

Q3 2018

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# INTERIM REPORT





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**eQ PLC'S INTERIM REPORT Q3 2018 – eQ GROUP'S PROFIT GREW BY 18%****January to September 2018 in brief**

- During the period under review, the Group's net revenue totalled EUR 30.6 million (EUR 26.8 million from 1 Jan. to 30 Sept. 2017).
  - The Group's net fee and commission income was EUR 28.9 million (EUR 26.0 million).
  - The Group's net investment income from own investment operations was EUR 1.7 million (EUR 0.8 million).
- The Group's operating profit grew by 17% cent to EUR 15.1 million (EUR 12.8 million).
- The Group's profit was EUR 11.9 million (EUR 10.1 million).
- The consolidated earnings per share were EUR 0.32 (EUR 0.27).
- The net cash flow from the Group's own private equity fund investment operations was EUR 2.6 million (EUR 0.7 million).
  
- The net revenue of the Asset Management segment increased by 14% to EUR 26.8 million (EUR 23.5 million) and the operating profit by 16% to EUR 14.4 million (EUR 12.4 million).
- The net revenue of the Corporate Finance segment fell to EUR 2.3 million (EUR 2.7 million). It is typical of corporate finance business that success fees have a considerable impact on invoicing, due to which the result of the segment may vary considerably.

**July to September 2018 in brief**

- In the third quarter, the Group's net revenue totalled EUR 10.2 million (EUR 8.0 million from 1 July to 30 Sept. 2017).
  - The Group's net fee and commission income was EUR 9.8 million (EUR 7.7 million).
  - The Group's net investment income from own investment operations was EUR 0.5 million (EUR 0.3 million).
- The Group's operating profit grew by 35% to EUR 5.6 million (EUR 4.1 million).
- The Group's profit was EUR 4.4 million (EUR 3.3 million).
- The consolidated earnings per share were EUR 0.12 (EUR 0.09).



Key ratios	1-9/18	1-9/17	Change %	7-9/18	7-9/17	Change %	1-12/17
Net revenue, Group, M€	30.6	26.8	14%	10.2	8.0	28%	40.7
Net revenue, Asset Management, M€	26.8	23.5	14%	9.3	7.4	26%	33.9
Net revenue, Corporate Finance, M€	2.3	2.7	-15%	0.5	0.3	61%	5.2
Net revenue, Investments, M€	1.6	0.6	174%	0.4	0.3	56%	1.4
Net revenue, Group administration and eliminations, M€	-0.0	0.1		-0.0	0.0		0.1
Operating profit, Group, M€	15.1	12.8	17%	5.6	4.1	35%	20.1
Operating profit, Asset Management, M€	14.4	12.4	16%	5.4	4.2	29%	18.0
Operating profit, Corporate Finance, M€	0.4	0.7	-40%	0.1	-0.1	175%	2.0
Operating profit, Investments, M€	1.6	0.6	174%	0.4	0.3	56%	1.4
Operating profit, Group administration, M€	-1.4	-0.9	55%	-0.3	-0.3	18%	-1.3
Profit for the period, M€	11.9	10.1	18%	4.4	3.3	36%	15.9

Key ratios	1-9/18	1-9/17	Change %	7-9/18	7-9/17	Change %	1-12/17
Earnings per share, €	0.32	0.27	17%	0.12	0.09	33%	0.43
Equity per share, €	1.49	1.53	-3%	1.49	1.53	-3%	1.67
Cost/income ratio, Group, %	50.9	52.1	-2%	45.6	48.4	-6%	50.5
Liquid assets, M€	15.8	8.4	88%	15.8	8.4	88%	24.7
Private equity fund investments, M€	17.9	20.1	-11%	17.9	20.1	-11%	18.8
Interest-bearing liabilities, M€	0.0	0.0	0%	0.0	0.0	0%	0.0
Assets under management, € billion	9.0	8.3	9%	9.0	8.3	9%	8.4

## Janne Larma, CEO

During the first nine months of the year, the net revenue of the Group grew by 14 per to EUR 30.6 million and the operating profit by 17% to EUR 15.1 million. The Group's profit increased to EUR 11.9 million (EUR 10.1 million from 1 Jan. to 30 Sept. 2017).

### The growth of eQ Asset Management's management fees and operating profit continued

eQ Asset Management's strong profit growth continued. The net revenue of the Asset Management segment increased by 14% to EUR 26.8 million and the operating profit grew by 16% to EUR 14.4 million. The management fees of the segment have grown by 26% during the year, and growth has been especially strong in real estate and private equity asset management. Net subscriptions in eQ's real estate funds have continued to grow rapidly, amounting to EUR 278 million in the nine-month period. Within private equity asset management, we held the final close of the eQ PE X North private equity fund at EUR 175 million and of the secondary market fund eQ PE SF II private equity fund at 135 million during the third quarter. We also launched the marketing of eQ's second private credit fund eQ Private Credit II. We believe that the interest of investors in real estate and private equity investments will remain at a good level.

Within traditional asset management, the returns of the funds managed by eQ have continued to be excellent. Since the beginning of the year, 60% of the funds managed by eQ have surpassed their benchmark indices, and during an investment period of three years, 71% of the funds managed by eQ have surpassed their benchmark indices.



### **Advium's third quarter slightly better than last year**

In the Corporate Finance segment Advium acted as advisor in five finalised transactions during the nine-month period. In the third quarter, 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.

In the third quarter, Advium's income was higher than last year, but the income of the first nine months was lower than during the corresponding period last year. Advium's net revenue during the period under review was EUR 2.3 million (EUR 2.7 million from 1 Jan. to 30 Sept. 2017). The operating profit was EUR 0.4 million (EUR 0.7 million).

The market situation in corporate and real estate transactions continues to be good, and we estimate that the last quarter of the year will be the most active quarter of the current year for Advium. Great variations in fees per quarter are typical of corporate finance operations.

### **The result of the Investments segment higher than last year**

The net revenue and operating profit of the Investments segment increased markedly on the previous year. The operating profit of the segment was EUR 1.6 million (EUR 0.6 million). During the period under review, the net cash flow from investments was EUR 2.6 million (EUR 0.7 million). At the end of September, the fair value of the private equity fund investments was EUR 17.9 million (EUR 18.8 million on 31 Dec. 2017).

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eQ's interim report 1 January to 30 September 2018 is enclosed to this release and it is also available on the company website at [www.eQ.fi](http://www.eQ.fi).

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eQ Group is a group of companies that concentrates on 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 9.0 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](http://www.eQ.fi).



# eQ PLC'S INTERIM REPORT 1 JAN. TO 30 SEPT. 2018

## Result of operations and financial position 1 January to 30 September 2018

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  - The Group's net fee and commission income was EUR 28.9 million (EUR 26.0 million).
  - The Group's net investment income from own investment operations was EUR 1.7 million (EUR 0.8 million).
- The Group's operating profit grew by 17% to EUR 15.1 million (EUR 12.8 million).
- The Group's profit was EUR 11.9 million (EUR 10.1 million).
- The consolidated earnings per share were EUR 0.32 (EUR 0.27).
- The net cash flow from the Group's own private equity fund investment operations was EUR 2.6 million (EUR 0.7 million).
  
- The net revenue of the Asset Management segment increased by 14% to EUR 26.8 million (EUR 23.5 million) and the operating profit by 16% to EUR 14.4 million (EUR 12.4 million).
- The net revenue of the Corporate Finance segment fell to EUR 2.3 million (EUR 2.7 million). It is typical of corporate finance business that success fees have a considerable impact on invoicing, due to which the result of the segment may vary considerably.

## Result of operations and financial position 1 July to 30 September 2018

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## Operating environment

The third quarter of 2018 was characterised by news about strong economic and profit growth, above all from the US. At the same time, there were increasing concerns in the market about president Trump's measures against China and other trading partners. President Trump decided on a 10% tariff for Chinese import goods and threatened to raise the tariff to 25% at the end of 2018. Mr Trump's moods towards Europe alternated, but he managed to reach bilateral agreements with Mexico and Canada. Global financial optimism – measured with confidence indicators, for instance – did not seem to suffer much from the new tariff threats, however. Europe also saw rather strong growth, but as usual slower than in the US. Italy and the UK remained in headlines – Italy regarding the debt plans of the new government and the US regarding Brexit.

Growth remained strong in China, but due to higher tariffs, the country has begun to change its own monetary policy towards recovery measures. China let its currency grow weaker already earlier this year, and the central bank has also lowered its reserve requirement. There is a lot of room for recovery measures in China. Among emerging countries, Turkey's crisis worsened in the third quarter, and the country's central bank increased its policy rate to 18%.

With global growth, inflation has accelerated, and the Fed continued with its interest rate raises in September. At the same time, the Fed is unwinding its balance sheet. The European Central Bank announced that it would cut down the purchase programme but is not yet even near interest rate raises.



From a euro investor's point of view, the clearly best return during the first nine months has come from the US, where the return was no less than 13.8% measured with the S&P 500 Index. During the third quarter as well, the US gave the best return, i.e. 8.1%. Part of the return is due to the stronger dollar. The Finnish stock exchange gave a clearly higher return than the whole of Europe, and since the beginning of the year, share prices rose by 12.3% vs. 0.8% in Europe. The Finnish stock exchange also gave a better return than Europe in the third quarter, i.e. 2.4%, vs. 1.3%. In emerging markets, the return of the equity market has been -4.6% since the beginning of the year, and even in the third quarter the return was -0.6%. Fears for tariff increases and more expensive dollar debt had a negative impact on emerging markets.

The return of the bond market has mainly been negative since the beginning of the year, and only high yield loans have given a positive return of 0.3% at index level. The weakest return development was seen in emerging market bonds, among which the return of corporate loans was -3.3% as euro-hedged. Both EMU government bonds and IG loans gave returns of -0.5 to -0.6%. In the third quarter, the government bond index was about -1%, but other bond asset classes gave returns of 0 to 1.6% – the best returns coming from high yield loans during this period as well.

## Major events during the period under review

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.

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

## Group net revenue and result development

During the period under review, the Group's net revenue totalled EUR 30.6 million (EUR 26.8 million from 1 Jan. 30 Sept. 2017). The Group's net fee and commission income was EUR 28.9 million (EUR 26.0 million). The Group's net investment income from own investment operations was EUR 1.7 million (EUR 0.8 million).

The Group's expenses and depreciation totalled EUR 15.6 million (EUR 14.0 million). Personnel expenses were EUR 12.5 million (EUR 10.8 million), other administrative expenses totalled EUR 1.5 million (EUR 1.5 million), and the other operating expenses were EUR 1.5 million (EUR 1.4 million). Depreciation was EUR 0.1 million (EUR 0.2 million).

The Group's operating profit was EUR 15.1 million (EUR 12.8 million) and the profit for the period was EUR 11.9 million (EUR 10.1 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 third quarter, 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 period, except for the eQ High Yield Fund. The best returns as compared with benchmark indices came from the eQ High Yield and eQ Emerging Markets Corporate Bond funds. Of eQ's five Morningstar rated fixed-income funds three have the best rating, e.g. five stars.



The returns of equity funds were twofold during the period. The best returns came from the eQ Europe Property, eQ Blue Planet, eQ US Stock Index and eQ Finland funds. On the other hand, the values of the eQ Emerging Asia, eQ Frontier Markets and eQ Emerging Dividend funds fell during the nine-month period. The best returns as compared with the benchmark indices came from the eQ Emerging Markets Small Cap, eQ Blue Planet and eQ Europe Property funds.

Of the funds managed by eQ, 60% surpassed their benchmark indices in the nine-month period, 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 4 stars at the end of the quarter. The returns of the discretionary asset management portfolios that eQ manages varied between -1 and +5% during the nine-month period, based on the allocation of the investment portfolio. The return of portfolios that are only invested in Finnish shares was almost 12%.

### *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 5 539 million at the end of the quarter (EUR 5 156 million on 31 Dec. 2017). The share of funds managed by eQ was EUR 1 364 million (EUR 1 054 million).

### *Real estate investments*

The strong growth of the eQ Finnish Real Estate fund continued, and at the end of the third quarter, new subscriptions for EUR 22 million were made in the fund. At the end of the quarter, the size of the fund was EUR 581 million, and its real estate property exceeded EUR 700 million. The investment operations of the fund have been extremely successful, and the return since establishment is 9.7% p.a. The fund already has more than 2 500 unit holders.

At the end of the third quarter, new subscriptions for EUR 45 million were made in the eQ Care Fund. At the end of the quarter, the size of the fund was EUR 670 million and its real estate property exceeded EUR 870 million. The return of the fund since establishment is excellent at 9.0% p.a., and the fund already has approximately 3 300 unit holders.

Overall, eQ's real estate funds had real estate property of about EUR 1 582 million at the end of the quarter, and eQ has become a major Finnish real estate investor. Consequently, the real estate team has been expanded to eight persons.

### *Assets under management and clients*

At the end of the period, the assets managed by eQ Asset Management totalled EUR 9 015 million. The assets increased by EUR 582 million from the close of the year (EUR 8 432 million on 31 Dec. 2017). At the end of the quarter, the assets managed by the mutual funds registered in Finland totalled EUR 2 465 million (EUR 2 304 million), an increase by EUR 161 million. Mutual funds managed by international partners and assets covered by other asset management operations totalled EUR 1 010 million (EUR 972 million). The assets managed under private equity funds and asset management totalled EUR 5 539 million (EUR 5 156 million), the share of eQ funds being EUR 1 364 million (EUR 1 054 million). The assets covered by the reporting service totalled EUR 3 624 million (EUR 3 412 million).



### Result of the Asset Management segment

The net revenue of the Asset Management segment increased by 14% and the operating profit by 16% to EUR 14.4 million (EUR 12.4 million from 1 Jan. to 30 Sept. 2017) during the period under review. The fee and commission income of the real estate and private equity operations increased by 39% during the nine-month period. On the other hand, performance fees fell by 48% as a result of their typical strong fluctuation per quarter and the higher level than normally of the comparison period. Expenses increased mainly due to result-based salary items. The cost/income ratio fell to 46.4% from 47.2% in the comparison period. Calculated as full-time resources, the Asset Management segment had 66 employees at the end of the quarter.

Asset Management	1-9/18	1-9/17	Change %	7-9/18	7-9/17	Change %	1-12/17
Net revenue, M€	26.8	23.5	14%	9.3	7.4	26%	33.9
Operating profit, M€	14.4	12.4	16%	5.4	4.2	29%	18.0
Assets under management, € billion	9.0	8.3	9%	9.0	8.3	9%	8.4
Cost/income ratio, %	46.4	47.2	-2%	42.2	43.5	-3%	46.8
Personnel as full-time resources	66	61	8%	66	61	8%	64

Fee and commission income, Asset Management, M€	1-9/18	1-9/17	Change %	7-9/18	7-9/17	Change %	1-12/17
Management fees from traditional asset management	6.6	6.6	1%	2.1	2.2	-6%	8.9
Real estate and private equity management fees	18.5	13.3	39%	6.8	4.8	43%	18.4
Other fee and commission income	0.3	0.5	-51%	0.1	0.1	14%	0.6
Performance fees	1.7	3.3	-48%	0.4	0.5	-10%	6.4
Total	27.1	23.7	15%	9.4	7.5	25%	34.3

### 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.

The number of finalised transactions in the third quarter of the year is typically lower than in other quarters. This year, there was one finalised transaction where Advium acted as advisor in the third quarter. 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.

After the period under review, Advium has acted as advisor in one finalised transaction. Advium acted as advisor to Antero Vartia as he sold his share in Hernessaaren Löyly Oy.

Advium's existing order stock still corresponds to the lively activity in the market, and we estimate that the last quarter of the year will be the most active quarter in 2018. It is typical of corporate finance business, however, that success fees have a considerable impact on invoicing, due to which the result of the segment may vary considerably from quarter to quarter.

### Result of the Corporate Finance segment

Advium's net revenue during the period under review was EUR 2.3 million (EUR 2.7 million from 1 Jan. to 30 Sept. 2017). The operating profit was EUR 0.4 million (EUR 0.7 million). The segment had 14 employees at the end of the period.





Corporate Finance	1-9/18	1-9/17	Change %	7-9/18	7-9/17	Change %	1-12/17
Net revenue, M€	2.3	2.7	-15%	0.5	0.3	61%	5.2
Operating profit, M€	0.4	0.7	-40%	0.1	-0.1	175%	2.0
Cost/income ratio, %	80.2	72.0	11%	88.1	125.4	-30%	61.7
Personnel as full-time resources	14	15	-7%	14	15	-7%	15

## Investments

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

During the period under review, the net revenue of the Investments segment totalled EUR 1.6 million (EUR 0.6 million from 1 Jan. to 30 Sept. 2017). At the end of the period, the fair value of the private equity fund investments was EUR 17.9 million (EUR 18.8 million on 31 Dec. 2017) and the amount of the remaining investment commitments was EUR 8.0 million (EUR 8.9 million). Of the market value, 82% 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 22. 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 3.0 million (EUR 2.1 million from 1 Jan. to 30 Sept. 2017) and distributed a profit of EUR 1.3 million (EUR 0.8 million). Capital calls totalled EUR 1.7 million (EUR 2.3 million). The net cash flow from investments during the period was EUR 2.6 million (EUR 0.7 million). The value changes of the private equity fund investments recognised through profit or loss were EUR 0.4 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 period under review, 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	1-9/18	1-9/17	Change %	7-9/18	7-9/17	Change %	1-12/17
Net revenue, M€	1.6	0.6	174%	0.4	0.3	56%	1.4
Operating profit, M€	1.6	0.6	174%	0.4	0.3	56%	1.4
Fair value of investments, M€	17.9	20.1	-11%	17.9	20.1	-11%	18.8
Investment commitments, M€	8.0	9.7	-18%	8.0	9.7	-18%	8.9

## Balance sheet and solvency

At the end of the period under review, the consolidated balance sheet total was EUR 67.9 million (EUR 76.8 million on 31 Dec. 2017) and the shareholders' equity was EUR 56.3 million (EUR 62.7 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 11.9 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 0.4 million related to the option scheme and enter 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 9.3 million (EUR 14.6 million) and liquid investments in mutual funds EUR 6.5 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 4.5 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 0.1 million (EUR 0.3 million) and interest-free short-term debt EUR 11.6 million (EUR 13.8 million). eQ's equity to assets ratio was 82.9% (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 12.7% (11.9% on 31 Dec. 2017) at the end of the period. The minimum requirement for own funds is 8%. At the end of the period, the Group's own funds based on solvency calculations totalled EUR 14.9 million (EUR 14.5 million on 31 Dec. 2017), and the risk-weighted items were EUR 116.7 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 30 September 2018, the number of eQ Plc's shares was 37 707 198 and the share capital was EUR 11 383 873.

During the period under review, the number of eQ Plc's shares increased by 200 000 on 29 June 2018 due to new shares subscribed for with option rights. 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 30 September 2018 was EUR 8.90 (EUR 8.30 on 31 Dec. 2017). The market capitalisation of the company was thus EUR 335.6 million (EUR 311.3 million) at the end of the period. During the period, 5 088 549 shares were traded on Nasdaq Helsinki (1 540 694 shares from 1 Jan. to 30 Sept. 2017).

## Own shares

On 30 September 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 30 September 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	1 288 306	3.42
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	458 892	1.22
10 major shareholders, total	28 769 983	76.30
Nominee registered	450 272	1.19
Other shares	8 486 943	22.51
Total	37 707 198	100.00

On 30 September 2018, eQ Plc had 5 405 shareholders (5 048 shareholders on 31 Dec. 2017).

## Option schemes

At the end of the period, eQ Plc had two 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](http://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](http://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 held by Euroclear Finland Ltd. The payment date of the dividend and equity repayment was 10 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 Ehrnrooth, 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 85 (84 persons on 31 Dec. 2017). Calculated as full-time resources, the Asset Management segment had 66 (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 were EUR 12.5 million (EUR 10.8 million from 1 Jan. to 30 Sept. 2017).

### **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.

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.

### **Events after the period under review**

After the end of the period under review, Advium acted as advisor to Antero Vartia as he sold his share in Hernesaaren Löyly Oy.

eQ Plc  
Board of Directors

## TABLES

### Principles for drawing up the report

The interim report has been prepared in accordance with IFRS standards and the IAS 34 Interim Reports standard, approved by the EU.

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

The report has not been audited.

### 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 Jan. to 31 Dec. 2017, the change in value of the private equity fund investments made from eQ Group's own balance sheet was EUR -0.1 million and during the period 1 Jan. to 30 Sept. 2017 EUR 0.8 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 Jan. to 31 Dec. 2017, the change in value of the mutual fund investments made from eQ Group's own balance sheet was EUR -0.1 million and during the period 1 Jan. to 30 Sept. 2017 EUR -0.0 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. At the end of the period under review, the valid leases on premises have been concluded for fixed terms and they will end in November 2019. The lease liability for the remaining lease period was EUR 0.8 million at the end of the period under review.



## CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-9/18	1-9/17	7-9/18	7-9/17	1-12/17
Fee and commission income	29 251	26 205	9 856	7 775	39 292
Interest income	0	1	0	-	4
Net income from financial assets	1 702	820	484	328	1 738
Operating income, total	30 953	27 026	10 340	8 103	41 035
Fee and commission expenses	-306	-248	-100	-99	-354
Interest expenses	-1	-1	0	0	-1
NET REVENUE	30 646	26 777	10 240	8 004	40 680
Administrative expenses					
Personnel expenses	-12 460	-10 799	-3 719	-2 888	-16 075
Other administrative expenses	-1 517	-1 525	-428	-450	-2 269
Depreciation on tangible and intangible assets	-143	-209	-50	-68	-282
Other operating expenses	-1 469	-1 428	-474	-471	-1 928
Impairment losses of other financial assets	-	-	-	-	-5
OPERATING PROFIT (LOSS)	15 058	12 817	5 569	4 127	20 121
Income tax	-3 110	-2 693	-1 142	-861	-4 198
PROFIT (LOSS) FOR THE PERIOD	11 948	10 123	4 427	3 265	15 922

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-9/18	1-9/17	7-9/18	7-9/17	1-12/17
Other comprehensive income:					
Items that may be reclassified subsequently to the income statement:					
Available-for-sale financial assets, net	-	643	-	-107	-132
Other comprehensive income after taxes	0	643	0	-107	-132
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11 948	10 767	4 427	3 158	15 790
Profit for the period attributable to:					
Equity holders of the parent company	11 948	10 123	4 427	3 265	15 922
Non-controlling interests	-	-	-	-	-
Comprehensive income for the period attributable to:					
Equity holders of the parent company	11 948	10 767	4 427	3 158	15 790
Non-controlling interests	-	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:					
Earnings per average share, EUR	0.32	0.27	0.12	0.09	0.43
Diluted earnings per average share, EUR	0.30	0.26	0.11	0.08	0.40





## CONSOLIDATED BALANCE SHEET, EUR 1 000

	30 Sept. 2018	30 Sept. 2017	31 Dec. 2017
<b>ASSETS</b>			
Liquid assets	31	24	30
Claims on credit institutions	9 242	3 234	14 599
Financial assets			
Financial securities	6 523	5 147	10 066
Private equity fund investments	17 917	20 074	18 792
Intangible assets	29 456	29 413	29 431
Tangible assets	273	319	309
Other assets	3 928	8 451	2 673
Accruals and prepaid expenditure	460	554	607
Income tax receivables	66	326	33
Deferred tax assets	-	182	271
<b>TOTAL ASSETS</b>	<b>67 896</b>	<b>67 724</b>	<b>76 810</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Other liabilities	3 567	3 284	3 919
Accruals and deferred income	7 794	6 192	9 108
Income tax liabilities	216	282	774
Deferred tax liabilities	52	459	348
<b>TOTAL LIABILITIES</b>	<b>11 628</b>	<b>10 217</b>	<b>14 149</b>
<b>EQUITY</b>			
Attributable to equity holders of the parent company:			
Share capital	11 384	11 384	11 384
Fair value reserve	-	583	-193
Reserve for invested unrestricted equity	27 034	29 638	29 638
Retained earnings	5 901	5 779	5 910
Profit (loss) for the period	11 948	10 123	15 922
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>56 268</b>	<b>57 507</b>	<b>62 661</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>67 896</b>	<b>67 724</b>	<b>76 810</b>



## CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-9/2018	1-9/2017	1-12/2017
<b>CASH FLOW FROM OPERATIONS</b>			
Operating profit	15 058	12 817	20 121
Depreciation and write-downs	143	309	387
Interest income and expenses	1	-1	-4
Transactions with no related payment transactions	35	391	552
Financial assets – private equity fund investments	1 274	-233	176
<b>Change in working capital</b>			
Business receivables, increase (-) / decrease (+)	-1 108	949	6 920
Interest-free debt, increase (+) / decrease (-)	-2 440	-1 812	1 739
Total change in working capital	-3 548	-863	8 659
Cash flow from operations before financial items and taxes	12 963	12 420	29 892
Interests received	0	1	4
Interests paid	-1	-1	-1
Taxes	-2 955	-2 506	-3 484
<b>CASH FLOW FROM OPERATIONS</b>	<b>10 008</b>	<b>9 915</b>	<b>26 411</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in intangible and tangible assets	-132	-118	-199
Investments/redemptions in other investments – liquid mutual funds	3 500	5 000	-44
<b>CASH FLOW FROM INVESTMENTS</b>	<b>3 368</b>	<b>4 882</b>	<b>-243</b>
<b>CASH FLOW FROM FINANCING</b>			
Dividends paid/equity repayments	-18 754	-18 489	-18 489
Income from share issue	22	323	323
<b>CASH FLOW FROM FINANCING</b>	<b>-18 732</b>	<b>-18 165</b>	<b>-18 165</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-5 356</b>	<b>-3 369</b>	<b>8 003</b>
Liquid assets on 1 Jan.	14 629	6 626	6 626
Liquid assets on 30 Sept./31 Dec.	9 273	3 257	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				10 123	10 123	10 123
Other comprehensive income						
Available-for-sale financial assets			643		643	643
Total comprehensive income			643	10 123	10 767	10 767
Dividend/equity repayment		-5 547		-12 942	-18 489	-18 489
Share issue		323			323	323
Options granted				392	392	392
Other changes				3	3	3
Shareholders' equity on 30 Sept. 2017	11 384	29 638	583	15 903	57 507	57 507

Shareholders' equity on 1 Jan. 2018	11 384	29 638	-193	21 832	62 661	62 661
Profit (loss) for the period				11 948	11 948	11 948
Other comprehensive income						
Available-for-sale financial assets			-	-	-	-
Total comprehensive income			0	11 948	11 948	11 948
Dividend/equity repayment		-2 626		-16 128	-18 754	-18 754
Share issue		22			22	22
Options granted				392	392	392
IFRS 9 change			193	-193	0	0
Other changes				-1	-1	-1
Shareholders' equity on 30 Sept. 2018	11 384	27 034	0	17 849	56 268	56 268



## FEE AND COMMISSION INCOME, GROUP, EUR 1 000

	1-9/18	1-9/17	7-9/18	7-9/17	1-12/17
Asset management fees					
Management fees from traditional asset management	6 648	6 590	2 103	2 229	8 860
Real estate and private equity management fees	18 366	13 132	6 764	4 707	18 183
Other fee and commission income	262	530	66	58	587
Performance fees	1 722	3 300	428	473	6 430
Total	26 997	23 553	9 361	7 467	34 060
Corporate finance fees	2 254	2 652	496	308	5 232
Fee and commission income, total	29 251	26 205	9 856	7 775	39 292

## NET INCOME FROM FINANCIAL ASSETS, GROUP, EUR 1 000

	1-9/18	1-9/17	7-9/18	7-9/17	1-12/17
Private equity fund investment operations					
Profit distribution of funds	1 346	832	340	398	1 694
Changes in fair value	399	-	144	-	-
Impairment (IAS 39, available for sale)	-	-100	-	-70	-100
Total	1 745	732	484	328	1 594
Other investment operations					
Changes in fair value	-43	-	0	-	-
Sales profit/loss (IAS 39, available for sale)	-	89	-	-	144
Total	-43	89	0	0	144
Net income from financial assets, total	1 702	820	484	328	1 738

## FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1 000

	30 Sept. 2018		30 Sept. 2017		31 Dec. 2017	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Financial assets						
Investments						
Private equity fund investments	17 917	17 917	20 074	20 074	18 792	18 792
Financial securities	6 523	6 523	5 147	5 147	10 066	10 066
Accounts receivable and other receivables	816	816	671	671	852	852
Liquid assets	9 273	9 273	3 257	3 257	14 629	14 629
<b>Total</b>	<b>34 529</b>	<b>34 529</b>	<b>29 150</b>	<b>29 150</b>	<b>44 339</b>	<b>44 339</b>
Financial liabilities						
Accounts payable and other liabilities	204	204	198	198	355	355
<b>Total</b>	<b>204</b>	<b>204</b>	<b>198</b>	<b>198</b>	<b>355</b>	<b>355</b>

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

	30 Sept. 2018		30 Sept. 2017		31 Dec. 2017	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
Financial assets						
Private equity fund investments	-	17 917	-	20 074	-	18 792
Financial securities	6 523	-	5 147	-	10 066	-
<b>Total</b>	<b>6 523</b>	<b>17 917</b>	<b>5 147</b>	<b>20 074</b>	<b>10 066</b>	<b>18 792</b>

Level 3 reconciliation:

1-9/2018	Private equity fund investments
Opening balance on 1 Jan. 2018	18 792
Calls	1 699
Returns	-2 973
Value change through profit or loss (IFRS 9)	399
<b>Closing balance on 30 Sept. 2018</b>	<b>17 917</b>

1-9/2017	Private equity fund investments
Opening balance on 1 Jan. 2017	19 209
Calls	2 309
Returns	-2 134
Impairment loss	-100
Change in fair value in fair value reserve (IAS 39)	791
<b>Closing balance on 30 Sept. 2017</b>	<b>20 074</b>



1-12/2017	Private equity fund investments
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. The impairment losses of private equity fund investments are based on the management's assessment, as described in the principles for preparing the financial statements. 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	30 Sept. 2018	31 Dec. 2017
Funds managed by eQ:		
Funds of funds:		
eQ PE X North LP	46	0
eQ PE IX US LP	22	0
eQ PE VIII North LP	1 257	858
eQ PE VII US LP	1 263	853
eQ PE VI North LP	1 625	1 186
Amanda V East LP	4 129	3 670
Amanda IV West LP	2 204	2 626
Amanda III Eastern PE LP	4 039	5 079
European Fund Investments LP (EFI II)	35	74
Total	14 621	14 346
Funds managed by others:		
Large buyout funds	1 349	2 202
Midmarket funds	703	1 300
Venture funds	1 243	944
<b>Total</b>	<b>17 917</b>	<b>18 792</b>

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

Investment commitment	30 Sept. 2018	31 Dec. 2017
Funds managed by eQ:		
Funds of funds:		
eQ PE X North LP	950	0
eQ PE IX US LP	900	916
eQ PE VIII North LP	1 595	2 012
eQ PE VII US LP	1 291	1 573
eQ PE VI North LP	1 053	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	7 427	7 576
Funds managed by others:		
Large buyout funds	174	234
Midmarket funds	422	1 096
Venture funds	12	11
<b>Total</b>	<b>8 034</b>	<b>8 917</b>



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

	30 Sept. 2018	31 Dec. 2017
-2000	377	450
2001–2005	1 524	1 194
2006–2010	7 672	10 581
2011-	8 343	6 567
Total	17 917	18 792

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

	30 Sept. 2018	31 Dec. 2017
-2000	12	12
2001–2005	37	742
2006–2010	1 515	1 585
2011-	6 471	6 578
Total	8 034	8 917





## SEGMENT INFORMATION, EUR 1 000

1-9/18	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	26 997	2 254	-	-		29 251
From other segments	150	-	-	-	-150	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	0		0
Net income from financial assets	-	-	1 745	-43		1 702
Other operating income	-	-	-	-		-
From other segments	-	-	-	58	-58	-
Operating income, total	27 147	2 254	1 745	14	-208	30 953
Fee and commission expenses	-300	-	-	-6		-306
To other segments	-	-	-150	-	150	-
Interest expenses	-	-	-	-1		-1
NET REVENUE	26 847	2 254	1 595	8	-58	30 646
Administrative expenses						
Personnel expenses	-10 136	-1 365	-	-960		-12 460
Other administrative expenses	-1 189	-221	-	-165	58	-1 517
Depreciation on tangible and intangible assets	-112	-11	-	-20		-143
Other operating expenses	-1 019	-211	-	-238		-1 469
OPERATING PROFIT (LOSS)	14 391	446	1 595	-1 375	0	15 058
Income tax				-3 110		-3 110
PROFIT (LOSS) FOR THE PERIOD				-4 484		11 948

1-9/17	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	23 553	2 652	-	-		26 205
From other segments	150	-	-	-	-150	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	1		1
Net income from financial assets	-	-	732	89		820
Other operating income	-	-	-	-		-
From other segments	-	-	-	58	-58	-
Operating income, total	23 703	2 652	732	148	-208	27 026
Fee and commission expenses	-242	-	-	-6		-248
To other segments	-	-	-150	-	150	-
Interest expenses	-	-	-	-1		-1
NET REVENUE	23 460	2 652	582	141	-58	26 777



1-9/17	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Administrative expenses						
Personnel expenses	-8 765	-1 430	-	-603		-10 799
Other administrative expenses	-1 158	-268	-	-157	58	-1 525
Depreciation on tangible and intangible assets	-175	-17	-	-17		-209
Other operating expenses	-981	-194	-	-252		-1 428
<b>OPERATING PROFIT (LOSS)</b>	<b>12 382</b>	<b>742</b>	<b>582</b>	<b>-888</b>	<b>0</b>	<b>12 817</b>
Income tax				-2 693		-2 693
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-3 582</b>		<b>10 123</b>

7-9/18	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	9 361	496	-	-		9 856
From other segments	50	-	-	-	-50	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	-		-
Net income from financial assets	-	-	484	0		484
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
<b>Operating income, total</b>	<b>9 411</b>	<b>496</b>	<b>484</b>	<b>19</b>	<b>-69</b>	<b>10 340</b>
Fee and commission expenses	-98	-	-	-2		-100
To other segments	-	-	-50	-	50	-
Interest expenses	-	-	-	0		0
<b>NET REVENUE</b>	<b>9 313</b>	<b>496</b>	<b>434</b>	<b>17</b>	<b>-19</b>	<b>10 240</b>
Administrative expenses						
Personnel expenses	-3 207	-298	-	-214		-3 719
Other administrative expenses	-348	-70	-	-30	19	-428
Depreciation on tangible and intangible assets	-38	-4	-	-8		-50
Other operating expenses	-334	-65	-	-75		-474
<b>OPERATING PROFIT (LOSS)</b>	<b>5 387</b>	<b>59</b>	<b>434</b>	<b>-311</b>	<b>0</b>	<b>5 569</b>
Income tax				-1 142		-1 142
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-1 453</b>		<b>4 427</b>



7-9/17	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	7 467	308	-	-		7 775
From other segments	50	-	-	-	-50	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	0		0
Net income from financial assets	-	-	328	0		328
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	7 517	308	328	19	-69	8 103
Fee and commission expenses	-97	-	-	-2		-99
To other segments	-	-	-50	-	50	-
Interest expenses	-	-	-	0		0
NET REVENUE	7 420	308	278	17	-19	8 004
Administrative expenses						
Personnel expenses	-2 502	-230	-	-156		-2 888
Other administrative expenses	-344	-86	-	-40	19	-450
Depreciation on tangible and intangible assets	-57	-6	-	-6		-68
Other operating expenses	-328	-65	-	-78		-471
OPERATING PROFIT (LOSS)	4 189	-78	278	-263	0	4 127
Income tax				-861		-861
PROFIT (LOSS) FOR THE PERIOD				-1 124		3 265



1-12/17	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- 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
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	2 000	1 394	-1 299	0	20 121
Income tax				-4 198		-4 198
PROFIT (LOSS) FOR THE PERIOD				-5 498		15 922

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

	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17
<b>Asset Management</b>					
Net revenue	9 313	9 031	8 503	10 453	7 420
Operating profit	5 387	4 692	4 312	5 644	4 189
<b>Corporate Finance</b>					
Net revenue	496	1 311	448	2 580	308
Operating profit	59	533	-145	1 258	-78
<b>Investments</b>					
Net revenue	434	478	684	813	278
Operating profit	434	478	684	813	278
<b>Other segments and eliminations</b>					
Net revenue	-3	-14	-34	56	-2
Operating profit	-311	-608	-455	-411	-263
<b>Group total</b>					
Net revenue	10 240	10 806	9 600	13 903	8 004
Operating profit	5 569	5 095	4 394	7 304	4 127
Profit for the period	4 427	4 044	3 477	5 799	3 265



## SOLVENCY, EUR 1 000

	CRR 30 Sept. 2018 eQ Group	CRR 31 Dec. 2017 eQ Group
Own capital	56 268	62 661
Common equity tier 1 (CET 1) before deductions	56 268	62 661
Deductions from CET 1		
Intangible assets	-29 456	-29 431
Unconfirmed profit for the period	-11 948	-15 922
Dividend proposal by the Board*	0	-2 831
Common equity tier 1 (CET1)	14 863	14 477
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	14 863	14 477
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	14 863	14 477
Risk-weights, total	116 731	121 253
of which credit risk	44 848	49 147
of which market risk - currency risk	5 246	5 469
of which operative risk	66 636	66 636
Common equity tier 1 (CET1) / risk-weights, %	12.7%	11.9%
Tier 1 (T1) / risk-weights, %	12.7%	11.9%
Total capital (TC) / risk-weights, %	12.7%	11.9%
Minimum solvency ratio, %	32.0%	25.7%
Excess of total capital compared with the minimum level (8% solvency ratio)	5 525	4 777
Excess of total capital compared with the target level (10% solvency ratio)	3 190	2 351

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



## GROUP KEY RATIOS

	30 Sept. 2018	30 Sept. 2017	31 Dec. 2017
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	11 948	10 123	15 922
Earnings per average share, EUR	0.32	0.27	0.43
Diluted earnings per average share, EUR	0.30	0.26	0.40
Equity per share, EUR	1.49	1.53	1.67
Equity per average share, EUR *)	1.49	1.55	1.68
Return on investment, ROI % p.a.	26.8	22.1	25.0
Return on equity, ROE % p.a.	26.8	22.1	25.0
Equity to assets ratio, %	82.9	84.9	81.6
Cost/income ratio, Group, %	50.9	52.1	50.5
Share price at the end of the period, EUR	8.90	8.03	8.30
Market value, EUR million x	335.6	301.2	311.3
Personnel calculated as full-time resources at the end of the period	85	81	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](http://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 30 September 2018, eQ's remaining investment commitments in private equity funds totalled EUR 8.0 million (EUR 8.9 million on 31 Dec. 2017). Other commitments at the end of the period totalled EUR 0.9 million (EUR 1.4 million on 31 Dec. 2017).