this is that I do not think we should expect that these kinds of market conditions will continue, and therefore you also see us doing a number of deals, a number of exits and investing our funds at the more rapid end of the spectrum that Caspar mentioned earlier in the two to five years.

We do not expect these kinds of conditions to continue. If you look at our history over the last 27 years or so, our average investment pace [inaudible] in excellent markets like now, two years; in harder markets, five years. And value creation typically takes longer than we are seeing right now. And buying companies at valuations which are today – of course, that value creation plan for each of those companies is very intense and needs a lot of resources, and that is why we are investing in those resources. But, again, I just want to make sure that everyone following EQT understands where we are in the cycle, and I think you see that with a number of our competitors as well, and that we understand that today and these times are particularly strong.

I do not know if Kim and Caspar want to add anything to those reflections.

Kim Henriksson: That is fair. Maybe I could say, on the cost side as well, that we are growing faster on the activities than our original plan, and that also means that we need to add to the people and to the firm in general in order to keep up with that growth. So we are trying to ensure that you get that point also.
Christian Sinding: Yeah. Thank you, Kim. So, with those words, then, we thank you again for your participation and wish you a continued nice summer.

Kim Henriksson: Thanks, everyone.

Caspar Callerström: Thank you.

[END OF TRANSCRIPT]