

2018

FINANCIAL STATEMENTS RELEASE





7 February 2019, at 8:00 AM

eQ PLC'S FINANCIAL STATEMENTS RELEASE 2018 – eQ'S RESULT INCREASED BY 12%, DISTRIBUTION PROPOSAL OF EUR 0.54 PER SHARE TO THE SHAREHOLDERS**January to December 2018 in brief**

- The Group's net revenue during the financial period was EUR 45.4 million (EUR 40.7 million from 1 Jan. to 31 Dec. 2017).
 - The Group's net fee and commission income was EUR 43.6 million (EUR 38.9 million).
 - The Group's net investment income from own investment operations was EUR 1.8 million (EUR 1.7 million).
- The Group's operating profit grew by 12% to EUR 22.4 million (EUR 20.1 million).
- The Group's profit was EUR 17.8 million (EUR 15.9 million).
- The consolidated earnings per share were EUR 0.47 (EUR 0.43).
- The net cash flow from the Group's own private equity fund investment operations was EUR 3.9 million (EUR 1.9 million).

- The net revenue of the Asset Management segment increased by 8% to EUR 36.7 million (EUR 33.9 million) and the operating profit by 8% to EUR 19.5 million (EUR 18.0 million).
- The net revenue of the Corporate Finance segment increased by 35% to EUR 7.1 million (EUR 5.2 million) and the operating profit by 61% to EUR 3.2 million (EUR 2.0 million).

- Dividend proposal EUR 0.47 (EUR 0.43) and proposal for equity repayment EUR 0.07 (EUR 0.07) per share.

October to December 2018 in brief

- In the last quarter, the Group's net revenue totalled EUR 14.7 million (EUR 13.9 million from 1 Oct. to 31 Dec. 2017).
 - The Group's net fee and commission income was EUR 14.6 million (EUR 13.0 million).
 - The Group's net investment income from own investment operations was EUR 0.1 million (EUR 0.9 million).
- The Group's operating profit was EUR 7.4 million (EUR 7.3 million).
- The Group's profit was EUR 5.9 million (EUR 5.8 million).
- The consolidated earnings per share were EUR 0.16 (EUR 0.16).



Key ratios	1- 12/18	1- 12/17	Change %	10- 12/18	10- 12/17	Change %
Net revenue, Group, M€	45.4	40.7	12%	14.7	13.9	6%
Net revenue, Asset Management, M€	36.7	33.9	8%	9.8	10.5	-6%
Net revenue, Corporate Finance, M€	7.1	5.2	35%	4.8	2.6	87%
Net revenue, Investments, M€	1.8	1.4	28%	0.2	0.8	-76%
Net revenue, Group administration and eliminations, M€	-0.1	0.1		-0.1	0.1	
Operating profit, Group, M€	22.4	20.1	12%	7.4	7.3	1%
Operating profit, Asset Management, M€	19.5	18.0	8%	5.1	5.6	-10%
Operating profit, Corporate Finance, M€	3.2	2.0	61%	2.8	1.3	120%
Operating profit, Investments, M€	1.8	1.4	28%	0.2	0.8	-76%
Operating profit, Group administration, M€	-2.1	-1.3	58%	-0.7	-0.4	64%
Profit for the period, M€	17.8	15.9	12%	5.9	5.8	1%
Earnings per share, €	0.47	0.43	10%	0.16	0.16	3%
Proposal for dividend and equity repayment per share, €	0.54	0.50	8%			
Equity per share, €	1.65	1.67	-1%	1.65	1.67	-1%
Cost/income ratio, Group, %	50.5	50.5	0%	49.8	47.5	5%
Liquid assets, M€	25.7	24.7	4%	25.7	24.7	4%
Private equity fund investments, M€	16.9	18.8	-10%	16.9	18.8	-10%
Interest-bearing liabilities, M€	0.0	0.0	0%	0.0	0.0	0%
Assets under management, € billion	9.5	8.4	12%	9.5	8.4	12%

Janne Larma, CEO

I am very pleased with eQ's year. In 2018, eQ's result was excellent and the profits of all segments increased on the previous year. We managed to increase our net revenue by 12% to EUR 45.4 million and our operating profit to EUR 22.4 million. The Group's profit for the financial period increased by 12% to EUR 17.8 million, i.e. 47 cents per share. eQ Group's profit has grown for 19 consecutive quarters.

The Group's balance sheet remains very strong. The market value of eQ's own private equity fund investments totalled EUR 16.9 million and liquid assets amounted to EUR 25.7 million at the close of the year. The Group has no interest-bearing liabilities.

eQ Asset Management's income and profit grew despite the challenging market situation

eQ Asset Management was able to increase its fee and commission income by 8% to EUR 36.7 million. The profitability of the segment improved, and the operating profit grew by 8% to EUR 19.5 million. eQ Asset Management grew faster than the market due to, above all, the good sales of real estate funds and private equity products. eQ's real estate funds gathered EUR 367 million of new net subscriptions in 2018 and offered an extremely competitive return in the present market situation. Private equity asset management also grew last year, and we gathered two new funds with a total size of EUR 310 million. The management fees of real estate and private equity asset management grew by 39% last year and stood for 69% of the segment's net fee and commission income. The fee and commission income of traditional asset management fell by 3% last year, mainly due to the market fluctuations.



eQ has improved its position year after year as one of the leading institutional asset managers in Finland. According to a study by SFR, we were already the second most used institutional asset manager in Finland last year. According to the study, 63% of the largest Finnish institutional investors used eQ's services in 2018, an increase by 8 percentage points on the previous year.

Advium had an excellent year

eQ's corporate finance unit Advium had a very successful year in 2018. Advium acted as advisor in 12 finalised transactions last year, and its net revenue increased by 35% to EUR 7.1 million. The operating profit of Advium increased by 60% to EUR 3.2 million. Advium maintained its strong position in large real estate transactions and was chosen the best Finnish investment bank in the real estate sector, already for the twelfth time, in an enquiry by the distinguished Euromoney magazine.

Advium acted as advisor, for instance to the owners of T2H, a leading Finnish housing constructor, as it was sold to a Finnish consortium of investors. Advium also acted as advisor to Kotipizza Oyj and Pöyry Plc, as public takeover bids were made on them. In the real estate segment, Advium acted as advisor as Berfin Oy, the investment company of the Berner family, sold Berner Ltd's former head office in the city centre of Helsinki and as Marimekko sold its head office in Herttoniemi in Helsinki to a fund managed by OP Group, for instance.

The Investments segment made a higher profit than the year before

The operating profit of the Investments segment increased by 28% on the previous year to EUR 1.8 million (EUR 1.4 million in 2017). The net cash flow of investments was significantly higher than the year before, i.e. EUR 3.9 million (EUR 1.9 million in 2017). The market value of the private equity fund investments was EUR 16.9 million at the close of the year.

Dividend proposal and outlook

The Board of Directors' dividend proposal for 2018 is 47 cents per share, and in addition, the Board proposes an equity repayment of 7 cents per share.

We expect that the net revenue and operating profit of the Asset Management segment will grow in 2019. We further estimate that the management fees of real estate and private equity asset management will grow on the previous year. The amount of performance fees is also estimated to grow. We believe that one of the private equity funds managed by eQ will reach the hurdle rate and begin to pay a performance fee during the second half of the year. As a result, we expect the profit of the Asset Management segment to grow clearly more than in 2018. Performance fees are dependent of the market development and, therefore, estimating them at the beginning of the year contains a greater risk.

In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent of factors that are not dependent of the company. Consequently, their operating profits may vary considerably and are difficult to foresee.

eQ's financial statements release 1 January to 31 December 2018 is enclosed to this release and it is also available on the company website at www.eQ.fi.

Additional information: Janne Larma, CEO, tel. +358 9 6817 8920

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eQ Group is a Finnish group of companies that concentrates on responsible asset management and corporate finance business. eQ Asset Management offers a wide range of asset management services (including private equity funds and real estate asset management) for institutions and private individuals. The assets managed by the Group total approximately EUR 9.5 billion. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

More information about the Group is available on our website www.eQ.fi.



eQ PLC'S FINANCIAL STATEMENTS RELEASE 1 JAN. TO 31 DEC. 2018

Result of operations and financial position 1 January to 30 December 2018

- The Group's net revenue during the financial period was EUR 45.4 million (EUR 40.7 million from 1 Jan. to 31 Dec. 2018).
 - The Group's net fee and commission income was EUR 43.6 million (EUR 38.9 million).
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Result of operations and financial position 1 October to 30 December 2018

- In the last quarter, the Group's net revenue totalled EUR 14.7 million (EUR 13.9 million from 1 Oct. to 31 Dec. 2017).
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Operating environment

The year 2018 began with expectations of strong economic growth. At the beginning of the year, the market focused on the impacts of growth on inflation and the interest rate level, and even overheating was considered a risk. Towards the end of the year, the fear for the possible impacts that political risks could have on economic growth started to gain ground and even led to some panic in the market. Economic growth in China slowed down in 2018, but probably exceeded 6%. The US economy is expected to have grown by almost 3%, supported by tax reductions, for instance. Growth in the Euro zone slowed down to less than 2%, on the other hand.

The entire year was characterised by a number of political risks. The threat of a US-led global trade war remained in headlines during the whole year and could concretely be seen as higher duties and tariffs. China reacted with measures of its own. The new government in Italy tried to break from EU's budget rules, and the country's interest rate spread with Germany increased alarmingly. Brexit negotiations stood still. In addition, the German Chancellor Angela Merkel resigned from her post as Chairman of CDU. Among central banks, the Fed in the US raised its policy rate no less than four times to 2.25%. In Europe, the key interest rate remained unaltered. China began to stimulate its economy, the development of which is threatened by the trade policy risks posed by the US.



The equity market fluctuated during the entire year, and almost all markets gave a negative return. The year started with global fears for overheating, but as these worries receded, share prices began to increase strongly before summer. The last quarter was difficult in all markets, as the impacts of political risks on economic growth were reassessed. If we look at the entire year, the US Stock Exchange developed the most favourably of the large markets. The S&P 500 Index gave a -0.2% return calculated in euros (in dollars -4.9%). Development was the poorest in Europa, where the return was -10.6% calculated with the MSCI Index. In Finland, share prices only fell by 3.9%, however. The year was also difficult in emerging markets: the return of the whole year was -10.3%.

The uncertainty during the last months of the year was also reflected on the bond market. The only bond asset class that gave a positive return was government bonds with an index return of 1.0%. The return of investment grade loans was -1.1%, the return of high yield loans -3.4% and that of emerging market euro-hedged corporate loans -3.8%.

Major events during the financial period

eQ Plc's Annual General Meeting was held on 28 March 2018. Nicolas Berner, Georg Ehrnrooth, Carl Haglund, Timo Kokkila and Annika Poutiainen were re-elected to the Board. Georg Ehrnrooth will continue as Chairman of the Board. The decisions by the Annual General Meeting have been presented in a separate chapter below.

During the financial period, the number of eQ Plc's shares increased by 200 000 on 29 June 2018 due to new shares subscribed for with option rights.

On 25 October 2018, the Board of Directors of eQ Plc decided on a new option scheme with a subscription price. At the same time, the Board also decided to issue subscription rights to 1 925 000 option rights to key persons employed by the eQ Group. The option scheme 2018 covers more than one fourth of eQ Group's personnel. The option right recipients subscribed for altogether 1 875 000 option rights during the period 26 October to 30 November 2018. In accordance with the terms of the Option Scheme 2018, the subscription price of the options shall be paid to eQ Plc on 22 March 2019 at the latest. After this the Board will decide on the confirmation of the subscriptions. Each option right entitles to the subscription of one new share in eQ Plc, and the subscription period will begin on 1 April 2022.

Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 45.4 million (EUR 40.7 million from 1 Jan. to 31 Dec. 2017). The Group's net fee and commission income was EUR 43.6 million (EUR 38.9 million). The Group's net investment income from own investment operations was EUR 1.8 million (EUR 1.7 million).

The Group's expenses and depreciation totalled EUR 22.9 million (EUR 20.6 million). Personnel expenses were EUR 18.3 million (EUR 16.1 million), other administrative expenses totalled EUR 2.2 million (EUR 2.3 million), and the other operating expenses were EUR 2.1 million (EUR 1.9 million). The salary expenses increased from the year before due to result-related remuneration. Depreciation was EUR 0.2 million (EUR 0.3 million).

The Group's operating profit was EUR 22.4 million (EUR 20.1 million) and the profit for the period was EUR 17.8 million (EUR 15.9 million).

Business areas

Asset Management

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



Mutual funds and asset management

At the end of the financial period, eQ had 26 mutual funds registered in Finland.

As a result of the slight increase in interest rates and the widening of credit risk margins, the returns of eQ's fixed-income funds were negative during the year. The best returns as compared with benchmark indices came from the eQ Emerging Markets Corporate Bond fund. Of eQ's five Morningstar rated fixed-income funds two have the best rating, e.g. five stars.

As for equity funds, the returns in 2018 were mainly negative, above all resulting from the strong fall in equity prices in the last quarter. The best returns came from the eQ Europe Property and eQ Blue Planet funds. As compared with the benchmark indices, the eQ Emerging Market Small Cap, eQ Emerging Dividend, eQ Blue Planet, and eQ Europe Property funds gave excellent returns.

Of the funds managed by eQ, 47% surpassed their benchmark indices during the year, and in the past three years, 71% of the funds managed by eQ have surpassed their benchmark indices. The average Morningstar rating of funds managed by eQ was four stars at the end of the year. The returns of the discretionary asset management portfolios that eQ manages varied between -6.5 and -2.5% in 2018 based on the allocation of the investment portfolio. The return of portfolios that invest only in Finnish shares was about -6%.

Private Equity

The first close of the new eQ PE X North private equity fund was held at the end of January at EUR 83 million, the second close in March at EUR 97 million and the third close in June at EUR 141 million. The final close took place in September at EUR 175 million. The eQ PE X North fund makes investments in private equity funds that invest in unlisted, small and mid-sized growth companies in Northern Europe. eQ also established its second secondary market fund eQ PE SF II. The first close of the fund was held at EUR 65 million. The second close of the fund was held in March at EUR 81 million, the third close in June at EUR 98 million and the final close in September at EUR 135 million. The eQ PE SF II fund buys previously established private equity funds in Northern Europe from the secondary market. The assets managed under private equity asset management grew and amounted to EUR 6 049 million at the end of the year (EUR 5 156 million on 31 Dec. 2017). The share of funds managed by eQ was EUR 1 420 million (EUR 1 054 million).

Real estate investments

The strong growth of the eQ Finnish Real Estate fund continued. At the end of the year, new subscriptions worth EUR 25 million, and during the entire year worth EUR 159 million were made in the fund. At the end of the year, the size of the fund was EUR 615 million, and its real estate property exceeded EUR 800 million. The investment operations of the fund have been extremely successful, and the return since establishment is 9.6% p.a. The fund already has more than 2 500 unit holders.

The eQ Care Fund also grew strongly. At the end of the year, new subscriptions worth EUR 64 million, and during the entire year worth EUR 208 million were made in the fund. At the end of the year, the size of the fund was EUR 750 million, and its real estate property exceeded EUR one billion. The return of the fund since establishment is excellent at 9.0% p.a., and the fund already has approximately 3 500 unit holders.

Overall, eQ's real estate funds had real estate property of about EUR 1 837 million at the end of the year, and eQ has become a major Finnish real estate investor. Consequently, the real estate team has been expanded to nine persons.

Assets under management and clients

At the end of the financial period, the assets managed by eQ Asset Management totalled EUR 9 485 million. The assets increased by EUR 1 053 million from the beginning of the year (EUR 8 432 million on 31 Dec. 2017). At the end of the year, the assets managed by mutual funds registered in Finland totalled EUR 2 484 million (EUR 2 304 million), and the assets increased by EUR 180 million. Mutual funds managed by international partners and assets covered by other asset management operations totalled EUR 952 million (EUR 972 million). The assets managed under private equity funds and asset management totalled EUR



6 049 million (EUR 5 156 million), the share of eQ funds being EUR 1 420 million (EUR 1 054 million). The assets covered by the reporting service totalled EUR 4 019 million (EUR 3 412 million).

Result of the Asset Management segment

The net revenue of the Asset Management segment increased by 8% and the operating profit by 8% to EUR 19.5 million (EUR 18.0 million from 1 Jan. to 31 Dec. 2017) during the financial period. The management fees of the real estate and private equity operations increased by 39% during the financial period. On the other hand, performance fees fell by 58% as a result of their typical strong fluctuation per quarter and financial period and the higher level than normally of the comparison period. Expenses increased mainly due to result-based salary items. The cost/income ratio was 46.9% (46.8%). Calculated as full-time resources, the Asset Management segment had 67 employees at the end of the financial period.

Asset Management	1-12/18	1-12/17	Change %	10-12/18	10-12/17	Change %
Net revenue, M€	36.7	33.9	8%	9.8	10.5	-6%
Operating profit, M€	19.5	18.0	8%	5.1	5.6	-10%
Assets under management, € billion	9.5	8.4	12%	9.5	8.4	12%
Cost/income ratio, %	46.9	46.8	0%	48.1	46.0	5%
Personnel as full-time resources	67	64	5%	67	64	5%

Fee and commission income, Asset Management, M€	1-12/18	1-12/17	Change %	10-12/18	10-12/17	Change %
Management fees from traditional asset management	8.6	8.9	-3%	2.0	2.3	-13%
Real estate and private equity management fees	25.5	18.4	39%	6.9	5.1	35%
Other fee and commission income	0.3	0.6	-45%	0.1	0.1	4%
Performance fees	2.7	6.4	-58%	1.0	3.1	-69%
Total	37.1	34.3	8%	9.9	10.6	-6%

Corporate Finance

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

Despite the trade wars threatening international trade and the great fluctuations in share prices, activity in global corporate and real estate transactions remained high in 2018 and increased on the previous year. The number of transactions fell, however, in the last quarter.

During the financial period, Advium acted as advisor in 12 finalised transactions, six of which were M&A transactions and six real estate transactions.

Advium acted as advisor, for instance in two public takeovers, which took place at the end of the financial period:

- Advium acted as financial advisor to Pöyry Plc in a public cash tender, where the Swedish company ÅF AB (publ) offered to purchase all issued and outstanding shares in Pöyry Plc.
- Advium acted as financial advisor to Kotipizza Oyj in a public cash tender, as the Norwegian company Orkla ASA purchased all issued and outstanding shares in Kotipizza.

In addition, Advium acted as financial advisor to the seller in an M&A transaction, where 90% of Maksuturva, which offers intelligent payment solutions, was sold to the Swedish company Svea Ekonomi AB.

Advium was chosen the best Finnish investment bank in the real estate sector, already for the twelfth time, in an enquiry by the distinguished Euromoney magazine. Examples of finalised real estate transactions:

- Advium acted as advisor to the seller, as the real estate investment company Kojamo Plc agreed on the sale of 1 594 flats to rent at market price to a real estate fund managed by Morgan Stanley.
- Advium acted as advisor to the seller, as Berfin Oy, owned by the Berner family, sold Berner Ltd's former head office in the city centre of Helsinki.

Result of the Corporate Finance segment

In 2018, Advium's net revenue was EUR 7.1 million, compared with EUR 5.2 million the year before. The operating profit was EUR 3.2 million (EUR 2.0 million from 1 Jan. to 31 Dec. 2017). The segment had 14 employees at the end of December.

It is typical of corporate finance business that success fees have a considerable impact on invoicing, due to which the result may vary considerably from quarter to quarter.

Corporate Finance	1-12/18	1-12/17	Change %	10-12/18	10-12/17	Change %
Net revenue, M€	7.1	5.2	35%	4.8	2.6	87%
Operating profit, M€	3.2	2.0	61%	2.8	1.3	120%
Cost/income ratio, %	54.7	61.7	-11%	42.7	51.2	-17%
Personnel as full-time resources	14	15	-7%	14	15	-7%

Investments

The business operations of the Investments segment consist of private equity fund investments made from eQ Group's own balance sheet.

During the financial period, the operating profit of the Investments segment was EUR 1.8 million (EUR 1.4 million from 1 Jan. to 31 Dec. 2017). At the end of the period, the fair value of the private equity fund investments was EUR 16.9 million (EUR 18.8 million on 31 Dec. 2017) and the amount of the remaining investment commitments was EUR 7.8 million (EUR 8.9 million). Of the market value, 84% has been invested in private equity funds managed by eQ. The breakdown of the market value and investment commitments of private equity fund investments per fund are presented in the tables section on page 24. The return of eQ's own investment operations since the beginning of operations has been 21% p.a. (IRR).

During the period, the investment objects returned capital of EUR 4.0 million (EUR 3.3 million from 1 Jan. to 31 Sept. 2017) and distributed a profit of EUR 1.9 million (EUR 1.7 million). Capital calls totalled EUR 2.0 million (EUR 3.2 million). The net cash flow from investments during the period was EUR 3.9 million (EUR 1.9 million). The value changes of the private equity fund investments recognised through profit or loss were EUR 0.1 million during the period (- EUR million). The value changes of the investment have been recognised through profit or loss since the beginning of 2018 as a result of the new IFRS 9 standard. The Group's internal management fee expenses, which are included in the result of the Investments segment, totalled EUR 0.2 million (EUR 0.2 million).

During the financial period, eQ Plc made a EUR 1.0 million investment commitment in the eQ PE X North private equity fund. The eQ PE X North fund makes investments in private equity funds that invest in unlisted, small and mid-sized growth companies in Northern Europe.

The income of eQ's own investment operations is recognised due to factors independent of the company. Due to this, the segment's result may vary considerably. eQ only makes new investments in funds managed by eQ.



Investments	1-12/18	1-12/17	Change %	10-12/18	10-12/17	Change %
Net revenue, M€	1.8	1.4	28%	0.2	0.8	-76%
Operating profit, M€	1.8	1.4	28%	0.2	0.8	-76%
Fair value of investments, M€	16.9	18.8	-10%	16.9	18.8	-10%
Investment commitments, M€	7.8	8.9	-13%	7.8	8.9	-13%
Net cash flow of investments, M€	3.9	1.9	108%	1.3	1.2	3%

Balance sheet and solvency

At the end of the financial period, the consolidated balance sheet total was EUR 78.2 million (EUR 76.8 million on 31 Dec. 2017) and the shareholders' equity was EUR 62.2 million (EUR 62.7 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 17.8 million, the dividend distribution of EUR -16.1 million, the repayment of equity of EUR -2.6 million from the reserve for invested unrestricted equity, the subscription for new shares with option rights of EUR 0.02 million and the accrued expense of EUR 0.5 million related to the option scheme and entered in shareholders' equity. The changes are specified in detail in the tables attached to this release.

At the end of the period, liquid assets totalled EUR 15.8 million (EUR 14.6 million) and liquid investments in mutual funds EUR 9.9 million (EUR 10.0 million). In order to safeguard the availability of financing, the Group has access to a credit limit of EUR 4.0 million. At the end of the period, the Group's short-term receivables amounted to EUR 5.8 million (EUR 3.3 million). The Group had no interest-bearing liabilities at the end of the period (EUR 0.0 million). At the end of the period, interest-free long-term debt, which consists of the deferred tax liability, was EUR 0.04 million (EUR 0.3 million) and interest-free short-term debt EUR 15.9 million (EUR 13.8 million). eQ's equity to assets ratio was 79.6% (81.6%).

A subsidiary called eQ Asset Management Ltd, which is engaged in investment firm operations and fully owned by eQ Plc, is part of the Group. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the Basel III/CRD IV regulations. The Group's CET1 (Common Equity Tier 1) and solvency ratio of the own funds was 9.6% (11.9% on 31 Dec. 2017) at the end of the period. According to regulations, the absolute minimum requirement for own funds is 8%. At the end of the period, the Group's own funds based on solvency calculations totalled EUR 12.4 million (EUR 14.5 million on 31 Dec. 2017), and the risk-weighted items were EUR 129.0 million (EUR 121.3 million). Detailed information on the Group's solvency can be found in the tables section.

Shares and share capital

At the end of the period on 31 December 2018, the number of eQ Plc's shares was 37 707 198 and the share capital was EUR 11 383 873.

During the financial period, the number of eQ Plc's shares increased by 200 000 on 29 June 2018 due to new shares subscribed for with option rights 2010. The subscription price of the new shares was EUR 22 000.00. The entire subscription was entered in the reserve for invested unrestricted equity. There were no changes in the share capital during the period.

The closing price of eQ Plc's share on 31 December 2018 was EUR 7.60 (EUR 8.30 on 31 Dec. 2017). The market capitalisation of the company was thus EUR 286.6 million (EUR 311.3 million) at the end of the period. During the financial period, 5 443 740 shares were traded on Nasdaq Helsinki (1 950 715 shares from 1 Jan. to 31 Dec. 2017).

Own shares

On 31 December 2018, eQ Plc held no own shares.



Shareholders

On 4 June 2018 eQ Plc published a flagging announcement where Fennogens Investments S.A. announced that it had purchased shares so that its holding in the company exceeded the 20% flagging threshold.

In addition, eQ Plc published on 4 June 2018 a flagging announcement where Rettig Capital Oy Ab (subsidiary Anchor Oy Ab) announced that it had purchased shares so that its holding in the company exceeded the 15% flagging threshold.

On 4 June 2018 eQ Plc further published a flagging announcement where Umo Capital Oy announced that it had sold shares so that its holding in the company fell below the 10 and 5% flagging thresholds.

Ten major shareholders on 31 December 2018

	Shares	Share, %
1 Fennogens Investements SA	7 943 137	21.07
2 Chilla Capital S.A.	5 945 275	15.77
3 Anchor Oy Ab	5 803 677	15.39
4 Teamet Oy	4 100 000	10.87
5 Oy Cevante Ab	1 419 063	3.76
6 Fazer Jan Peter	1 298 306	3.44
7 Lavventura Oy	650 000	1.72
8 Linnalex Ab	631 652	1.68
9 Pinomonte Ab	529 981	1.41
10 Procurator-Holding Oy	473 892	1.26
10 major shareholders, total	28 794 983	76.36
Nominee registered	334 165	0.89
Other shares	8 578 050	22.75
Total	37 707 198	100.00

On 31 December 2018, eQ Plc had 5 451 shareholders (5 048 shareholders on 31 Dec. 2017).

Option schemes

At the end of the period, eQ Plc had three option schemes. The option schemes are intended as part of the commitment system of the Group's key personnel.

Option scheme 2010

At the end of the period, altogether 1 700 000 options had been allocated from option scheme 2010. Of these options, altogether 1 350 000 had been exercised by the end of the period. The number of outstanding options was 350 000 at the end of the period. No options of the option scheme 2010 can any longer be allocated. Options of the option scheme 2010 have been listed on Nasdaq Helsinki. The terms and conditions of the option scheme have been published in a stock exchange release of 18 August 2010, and they can be found in their entirety on the company website at www.eQ.fi.

Option scheme 2015

At the end of the period, altogether 1 575 000 options had been allocated from option scheme 2015. At the end of the period, there were still 425 000 options in option scheme 2015 available for allocation. The terms and conditions of the option scheme have been published in a stock exchange release of 5 November 2015, and they can be found in their entirety on the company website at www.eQ.fi.



Option scheme 2018

On 25 October 2018, the Board of Directors of eQ Plc decide on a new option scheme with a subscription price based on the authorisation by the Annual General Meeting 2018. The option scheme 2018 consists of 2 000 000 option rights and each option right entitles to the subscription of one new share in eQ Plc. The subscription period of shares subscribed for with option rights will begin on 1 April 2022 and end on 1 April 2024. The subscription price of a share with an option right is EUR 7.88. The persons whose have been allocated option rights and whose employment with eQ Group will continue to at least 1 April 2022 shall have the right to subscribe for shares.

Based on the option scheme 2018, the Board of Directors of eQ Plc decided on 25 October 2018 to offer for subscription altogether 1 925 000 option rights to key employees of the eQ Group, selected by the Board. The option scheme 2018 covers more than one fourth of eQ Group's personnel.

The subscription period for the option rights began on 26 October 2018 and ended on 30 November 2018. The subscription price of an option right was EUR 0.72, which had been calculated with the fair value of the option right derived by using the Black & Scholes model. The subscription price includes a discount of 30% from the fair value of the option rights. The option right recipients subscribed for altogether 1 875 000 option rights during the subscription period. In accordance with the terms of the Option Scheme 2018, the subscription price of the options shall be paid to eQ Plc on 22 March 2019 at the latest. After this the Board will decide upon the confirmation of the subscriptions made in the issuance of options. The entire subscription price of the options will be entered in the reserve for invested unrestricted equity when the payments have been made and the Board has confirmed the subscriptions.

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

Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Wednesday 28 March 2018 in Helsinki, decided upon the following:

Confirmation of the financial statements

eQ Plc's AGM confirmed the financial statements of the company, which included the consolidated financial statements, the report by the Board of Directors, and the auditors' report for the financial year 2017.

Decision in respect of the result shown on the balance sheet and the distribution of assets from the reserve for invested unrestricted equity

The AGM confirmed the proposal by the Board of Directors that a dividend of EUR 0.43 per share and a repayment of equity of EUR 0.07 from the reserve for invested unrestricted equity be paid out. The dividend and equity repayment were paid to shareholders who, on the record date for the dividend payment, i.e. 3 April 2018, were recorded in the shareholder register of eQ Plc held by Euroclear Finland Ltd. The payment date of the dividend and equity repayment was 8 April 2018.

Discharge from liability to the Board of Directors and the CEO

The AGM decided to grant discharge from liability to the Board of Directors and the CEO.

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

According to the decision of the AGM, five members shall be elected to eQ Plc's Board of Directors. Nicholas Berner, Georg Ehnrooth, Carl Haglund, Timo Kokkila and Annika Poutiainen were re-elected for a term of office that will end at the close of the next Annual General Meeting. The AGM decided that the directors would receive remuneration as follows: the Chairman of the Board will receive EUR 3 500 and the other directors EUR 2 000 per month. The Directors will also be paid EUR 400 for each Board meeting that they



attend. Travel and lodging costs will be compensated in accordance with the company's expense policy. The Board elected Georg Ehrnrooth Chairman of the Board at its meeting held immediately after the AGM.

Auditors and auditors' compensation

The AGM decided to elect the corporation of authorised public accountants KPMG Oy Ab auditor of the company. The auditor with main responsibility appointed by the company is Raija-Leena Hankonen, APA. It was decided to compensate the auditor according to an invoice approved by eQ Plc.

Authorising the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares

The AGM authorised the Board of Directors to decide on a share issue or share issues and/or the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, in one or several transactions, comprising a maximum total of 5 000 000 new shares. The amount of the authorisation corresponded to approximately 13.33% of all shares in the company on the date of the notice of the AGM.

The authorisation can be used in order to finance or carry out potential acquisitions or other business transactions, to strengthen the balance sheet and the financial position of the company, to carry out the company's incentive schemes or for any other purposes decided by the Board. Based on the authorisation, the Board shall decide on all matters related to the issuance of shares and special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, including the recipients of the shares or the special rights entitling to shares and the amount of the consideration to be paid. Therefore, based on the authorisation, shares or special rights entitling to shares may also be issued to certain persons, i.e. in deviation of the shareholders' pre-emptive rights as described in said Act. A share issue may also be executed without payment in accordance with the preconditions set out in the Limited Liability Companies Act. The authorisation cancels all previous corresponding authorisations and is effective until the next AGM, no longer than 18 months, however.

Personnel and organisation

At the end of the period, the number of Group personnel calculated as full-time resources was 86 (84 persons on 31 Dec. 2017). Calculated as full-time resources, the Asset Management segment had 67 (64) employees and the Corporate Finance segment 14 (15) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 18.3 million (EUR 16.1 million from 1 Jan. to 30 Dec. 2017). The salary expenses increased from the year before due to result-related remuneration.

Major risks and short-term uncertainties

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

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



The risks associated with eQ Group's own private equity investment operations are the market risk, currency risk and liquidity risk. Among these, the market risk has the greatest impact on investments. The company's own investments are well diversified, which means that the impact of one investment in a company, made by one individual fund, on the return of the investments is often small. The income from eQ Group's own investment operations is recognised for eQ in different quarters due to factors independent of the company, depending on the exits from private equity funds. The income from investment operations and changes in value may vary considerably from quarter to quarter.

Proposal for the distribution of profit

The distributable means of the parent company on 31 December 2018 totalled EUR 44 124 342.63. The sum consisted of retained earnings of EUR 18 944 344.53 and the means in the reserve of invested unrestricted equity of EUR 25 179 998.10.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.47 per share be paid out. The proposal corresponds to a dividend totalling EUR 17 722 383.06 calculated with the number of shares at the close of the financial year. Additionally, the Board proposes to the AGM that an equity repayment of EUR 0.07 per share be paid out from the reserve of invested unrestricted equity. The proposal corresponds to an equity repayment totalling EUR 2 639 503.86 calculated with the number of shares at the close of the financial year. The dividend and equity repayment shall be paid to those who are registered as shareholders in eQ Plc's shareholder register maintained by Euroclear Finland Ltd on the record date 27 March 2019. The Board proposes 3 April 2019 as the payment date of the dividend and equity repayment.

After the end of the financial period, no essential changes have taken place in the financial position of the company. The Board of Directors feel that the proposed distribution of dividend and equity repayment do not endanger the liquidity of the company.

Events after the financial period

The eQ PE XI US private equity fund held its first close at USD 113 million in January 2019. eQ Plc made an investment commitment of EUR 1.0 million in the fund.

In addition, eQ has raised EUR 70 million to its second private credit fund, eQ Private Credit II. eQ Private Credit II fund will hold a final closing during the first quarter of 2019.

eQ Plc's shareholders with more than 60% of the company shares and votes have made a proposal to the Annual General Meeting to be held on 25 March 2019 regarding the number of directors, their remuneration and the principles for compensating expenses as well as the election of the directors. The shareholders propose that Nicolas Berner, Georg Ehrnrooth and Timo Kokkila are re-elected and Lotta Kopra and Tomas von Rettig are elected as new members to the Board of Directors.



Outlook

We expect that the net revenue and operating profit of the Asset Management segment will grow in 2019. We further estimate that the management fees of real estate and private equity asset management will grow on the previous year. The amount of performance fees is also estimated to grow. We believe that one of the private equity funds managed by eQ will reach the hurdle rate and begin to pay a performance fee during the second half of the year. As a result, we expect the profit of the Asset Management segment to grow clearly more than in 2018. Performance fees are dependent of the market development and, therefore, estimating them at the beginning of the year contains a greater risk.

In accordance with our disclosure policy, we do not issue profit guidance for the Corporate Finance and Investments segments. The results of these segments are highly dependent of factors that are not dependent of the company. Consequently, their operating profits may vary considerably and are difficult to foresee.

eQ Plc
Board of Directors



TABLES

Principles for drawing up the report

The financial statements release has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU. At the beginning of the financial period, the company has adopted certain new or amended IFRS standards. The impacts of these new standards have been explained below. For other parts, the Group has applied the same accounting principles as in the financial statements for the year 2017. The calculation principles and formulas of the key ratios remain unaltered, and they have been presented in the financial statements 2017.

The income of eQ's own private equity fund investment operations is recognised due to factors independent of the company. As a result, the net income from financial assets may vary considerably.

The financial statement figures presented in this release are based on the company's audited financial statements. The Auditors' Report has been issued on 6 February 2019.

New IFRS standards and interpretations

IFRS 9 Financial Instruments:

The new IFRS 9 standard has replaced the IAS 39 standard Financial Instruments. The standard became effective on 1 January 2018. IFRS 9 changed the classification and measurement of financial assets and includes a new expected credit loss model for calculating impairment on financial assets. The classification and measurement of financial liabilities largely correspond to former practice.

According to IFRS 9, eQ Group's own private equity fund investments are classified as financial assets at fair value through profit or loss, and their value changes are entered in the income statement. In the same manner, investments of excess liquidity in short-term fixed-income funds or in other corresponding funds are, according to IFRS 9, recognised at fair value through profit or loss. When applying the IAS 39 standard, eQ Group entered the profit distribution from private equity fund investments, permanent impairment as well as sales profits and losses among the net income from available-for-sale financial assets. When applying the IAS 39 standard, the unrealised changes in value arising from valuation at fair value were included in the shareholders' equity under the fair value reserve through other items of comprehensive income. In the same manner, the value changes of short-term fixed-income funds and other corresponding investment have been entered in the fair value reserve, when applying the IAS 39 standard.

eQ recognises credit losses from sales receivables at an amount that corresponds to the expected credit losses during the entire life cycle of the receivables. The change in the valuation method had no significant impact at transition.

eQ Group has applied the IFRS 9 standard for the first time from 1 January 2018 and taken advantage of the exemption allowing it not to restate comparative information. During the period 1 January to 31 December 2017, the change in value of the private equity fund investments made from eQ Group's own balance sheet was EUR -0.1 million. The cumulative value changes related to private equity fund investments in the fair value reserve after taxes were EUR -0.2 million on 31 December 2017. During the period 1 January to 31 December 2017, the change in value of the mutual fund investments made from eQ Group's own balance sheet was EUR -0.1 million. The cumulative value changes related to mutual fund investments in the fair value reserve after taxes were EUR 0.0 million on 31 December 2017. When the Group began to apply the IFRS 9 standard on 1 January 2018, the cumulative changes in value adjusted with tax were transferred within equity from the fair value reserve to retained earnings.

The introduction of the IFRS 9 standard has not changed the treatment of financial liabilities in eQ Group.

IFRS 15 Revenue from Contracts with Customers:

The new IFRS 15 has replaced the IAS 18 and IAS 11 standards and the interpretations related to them. The standard became effective on 1 January 2018. IFRS 15 provides a five-step model to be applied to revenue based on contracts with customers. Revenue can be recognised over time or at a specific time, the central criterion being the transfer of control.

The new standard has not changed the revenue recognition practice of eQ Group. The stages of the five-step model included in the IFRS 15 standard regarding the identification of contracts or separate performance obligations will not lead to any significant changes to the former revenue recognition practice. In its former practice, eQ Group has already taken into consideration the requirement of limiting the assessment of variable consideration when defining the consideration that it expects to be entitled to. Therefore, no changes are made in the timing of the revenue recognition of the Asset Management segment's management fees or performance fees, nor in the revenue recognition of the fees of the Corporate Finance segment. eQ Group applies the IFRS 15 standard for the first time from 1 January 2018 and will apply it retrospectively.

New and amended IFRS standards and interpretations to be applied later

IFRS 16 Leases:

The new IFRS 16 standard Leases shall be applied from 1 January 2019 or from financial periods beginning after said date. As a result of IFRS 16, almost all leases will be recognised on the balance sheet, as the distinction between operating and finance leases will be removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals will be recognised. The only exceptions are short-term and low-value leases. The major leases concluded by eQ Group concern rented premises. eQ Group will apply a simplified method when introducing IFRS 16, which means that the figures of the comparison period will not be adjusted.

The present value of the leases transferred to the balance sheet on 1 January 2019 as a result of IFRS 16 is about EUR 3.2 million and the present value of lease liabilities correspondingly about EUR 3.2 million. The straight-line depreciation for leases entered in the income statement is about EUR 0.7 million annually and the calculated interest expense for the lease liabilities in 2019 about EUR 0.03 million. The expense impact in the income statement will be front-loaded, as compared with the former IFRS treatment. As a result, the costs for premises including depreciation and interests will increase by about EUR 0.1 million in 2019, as compared with the IFRS treatment in 2018.



CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-12/18	1-12/17	10-12/18	10-12/17
Fee and commission income	43 971	39 292	14 720	13 087
Interest income	3	4	3	3
Net income from financial assets	1 794	1 738	92	918
Operating income, total	45 768	41 035	14 815	14 008
Fee and commission expenses	-400	-354	-93	-106
Interest expenses	-1	-1	0	0
NET REVENUE	45 367	40 680	14 721	13 903
Administrative expenses				
Personnel expenses	-18 327	-16 075	-5 867	-5 276
Other administrative expenses	-2 234	-2 269	-717	-744
Depreciation on tangible and intangible assets	-216	-282	-73	-73
Other operating expenses	-2 141	-1 928	-672	-501
Impairment losses of other financial assets	-	-5	-	-5
OPERATING PROFIT (LOSS)	22 450	20 121	7 392	7 304
Income tax	-4 651	-4 198	-1 541	-1 505
PROFIT (LOSS) FOR THE PERIOD	17 799	15 922	5 851	5 799

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-12/18	1-12/17	10-12/18	10-12/17
Other comprehensive income:				
Items that may be reclassified subsequently to the income statement:				
Financial assets, net	-	-132	-	-775
Other comprehensive income after taxes	0	-132	0	-775
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17 799	15 790	5 851	5 024
Profit for the period attributable to:				
Equity holders of the parent company	17 799	15 922	5 851	5 799
Non-controlling interests	-	-	-	-
Comprehensive income for the period attributable to:				
Equity holders of the parent company	17 799	15 790	5 851	5 024
Non-controlling interests	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:				
Earnings per average share, EUR	0.47	0.43	0.16	0.16
Diluted earnings per average share, EUR	0.45	0.40	0.15	0.15



CONSOLIDATED BALANCE SHEET, EUR 1 000

	31 Dec. 2018	31 Dec. 2017
ASSETS		
Liquid assets	48	30
Claims on credit institutions	15 800	14 599
Financial assets		
Financial securities	9 869	10 066
Private equity fund investments	16 909	18 792
Intangible assets	29 446	29 431
Tangible assets	303	309
Other assets	5 087	2 673
Accruals and prepaid expenditure	602	607
Income tax receivables	148	33
Deferred tax assets	-	271
TOTAL ASSETS	78 211	76 810
LIABILITIES AND EQUITY		
LIABILITIES		
Other liabilities	4 066	3 919
Accruals and deferred income	11 106	9 108
Income tax liabilities	746	774
Deferred tax liabilities	44	348
TOTAL LIABILITIES	15 962	14 149
EQUITY		
Attributable to equity holders of the parent company:		
Share capital	11 384	11 384
Fair value reserve	-	-193
Reserve for invested unrestricted equity	27 034	29 638
Retained earnings	6 032	5 910
Profit (loss) for the period	17 799	15 922
TOTAL SHAREHOLDERS' EQUITY	62 249	62 661
TOTAL LIABILITIES AND EQUITY	78 211	76 810



CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-12/2018	1-12/2017
CASH FLOW FROM OPERATIONS		
Operating profit	22 450	20 121
Depreciation and write-downs	216	387
Interest income and expenses	-2	-4
Transactions with no related payment transactions	564	552
Financial assets' cash flow – private equity fund investments	2 011	176
Change in working capital		
Business receivables, increase (-) / decrease (+)	-2 376	6 920
Interest-free debt, increase (+) / decrease (-)	1 370	1 739
Total change in working capital	-1 005	8 659
Cash flow from operations before financial items and taxes	24 233	29 892
Interests received	3	4
Interests paid	-1	-1
Taxes	-4 087	-3 484
CASH FLOW FROM OPERATIONS	20 148	26 411
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-224	-199
Investments/redemptions in other investments – liquid mutual funds	27	-44
CASH FLOW FROM INVESTMENTS	-197	-243
CASH FLOW FROM FINANCING		
Dividends paid/equity repayments	-18 754	-18 489
Income from share issue	22	323
CASH FLOW FROM FINANCING	-18 732	-18 165
INCREASE/DECREASE IN LIQUID ASSETS	1 219	8 003
Liquid assets on 1 Jan.	14 629	6 626
Liquid assets on 31 Dec.	15 848	14 629

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY, EUR 1 000

Equity attributable to equity holders of the parent company						
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2017	11 384	34 861	-61	18 326	64 511	64 511
Profit (loss) for the period				15 922	15 922	15 922
Other comprehensive income						
Financial assets			-132		-132	-132
Total comprehensive income			-132	15 922	15 790	15 790
Dividend/equity repayment		-5 547		-12 942	-18 489	-18 489
Share issue		323			323	323
Options granted				522	522	522
Other changes				3	3	3
Shareholders' equity on 31 Dec. 2017	11 384	29 638	-193	21 832	62 661	62 661

Shareholders' equity on 1 Jan. 2018	11 384	29 638	-193	21 832	62 661	62 661
Profit (loss) for the period				17 799	17 799	17 799
Other comprehensive income						
Financial assets			-	-	-	-
Total comprehensive income			0	17 799	17 799	17 799
Dividend/equity repayment		-2 626		-16 128	-18 754	-18 754
Share issue		22			22	22
Options granted				522	522	522
IFRS 9 change			193	-193	0	0
Other changes				-1	-1	-1
Shareholders' equity on 31 Dec. 2018	11 384	27 034	0	23 831	62 249	62 249



FEE AND COMMISSION INCOME, GROUP, EUR 1 000

	1-12/18	1-12/17	10-12/18	10-12/17
Asset management fees				
Management fees from traditional asset management	8 611	8 860	1 964	2 269
Real estate and private equity management fees	25 266	18 183	6 900	5 051
Other fee and commission income	321	587	59	57
Performance fees	2 690	6 430	968	3 130
Total	36 887	34 060	9 891	10 507
Corporate finance fees	7 083	5 232	4 829	2 580
Fee and commission income, total	43 971	39 292	14 720	13 087

NET INCOME FROM FINANCIAL ASSETS, GROUP, EUR 1 000

	1-12/18	1-12/17	10-12/18	10-12/17
Private equity fund investment operations				
Profit distribution of funds	1 863	1 694	517	863
Changes in fair value	128	-	-271	-
Impairment (IAS 39, available for sale)	-	-100	-	-
Total	1 991	1 594	246	863
Other investment operations				
Changes in fair value	-170	-	-154	-
Sales profit/loss	-27	144	-	55
Total	-197	144	-154	55
Net income from financial assets, total	1 794	1 738	92	918

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1 000

	31 Dec. 2018		31 Dec. 2017	
	Fair value	Book value	Fair value	Book value
Financial assets				
Investments				
Private equity fund investments	16 909	16 909	18 792	18 792
Financial securities	9 869	9 869	10 066	10 066
Accounts receivable and other receivables	3 439	3 439	852	852
Liquid assets	15 848	15 848	14 629	14 629
Total	46 064	46 064	44 339	44 339
Financial liabilities				
Accounts payable and other liabilities	322	322	355	355
Total	322	322	355	355

The table shows the fair values and book values of financial assets and liabilities per balance sheet item. The assessment principles of fair values are presented in the accounting principles. The original book value of accounts receivable and accounts payable corresponds to their fair value, as the impact of discounting is not essential taking into account the maturity of the receivables and liabilities.

Value of financial instruments across the three levels of the fair value hierarchy

	31 Dec. 2018		31 Dec. 2017	
	Level 1	Level 3	Level 1	Level 3
Financial assets				
Private equity fund investments	-	16 909	-	18 792
Financial securities	9 869	-	10 066	-
Total	9 869	16 909	10 066	18 792

Level 3 reconciliation: Private equity fund investments

1-12/2018	
Opening balance on 1 Jan. 2018	18 792
Calls	1 976
Returns	-3 987
Value change through profit or loss (IFRS 9)	128
Closing balance on 31 Dec. 2018	16 909

1-12/2017	
Opening balance on 1 Jan. 2017	19 209
Calls	3 151
Returns	-3 327
Impairment loss	-100
Change in fair value in fair value reserve (IAS 39)	-141
Closing balance on 31 Dec. 2017	18 792

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



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

PRIVATE EQUITY FUND INVESTMENTS, EUR 1 000

Market value	31 Dec. 2018	31 Dec. 2017
Funds managed by eQ:		
Funds of funds:		
eQ PE X North LP	43	0
eQ PE IX US LP	20	0
eQ PE VIII North LP	1 232	858
eQ PE VII US LP	1 486	853
eQ PE VI North LP	1 581	1 186
Amanda V East LP	4 194	3 670
Amanda IV West LP	1 902	2 626
Amanda III Eastern PE LP	3 751	5 079
European Fund Investments LP (EFI II)	33	74
Total	14 242	14 346
Funds managed by others:		
Large buyout funds	1 094	2 202
Midmarket funds	691	1 300
Venture funds	881	944
Total	16 909	18 792



REMAINING INVESTMENT COMMITMENTS OF PRIVATE EQUITY FUND INVESTMENTS, EUR 1 000

Investment commitment	31 Dec. 2018	31 Dec. 2017
Funds managed by eQ:		
Funds of funds:		
eQ PE X North LP	950	0
eQ PE IX US LP	914	916
eQ PE VIII North LP	1 595	2 012
eQ PE VII US LP	1 085	1 573
eQ PE VI North LP	1 002	1 407
Amanda V East LP	682	669
Amanda IV West LP	472	614
Amanda III Eastern PE LP	448	350
European Fund Investments LP (EFI II)	35	35
Total	7 185	7 576
Funds managed by others:		
Large buyout funds	174	234
Midmarket funds	422	1 096
Venture funds	12	11
Total	7 791	8 917

MARKET VALUE OF PRIVATE EQUITY FUND INVESTMENTS BASED ON THE YEAR OF ESTABLISHMENT, EUR 1 000

	31 Dec. 2018	31 Dec. 2017
-2000	100	450
2001-2005	1 140	1 194
2006-2010	7 113	10 581
2011-	8 556	6 567
Total	16 909	18 792

REMAINING INVEST COMMITMENTS OF PRIVATE EQUITY FUND INVESTMENTS BASED ON THE YEAR OF ESTABLISHMENT, EUR 1 000

	31 Dec. 2018	31 Dec. 2017
-2000	12	12
2001-2005	37	742
2006-2010	1 513	1 585
2011-	6 229	6 578
Total	7 791	8 917



SEGMENT INFORMATION, EUR 1 000

1-12/18	Asset Man.	Corporate Finance	Invest- ments	Other	Elimi- ations	Group total
Fee and commission income	36 887	7 083	-	-	-	43 971
From other segments	200	-	-	-	-200	-
Net income from foreign exchange dealing	-	-	-	-	-	-
Interest income	-	-	-	3	-	3
Net income from financial assets	-	-	1 991	-197	-	1 794
Other operating income	-	-	-	-	-	-
From other segments	-	-	-	77	-77	-
Operating income, total	37 087	7 083	1 991	-117	-277	45 768
Fee and commission expenses	-392	-	-	-8	-	-400
To other segments	-	-	-200	-	200	-
Interest expenses	-	-	-	-1	-	-1
NET REVENUE	36 696	7 083	1 791	-126	-77	45 367
Administrative expenses						
Personnel expenses	-13 824	-3 238	-	-1 265	-	-18 327
Other administrative expenses	-1 730	-326	-	-255	77	-2 234
Depreciation on tangible and intangible assets	-167	-15	-	-34	-	-216
Other operating expenses	-1 478	-292	-	-371	-	-2 141
OPERATING PROFIT (LOSS)	19 498	3 211	1 791	-2 051	0	22 450
Income tax				-4 651		-4 651
PROFIT (LOSS) FOR THE PERIOD				-6 701		17 799

1-12/17	Asset Man.	Corporate Finance	Invest- ments	Other	Elimi- ations	Group total
Fee and commission income	34 060	5 232	-	-	-	39 292
From other segments	200	-	-	-	-200	-
Net income from foreign exchange dealing	-	-	-	-	-	-
Interest income	-	-	-	4	-	4
Net income from financial assets	-	-	1 594	144	-	1 738
Other operating income	-	-	-	-	-	-
From other segments	-	-	-	77	-77	-
Operating income, total	34 260	5 232	1 594	225	-277	41 035
Fee and commission expenses	-346	0	-	-8	-	-354
To other segments	-	-	-200	-	200	-
Interest expenses	-	-	-	-1	-	-1
NET REVENUE	33 914	5 232	1 394	217	-77	40 680



1-12/17	Asset Man.	Corporate Finance	Invest- ments	Other	Elimi- ations	Group total
Administrative expenses						
Personnel expenses	-12 587	-2 526	-	-962		-16 075
Other administrative expenses	-1 744	-402	-	-200	77	-2 269
Depreciation on tangible and intangible assets	-237	-22	-	-23		-282
Other operating expenses	-1 321	-276	-	-331		-1 928
Impairment losses of other financial assets	-	-5	-	-		-5
OPERATING PROFIT (LOSS)	18 026	2 005	1 394	-1 299	0	20 121
Income tax				-4 198		-4 198
PROFIT (LOSS) FOR THE PERIOD				-5 498		15 922

10-12/2018	Asset Man.	Corporate Finance	Invest- ments	Other	Elimi- ations	Group total
Fee and commission income	9 890	4 829	-	-		14 720
From other segments	50	-	-	-	-50	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	3		3
Net income from financial assets	-	-	246	-154		92
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	9 940	4 829	246	-131	-69	14 815
Fee and commission expenses	-91	-	-	-2		-93
To other segments	-	-	-50	-	50	-
Interest expenses	-	-	-	0		0
NET REVENUE	9 849	4 829	196	-133	-19	14 721
Administrative expenses						
Personnel expenses	-3 688	-1 874	-	-305		-5 867
Other administrative expenses	-541	-105	-	-90	19	-717
Depreciation on tangible and intangible assets	-55	-4	-	-14		-73
Other operating expenses	-458	-81	-	-133		-672
OPERATING PROFIT (LOSS)	5 107	2 765	196	-676	0	7 392
Income tax				-1 541		-1 541
PROFIT (LOSS) FOR THE PERIOD				-2 217		5 851



10-12/17	Asset Man.	Corporate Finance	Invest- ments	Other	Elimi- ations	Group total
Fee and commission income	10 507	2 580	-	0		13 087
From other segments	50	-	-	-	-50	-
Net income from foreign exchange dealing	-	-	-	-	-	-
Interest income	-	-	-	3		3
Net income from financial assets	-	-	863	55		918
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	10 557	2 580	863	77	-69	14 008
Fee and commission expenses	-104	-	-	-2		-106
To other segments	-	-	-50	-	50	-
Interest expenses	-	-	-	0		0
NET REVENUE	10 453	2 580	813	75	-19	13 903
Administrative expenses						
Personnel expenses	-3 822	-1 096	-	-359		-5 276
Other administrative expenses	-586	-134	-	-43	19	-744
Depreciation on tangible and intangible assets	-61	-6	-	-6		-73
Other operating expenses	-340	-82	-	-79		-501
Impairment losses of other financial assets	-	-5	-	-		-5
OPERATING PROFIT (LOSS)	5 644	1 258	813	-411	0	7 304
Income tax				-1 505		-1 505
PROFIT (LOSS) FOR THE PERIOD				-1 916		5 799

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

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



PROFIT DEVELOPMENT OF SEGMENTS PER QUARTER, EUR 1 000

	Q4/18	Q3/18	Q2/18	Q1/18	Q4/17
Asset Management					
Net revenue	9 849	9 313	9 031	8 503	10 453
Operating profit	5 107	5 387	4 692	4 312	5 644
Corporate Finance					
Net revenue	4 829	496	1 311	448	2 580
Operating profit	2 765	59	533	-145	1 258
Investments					
Net revenue	196	434	478	684	813
Operating profit	196	434	478	684	813
Other segments and eliminations					
Net revenue	-153	-3	-14	-34	56
Operating profit	-676	-311	-608	-455	-411
Group total					
Net revenue	14 721	10 240	10 806	9 600	13 903
Operating profit	7 392	5 569	5 095	4 394	7 304
Profit for the period	5 851	4 427	4 044	3 477	5 799



SOLVENCY, EUR 1 000

	CRR 31 Dec. 2018 eQ Group	CRR 31 Dec. 2017 eQ Group
Own capital	62 249	62 661
Common equity tier 1 (CET 1) before deductions	62 249	62 661
Deductions from CET 1		
Intangible assets	-29 446	-29 431
Unconfirmed profit for the period	-17 799	-15 922
Dividend proposal by the Board*	-2 563	-2 831
Common equity tier 1 (CET1)	12 441	14 477
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	12 441	14 477
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	12 441	14 477
Risk-weights, total	128 956	121 253
of which credit risk	48 464	49 147
of which market risk - currency risk	4 576	5 469
of which operative risk	75 916	66 636
Common equity tier 1 (CET1) / risk-weights, %	9.6 %	11.9 %
Tier 1 (T1) / risk-weights, %	9.6 %	11.9 %
Total capital (TC) / risk weights, %	9.6 %	11.9 %
Minimum solvency ratio, %	22.0 %	25.7 %
Excess of total capital compared with the minimum level (8% solvency ratio)	2 125	4 777
Excess of total capital compared with the target level (10% solvency ratio)	-454	2 351

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

According to the calculation, the solvency of eQ Group lies below the Group's own target level (10%) at the end of the financial period. This is due to the fact that the dividend distribution and equity repayment proposed by the Board of Directors in spring were deducted from the total capital on 31 December 2018. In connection with the option scheme 2018 with a subscription price, eQ Plc has, however, obtained of the option right recipients written irrevocable commitments to pay the subscription rights to the company in March 2019, before the dividend distribution and equity repayment. These payments will increase the total capital by EUR 1.35 million. If the subscription rights of options in the 2018 option scheme had been paid already in 2018, the solvency ratio of the Group would have been 10.7% at the end of 2018. The increase in total capital in solvency calculations resulting from the option scheme 2018 requires a permission from the Finnish Financial Supervision Authority. eQ has applied for such permission early in 2019.

GROUP KEY RATIOS

31 Dec. 2018 31 Dec. 2017

Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	17 799	15 922
Earnings per average share, EUR	0.47	0.43
Diluted earnings per average share, EUR	0.45	0.40
Equity per share, EUR	1.65	1.67
Equity per average share, EUR *)	1.66	1.68
Return on investment, ROI % p.a.	28.5	25.0
Return on equity, ROE % p.a.	28.5	25.0
Equity to assets ratio, %	79.6	81.6
Cost/income ratio, Group, %	50.5	50.5
Share price at the end of the period, EUR	7.60	8.30
Market value, EUR million	286.6	311.3
Personnel calculated as full-time resources at the end of the period	86	84

*) Weighted average number of shares outstanding.

eQ applies the guidelines of the European Securities and Markets Authority, ESMA, on alternative performance measures. An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS). eQ presents alternative measures in order to describe the financial development of its operations. The calculation principles and formulae of the key ratios are presented in the company's 2017 financial statements, which are available on the company website at www.eQ.fi. The key ratios presented by eQ can be directly calculated with the calculation formulae based on the information in the income statement, balance sheet and notes thereto.

REMAINING COMMITMENTS

On 31 December 2018, eQ's remaining investment commitments in private equity funds totalled EUR 7.8 million (EUR 8.9 million on 31 Dec. 2017). Other commitments at the end of the period totalled EUR 3.3 million (EUR 1.4 million on 31 Dec. 2017).