

Q3 2019

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# INTERIM REPORT





24 October 2019 at 8:00 AM

**eQ PLC'S INTERIM REPORT Q3 2019 – eQ GROUP'S RESULT DEVELOPMENT CONTINUED TO BE STRONG**

**January to September 2019 in brief**

- During the period under review, the Group's net revenue totalled EUR 35.0 million (EUR 30.6 million from 1 Jan. to 30 Sept. 2018).
  - The Group's net fee and commission income was EUR 34.5 million (EUR 28.9 million).
  - The Group's net investment income from own investment operations was EUR 0.5 million (EUR 1.7 million).
- The Group's operating profit grew by 19% to EUR 17.9 million (EUR 15.1 million).
- The Group's profit was EUR 14.3 million (EUR 11.9 million).
- The consolidated earnings per share were EUR 0.38 (EUR 0.32).
- The net cash flow from the Group's own private equity fund investment operations was EUR 0.8 million (EUR 2.6 million).
- The net revenue of the Asset Management segment increased by 18% to EUR 31.8 million (EUR 26.8 million) and the operating profit by 26% to EUR 18.2 million (EUR 14.4 million).
- The net revenue of the Corporate Finance segment was EUR 2.9 million (EUR 2.3 million) and the operating profit was EUR 0.8 million (EUR 0.4 million).

**July to September 2019 in brief**

- In the third quarter, the Group's net revenue totalled EUR 12.1 million (EUR 10.2 million from 1 July to 30 Sept. 2018).
  - The Group's net fee and commission income was EUR 12.0 million (EUR 9.8 million).
  - The Group's net investment income from own investment operations was EUR 0.1 million (EUR 0.5 million).
- The Group's operating profit grew by 24% to EUR 6.9 million (EUR 5.6 million).
- The Group's profit was EUR 5.5 million (EUR 4.4 million).
- The consolidated earnings per share were EUR 0.15 (EUR 0.12).

Key ratios	1-9/19	1-9/18	Change %	7-9/19	7-9/18	Change %	1-12/18
Net revenue, Group, M€	35.0	30.6	14%	12.1	10.2	18%	45.4
Net revenue, Asset Management, M€	31.8	26.8	18%	10.9	9.3	18%	36.7
Net revenue, Corporate Finance, M€	2.9	2.3	28%	1.1	0.5	120%	7.1
Net revenue, Investments, M€	0.2	1.6	-86%	0.1	0.4	-83%	1.8
Net revenue, Group administration and eliminations, M€	0.1	0.0		0.0	0.0		-0.1
Operating profit, Group, M€	17.9	15.1	19%	6.9	5.6	24%	22.4
Operating profit, Asset Management, M€	18.2	14.4	26%	6.8	5.4	27%	19.5
Operating profit, Corporate Finance, M€	0.8	0.4	71%	0.4	0.1	590%	3.2
Operating profit, Investments, M€	0.2	1.6	-86%	0.1	0.4	-83%	1.8
Operating profit, Group admin., M€	-1.3	-1.4	-7%	-0.4	-0.3	23%	-2.1
Profit for the period, M€	14.3	11.9	20%	5.5	4.4	25%	17.8



Key ratios	1-9/19	1-9/18	Change %	7-9/19	7-9/18	Change %	1-12/18
Earnings per share, €	0.38	0.32	19%	0.15	0.12	25%	0.47
Equity per share, €	1.52	1.49	2%	1.52	1.49	2%	1.65
Cost/income ratio, Group, %	48.9	50.9	-4%	42.9	45.6	-6%	50.5
Liquid assets, M€	18.8	15.8	19%	18.8	15.8	19%	25.7
Private equity fund investments, M€	16.4	17.9	-8%	16.4	17.9	-8%	16.9
Interest-bearing loans, M€	0.0	0.0	0%	0.0	0.0	0%	0.0
Assets under management, € billion	11.2	9.0	25%	11.2	9.0	25%	9.5

## Janne Larma, CEO

The Group's profit development continued to be strong. eQ Group's operating profit has grown for 22 consecutive quarters. During the first nine months of the year, the net revenue of the Group grew by 14% to EUR 35.0 million and the operating profit by 19% to EUR 17.9 million. The Group's profit increased to EUR 14.3 million (EUR 11.9 million from 1 Jan. to 30 Sept. 2018).

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

Growth of eQ Asset Management's fee and commission income has still been driven by real estate and private equity asset management. Net subscriptions in eQ's real estate funds have remained at a high level and amounted to EUR 67 million in the third quarter and EUR 240 million in the nine-month period. Within private equity asset management, we have raised USD 214 million to the eQ PE XI US Fund in 2019. This fund is eQ's largest private equity fund so far. We also raised EUR 73.5 million to the eQ Private Credit II Fund. We estimate that investors' interest in real estate and private equity investments will remain good.

Within traditional asset management, the returns of the funds managed by eQ have been excellent. Of the funds managed by eQ, 73% 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.

eQ Asset Management's profit growth continued to be good and the growth of the operating profit accelerated. The net revenue of the Asset Management segment increased by 18% to EUR 31.8 million and the operating profit grew by 26% to EUR 18.2 million. The cost/income ratio of the Asset Management segment has continued to fall, and it was at an excellent level of 42.8% during the first nine months.

### Advium's result improved on the previous year

In the Corporate Finance segment, Advium has acted as advisor in eight finalised transactions during the nine-month period. In the third quarter, Advium acted as advisor to, e.g. Starwood Capital, as it bought more than 2 000 rental apartments from Elo and OP Group. We also acted as advisor as Cobbleyard sold a property at Kalevankatu in the city centre of Helsinki to Conficap Oy.

In the nine-month period, Advium's income was higher than last year. Advium's net revenue during the period under review was EUR 2.9 million (EUR 2.3 million from 1 Jan. to 30 Sept. 2018). Operating profit was EUR 0.8 million (EUR 0.4 million).

The market situation within corporate and real estate transactions continues to be good, and according to our estimates, 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 lower than last year**

The net revenue and operating profit of the Investments segment fell markedly from the year before. The operating profit of the segment was EUR 0.2 million (EUR 1.6 million). During the period under review, the net cash flow from investments was EUR 0.8 million (EUR 2.6 million). At the end of September, the fair value of the private equity fund investments was EUR 16.4 million (EUR 16.9 million on 31 Dec. 2018).

### **The Group's balance sheet and capital adequacy are very strong**

The Group's balance sheet remains very strong. We have no interest-bearing loans, and liquid assets totalled EUR 18.8 million at the end of the period. In the third quarter of 2019, eQ Asset Management Ltd has given up its right to engage in trade on own account, which was included in its investment firm authorisation. As a result of the changes in the authorisation, the capital adequacy requirements on eQ Group have changed and the Group's capital adequacy (CET1) has improved markedly. The Group's capital adequacy ratio was 26.3% at the end of the period as compared with 9.6% at the beginning of 2019.

### **Outlook**

The outlook for the financial year is the same as previously, and we expect the profit of the Asset Management segment to grow clearly more than in 2018.

In the half year financial report we stated that it is possible that one of our private equity funds will begin to pay a performance fee next year and not at the end of this year, as we had estimated at the beginning of the year. We estimate that the fund in question will begin to pay a performance fee next year.

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eQ's interim report 1 January to 30 September 2019 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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Distribution: Nasdaq Helsinki, [www.eQ.fi](http://www.eQ.fi), [eQ.fi](http://eQ.fi), media

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 11.2 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. 2019

## Result of operations and financial position 1 Jan. to 30 September 2019

- During the period under review, the Group's net revenue totalled EUR 35.0 million (EUR 30.6 million from 1 Jan. to 30 Sept. 2018).
  - The Group's net fee and commission income was EUR 34.5 million (EUR 28.9 million).
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## Result of operations and financial position 1 July to 30 September 2019

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## Operating environment

Familiar themes were seen in headlines in the third quarter of 2019: trade war, tariffs and the fear for weakening global economic growth. During the quarter, Mr Trump managed to increase and expand the tariffs targeted above all at China, but also postpone their introduction. China answered with its own tariff increases and let its currency further weaken. The uncertainty around Brexit continued.

Tariff increase and the threat for additional measures have begun to influence world economy more and more clearly. Industrial production and the reliance indicators of industrial production fell in the third quarter in the US, Europe and China, driven by export industry. The second quarter GNP in Germany remained 0.1% negative, and the third quarter is also expected to be round zero or negative. Above all in the US and China, private consumption and the service sector continued to grow, on the other

The outlook of weakening economic growth activated central banks in the third quarter. The US central bank, the Fed, lowered its rates by 0.25 percentage points twice, in July and September. The European Central Bank announced an extensive revival package in September. The deposit rate was further lowered somewhat and the rate was graded. In addition, the ECB reintroduced the support purchases of securities without a time-limit.

Trade war concerns and the growth concerns arising from them rocked the bond and equity market in the third quarter. As a whole, the equity returns of the quarter were clearly positive, however, with the exception of emerging markets. Since the beginning of 2019, the returns of equity markets have been very good. The



increase has been driven by the US stock exchange, the return of which has been 25.8% (Q3 6.1%) in euros since the beginning of the year. The return of the MSCI Europe Index since the beginning of the year was 19.2 % (Q3 2.6%) and that of the Finnish stock exchange 15.2% (Q3 1.9%). As usual, the equity markets of emerging economies have suffered the most from the uncertainty, but measured with the index, emerging market shares have given a return of 11.0% since the beginning of the year (Q3 0.0%).

In the bond market, the slowing-down of economic growth and the turn of central banks' monetary policy towards revival has been greeted with joy. Since the beginning of 2019, the return of the euro government bond index was no less than 10.0% (Q3 3.4%). The second best return, i.e. 8.4% (Q3 0.9%), came from high yield loans. The emerging markets index gave a 8.0% (Q3 1.2%) and the investment grade index a 6.8% (Q3 1.3%) return.

## Major events during the period under review

On 25 March 2019, the Board of Directors of eQ Plc approved the subscriptions of options made by the option right recipients of the 2018 option scheme with a subscription price. The number of options subscribed for based on the option scheme with a subscription price was 1 875 000, and the payments of the subscription price made to eQ Plc in March 2019 totalled EUR 1 350 000.

eQ Plc's Annual General Meeting was held on 25 March 2019. Nicolas Berner, Georg Ehrnrooth and Timo Kokkila were re-elected to the Board. New members of the Board were Lotta Kopra and Tomas von Rettig. 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 period under review, the number of eQ Plc's shares increased with new shares subscribed for with option rights. The number of shares increased by 350 000 shares on 28 February 2019 and by 100 000 shares on 9 September 2019.

## Group net revenue and result development

During the period under review, the Group's net revenue totalled EUR 35.0 million (EUR 30.6 million from 1 Jan. to 30 Sept. 2018). The Group's net fee and commission income was EUR 34.5 million (EUR 28.9 million). The net income from the Group's own investment operations was EUR 0.5 million (EUR 1.7 million).

The Group's expenses and depreciation totalled EUR 17.1 million (EUR 15.6 million). Personnel expenses were EUR 13.8 million (EUR 12.5 million), other administrative expenses totalled EUR 1.6 million (EUR 1.5 million), and the other operating expenses were EUR 1.0 million (EUR 1.5 million). Depreciation was EUR 0.7 million (EUR 0.1 million). The depreciation includes the depreciation for leases according to the new IFRS 16 standard from the beginning of 2019.

The Group's operating profit was EUR 17.9 million (EUR 15.1 million) and the profit for the period was EUR 14.3 million (EUR 11.9 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 fall in interest rates and the narrowing of credit risk margins, the returns of eQ's fixed-income funds were very good with regard to the interest rate level. The best returns came from the eQ Emerging Markets Corporate Bond LC and eQ High Yield funds. The best returns as compared with benchmark indices came from the eQ High Yield and eQ Floating Rate funds. Of eQ's five Morningstar rated fixed-income funds two have the best rating, e.g. five stars, and two have four stars.

The returns of equity funds have been very good in 2019 after the weak last quarter of 2018. The eQ Europe Property, eQ Blue Planet and eQ Russia funds gave the best returns, even exceeding 25%. As compared with the benchmark indices, the eQ Emerging Market Small Cap, eQ Europe Property and eQ Finland funds gave excellent returns.

Of the funds managed by eQ, 73% 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 3.5 stars at the end of the period under review. The returns of the discretionary asset management portfolios that eQ manages varied between 3.7 and 20.7% during the nine-month period, based on the allocation of the investment portfolio. The return of portfolios that are only invested in Finnish shares exceeded 22%.

On 6 March 2019, eQ Asset Management won one of the major prizes awarded by Morningstar. Morningstar recognised eQ's entire fund range with the "Best Fund House" award. This extremely highly esteemed award is based on the five-year risk-adjusted returns of eQ's equity, fixed-income and balanced funds.

### *Private Equity*

The first close of the new eQ PE XI US private equity fund was held at the end of January 2019 at USD 113 million. The second close of the fund was held in April at USD 172 million, and in the final close held in June the size of the fund grew to USD 214 million. The eQ PE XI US Fund makes investments in private equity funds that invest in unlisted small and mid-sized companies in Northern America. In addition, the final closing of the eQ Private Credit II Fund, the second private credit fund investing in unlisted European corporate loans, was held in April at EUR 73.5 million.

At the end of the period under review, the assets in private equity funds managed by eQ totalled EUR 1 607 million (EUR 1 420 million) and the assets managed under private equity mandates were EUR 677 million (EUR 611 million).

### *Real estate investments*

The growth of the eQ Finnish Real Estate fund continued. At the end of the third quarter, new net subscriptions for EUR 11 million, and during the nine-month period for EUR 68 million were made in the fund. At the end of the quarter, the size of the fund was EUR 675 million, and its real estate property amounted to approximately EUR 1.0 billion. The investment operations of the fund have been extremely successful, and the return since establishment is 9.0% p.a. The fund already has almost 2 700 unit holders.

The eQ Care Fund also grew strongly. At the end of the third quarter, new net subscriptions for EUR 56 million, and during the nine-month period for EUR 173 million were made in the fund. At the end of the quarter, the size of the fund was EUR 930 million and its real estate property amounted to almost EUR 1.1 billion. The return of the fund since establishment is 9.0% p.a., and the fund has almost 3 900 unit holders.

Overall, eQ's real estate funds had real estate property worth more than EUR 2.1 billion at the end of the period under review, and eQ has become a major Finnish real estate investor. Consequently, the real estate team has been expanded and now consists of more than ten persons.

In the second quarter, the eQ Care Fund sold to Samhällsbyggnadsbolaget i Norden AB (publ) (SBB) 48 properties, mainly day-care centres and intensive sheltered housing units. The transaction price was about EUR 142 million.



### Assets under management and clients

At the end of the period, the assets managed by eQ Asset Management totalled EUR 11 250 million. The assets increased by EUR 1 764 million from the beginning of the year (EUR 9 485 million on 31 Dec. 2018). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 2 978 million (EUR 2 484 million), and the assets increased by EUR 494 million. Mutual funds managed by international partners and assets covered by other asset management operations totalled EUR 1 075 million (EUR 952 million). The assets managed under private equity funds and asset management totalled EUR 7 196 million (EUR 6 049 million), the share of eQ funds being EUR 1 607 million (EUR 1 420 million) and that of mandates EUR 677 million (EUR 611 million). The assets covered by the reporting service totalled EUR 4 912 million (EUR 4 019 million).

### Result of the Asset Management segment

During the period under review, the net revenue of the Asset Management segment increased by 18% and the operating profit by 26% to EUR 18.2 million (EUR 14.4 million from 1 Jan. to 30 Sept. 2018). The management fees of the real estate and private equity operations increased by 27% during the period. Performance fees increased by 47% as a result of their typical strong fluctuation per quarter and financial period. The cost/income ratio was 42.8% (46.4%). Calculated as full-time resources, the Asset Management segment had 67 employees at the end of the period under review.

Asset Management	1-9/19	1-9/18	Change %	7-9/19	7-9/18	Change %	1-12/18
Net revenue, M€	31.8	26.8	18%	10.9	9.3	18%	36.7
Operating profit, M€	18.2	14.4	26%	6.8	5.4	27%	19.5
Assets under management, € billion	11.2	9.0	25%	11.2	9.0	25%	9.5
Cost/income ratio, %	42.8	46.4	-8%	37.7	42.2	-11%	46.9
Personnel as full-time resources	67	66	2%	67	66	2%	67

Fee and commission income, Asset Management, M€	1-9/19	1-9/18	Change %	7-9/19	7-9/18	Change %	1-12/18
Management fees from traditional asset management	5.9	6.6	-11%	2.0	2.1	-7%	8.6
Real estate and private equity management fees	23.5	18.5	27%	8.2	6.8	20%	25.5
Other fee and commission income	0.1	0.3	-45%	0.0	0.1	-39%	0.3
Performance fees	2.5	1.7	47%	0.8	0.4	81%	2.7
Total	32.1	27.1	18%	11.0	9.4	17%	37.1

### 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.

During the first nine months, Advium has acted as advisor in eight finalised transactions. After the period under review, we have acted as advisor in one finalised real estate transaction and in two transactions that have been signed but not yet finalised.

During the period under review, Advium acted as advisor to, e.g. Starwood Capital, as it bought more than 2 000 rental apartments from Elo and OP Group. Advium acted as financial advisor to Sponda, as a fund managed by CapMan bought an office property in Leppävaara, Espoo. The main tenant of the building is Basware Plc. We also acted as advisor to the seller, as Cobbleyard sold a property at Kalevankatu in the city centre of Helsinki to Conficap Oy.

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 from quarter to quarter.





### Result of the Corporate Finance segment

Advium's net revenue during the period under review was EUR 2.9 million (EUR 2.3 million from 1 Jan. to 30 Sept. 2018). The operating profit was EUR 0.8 million (EUR 0.4 million). The segment had 15 employees at the end of the period.

Corporate Finance	1-9/19	1-9/18	Change %	7-9/19	7-9/18	Change %	1-12/18
Net revenue, M€	2.9	2.3	28%	1.1	0.5	120%	7.1
Operating profit, M€	0.8	0.4	71%	0.4	0.1	590%	3.2
Cost/income ratio, %	73.6	80.2	-8%	62.6	88.1	-29%	54.7
Personnel as full-time resources	15	14	7%	15	14	7%	14

### 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 0.2 million (EUR 1.6 million from 1 Jan. to 30 Sept. 2018). At the end of the period, the fair value of the private equity fund investments was EUR 16.4 million (EUR 16.9 million on 31 Dec. 2018) and the amount of the remaining investment commitments was EUR 7.4 million (EUR 7.8 million). Of the market value, 86% 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. The return of eQ's own private equity investment operations since the beginning of operations has been 21% p.a. (IRR).

During the period, the investment objects returned capital for EUR 1.6 million (EUR 3.0 million from 1 Jan. to 30 Sept. 2018) and distributed a profit of EUR 1.0 million (EUR 1.3 million). Capital calls totalled EUR 1.7 million (EUR 1.7 million). The net cash flow from investments during the period was EUR 0.8 million (EUR 2.6 million). The value changes of the private equity fund investments recognised through profit or loss were EUR -0.6 million during the period (EUR 0.4 million). 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 USD 1.0 million investment commitment in the eQ PE XI US private equity fund. The eQ PE XI US Fund makes investments in private equity funds that make equity capital investments in unlisted small and mid-sized companies located in the US and Canada.

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	1-9/19	1-9/18	Change %	7-9/19	7-9/18	Change %	1-12/18
Operating profit, M€	0.2	1.6	-86%	0.1	0.4	-83%	1.8
Fair value of investments, M€	16.4	17.9	-8%	16.4	17.9	-8%	16.9
Investment commitments, M€	7.4	8.0	-8%	7.4	8.0	-8%	7.8
Net cash flow of investments, M€	0.8	2.6	-68%	0.5	0.9	-47%	3.9

### Balance sheet and capital adequacy

At the end of the period under review, the consolidated balance sheet total was EUR 73.9 million (EUR 78.2 million on 31 Dec. 2018) and the shareholders' equity was EUR 57.9 million (EUR 62.2 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 14.3 million, the dividend distribution of EUR -17.9 million, the repayment of equity of EUR -2.7 million from the reserve for invested unrestricted equity, the subscription for new shares with option rights of EUR 0.3 million, the subscription of options within the 2018 option scheme with a subscription price of EUR 1.3 million and the accrued expense



of EUR 0.2 million related to the option scheme and enter in the 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 8.9 million (EUR 15.8 million) and liquid investments in mutual funds EUR 9.9 million (EUR 9.9 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 6.3 million (EUR 5.8 million).

The lease liability entered in the balance sheet as a result of the new IFRS 16 standard was EUR 2.7 million (EUR - million) at the end of the period, the share of short-term liabilities being EUR 0.5 million (EUR - million). Interest-free short-term debt was EUR 13.3 million (EUR 15.9 million). The Group had no interest-bearing loans at the end of the period (EUR - million). eQ's equity to assets ratio was 78.3% (79.6%).

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 CRR/CRD regulations. In the third quarter of 2019, eQ Asset Management Ltd has given up its right to engage in trade on own account, which was included in its investment firm authorisation. Resulting from the changes in the authorisation, the requirement for eQ Group's and eQ Asset Management Ltd's own funds is calculated according to article 95 of EU's Capital Requirements Regulation. As a result of the change in the authorisation, the amount of the total risk exposure is calculated as the larger of the following: a) total amount of credit and market risks or b) the total risk based on fixed overheads.

The Group's CET1 (Common Equity Tier 1) and capital adequacy ratio of the own funds was 26.3% (9.6% on 31 Dec. 2018) 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 capital adequacy calculations totalled EUR 14.2 million (EUR 12.4 million on 31 Dec. 2018), and the total risk exposure was EUR 54.0 million (EUR 129.0 million). In capital adequacy calculations, the amount of the total risk exposure is based on credit and market risks, as the total risk exposure based on fixed overheads was lower at the end of the period under review. The total risk exposure based on fixed overheads was EUR 45.1 million at the end of the period. The comparison information of the capital adequacy figures (31 Dec. 2018) has been presented according to the previously valid authorisation, and the comparison figures have not been adjusted with the changed authorisation. Detailed information on the Group's capital adequacy can be found in the tables section.

## Shares and share capital

At the end of the period on 30 September 2019, the number of eQ Plc's shares was 38 157 198 and the share capital was EUR 11 383 873.

During the period under review, on 28 February 2019, the number of eQ Plc's shares increased by 350 000 shares subscribed for with option rights 2010. The last option rights 2010 were thereby all exercised as a result of the share subscriptions made. The subscription price of the new shares totalled EUR 38 500. The entire subscription was entered in the reserve for invested unrestricted equity.

During the period under review, on 9 September 2019, the number of eQ Plc's shares increased by 100 000 shares subscribed for with option rights 2015. The subscription price of the new shares totalled EUR 311 000.00. 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 2019 was EUR 9.96 (EUR 7.60 on 31 Dec. 2018). The market capitalisation of the company was thus EUR 380.0 million (EUR 286.6 million) at the end of the period. During the period, 1 118 058 shares were traded on Nasdaq Helsinki (5 088 549 shares from 1 Jan. to 30 Sept. 2018). In euros, the turnover was EUR 10.1 million (EUR 42.5 million).

## Own shares

On 30 September 2019, eQ Plc held no own shares.



## Shareholders

### Ten major shareholders on 30 September 2019

	Shares	Share, %
1 Fennogens Investements SA	7 943 137	20.82
2 Chilla Capital S.A.	5 945 275	15.58
3 Anchor Oy Ab	5 803 677	15.21
4 Teamet Oy	4 100 000	10.75
5 Oy Cevante Ab	1 419 063	3.72
6 Fazer Jan Peter	1 298 306	3.40
7 Lavventura Oy	650 000	1.70
8 Linnalex Ab	631 652	1.66
9 Pinomonte Ab	529 981	1.39
10 Procurator-Holding Oy	473 892	1.24
10 major shareholders, total	28 794 983	75.46
Nominee registered	343 180	0.90
Other shares	9 019 035	23.64
Total	38 157 198	100.00

On 30 September 2019, eQ Plc had 5 804 shareholders (5 451 shareholders on 31 Dec. 2018).

### Option schemes

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

#### Option scheme 2015

At the end of the period, altogether 1 575 000 options had been allocated from option scheme 2015. The subscription period of shares with option rights 2015 began on 1 April 2019, and the options have been listed on Nasdaq Helsinki since said date.

Of these options, altogether 100 000 had been exercised by the end of the period. The number of outstanding options at the end of the period was 1 475 000.

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).

#### 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. Altogether 1 875 000 shares were subscribed for in the option scheme with a subscription price, and the payments for the subscription price to eQ Plc in March 2019 totalled EUR 1 350 000. On 25 March 2019, the Board of Directors of eQ Plc approved the option subscriptions made by the option right recipients based on the subscription rights. The entire subscription price of the options was entered in the reserve for invested unrestricted equity.

In the third quarter of 2019, 75 000 options with a purchase price of EUR 54 000.00 were returned to eQ Plc due to the termination of employment. The purchase price of the returned options was entered in its entirety at the original subscription price in the reserve for invested unrestricted equity. The number of outstanding options was 1 800 000 at the end of the period.

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](http://www.eQ.fi).



## Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Monday 25 March 2019 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 2018.

### 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 0.47 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. 27 March 2019, were recorded in the shareholder register of eQ Plc held by Euroclear Finland Ltd. Payment date of the dividend and equity repayment 3 April 2019.

### 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, and Timo Kokkila were re-elected and Lotta Kopra and Tomas von Rettig were elected as new members 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 500 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 Marcus Tötterman, 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 13.26% 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 87 (86 persons on 31 December 2018). Calculated as full-time resources, the Asset Management segment had 67 (67) employees and the Corporate Finance segment 15 (14) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 13.8 million (EUR 12.5 million from 1 Jan. to 30 Sept. 2018).

## 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, for instance. 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 company, 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 and currency risk, for instance. Of said risks, the market risk has the greater impact on investments. The Group'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 period under review, Advium has acted as advisor in one finalised real estate transaction and in two transactions that have been signed but not yet finalised.

## Outlook

The outlook for the financial year is the same as previously, and we expect the profit of the Asset Management segment to grow clearly more than in 2018.

In the half year financial report we stated that it is possible that one of our private equity funds will begin to pay a performance fee next year and not at the end of this year, as we had estimated at the beginning of the year. We estimate that the fund in question will begin to pay a performance fee next year.

## 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 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 was EUR 3.2 million and the present value of lease liabilities correspondingly EUR 3.2 million. The straight-line depreciation for leases entered to 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, 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

	1-9/19	1-9/18	7-9/19	7-9/18	1-12/18
Fee and commission income	34 830	29 251	12 098	9 856	43 971
Interest income	4	0	0	0	3
Net income from financial assets	502	1 702	129	484	1 794
Operating income, total	35 335	30 953	12 226	10 340	45 768
Fee and commission expenses	-319	-306	-108	-100	-400
Interest expenses	-20	-1	-7	0	-1
NET REVENUE	34 996	30 646	12 112	10 240	45 367
Administrative expenses					
Personnel expenses	-13 816	-12 460	-4 155	-3 719	-18 327
Other administrative expenses	-1 560	-1 517	-464	-428	-2 234
Depreciation on tangible and intangible assets	-161	-143	-50	-50	-216
Depreciation on leases	-562	-	-187	-	-
Other operating expenses	-1 031	-1 469	-340	-474	-2 141
OPERATING PROFIT (LOSS)	17 866	15 058	6 916	5 569	22 450
Income tax	-3 560	-3 110	-1 394	-1 142	-4 651
PROFIT (LOSS) FOR THE PERIOD	14 306	11 948	5 521	4 427	17 799

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-9/19	1-9/18	7-9/19	7-9/18	1-12/18
Other comprehensive income:	-	-	-	-	-
Other comprehensive income after taxes	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14 306	11 948	5 521	4 427	17 799
Profit for the period attributable to:					
Equity holders of the parent company	14 306	11 948	5 521	4 427	17 799
Non-controlling interests	-	-	-	-	-
Comprehensive income for the period attributable to:					
Equity holders of the parent company	14 306	11 948	5 521	4 427	17 799
Non-controlling interests	-	-	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company:					
Earnings per average share, EUR	0.38	0.32	0.15	0.12	0.47
Diluted earnings per average share, EUR	0.35	0.30	0.13	0.11	0.45



## CONSOLIDATED BALANCE SHEET, EUR 1 000

30 Sept. 2019 30 Sept. 2018 31 Dec. 2018

	30 Sept. 2019	30 Sept. 2018	31 Dec. 2018
<b>ASSETS</b>			
Liquid assets	28	31	48
Claims on credit institutions	8 844	9 242	15 800
Financial assets			
Financial securities	9 955	6 523	9 869
Private equity fund investments	16 443	17 917	16 909
Intangible assets			
Goodwill and brands	29 212	29 212	29 212
Other intangible assets	179	244	233
Tangible assets	252	273	303
Leases	2 621	-	-
Other assets	5 949	3 928	5 087
Accruals and prepaid expenditure	291	460	602
Income tax receivables	107	66	148
Deferred tax assets	18	-	-
<b>TOTAL ASSETS</b>	<b>73 900</b>	<b>67 896</b>	<b>78 211</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Other liabilities	4 149	3 567	4 066
Accruals and deferred income	8 789	7 794	11 106
Lease liabilities	2 710	-	-
Income tax liabilities	348	216	746
Deferred tax liabilities	30	52	44
<b>TOTAL LIABILITIES</b>	<b>16 027</b>	<b>11 628</b>	<b>15 962</b>
<b>EQUITY</b>			
Attributable to equity holders of the parent company:			
Share capital	11 384	11 384	11 384
Reserve for invested unrestricted equity	26 016	27 034	27 034
Retained earnings	6 168	5 901	6 032
Profit (loss) for the period	14 306	11 948	17 799
<b>TOTAL EQUITY</b>	<b>57 873</b>	<b>56 268</b>	<b>62 249</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>73 900</b>	<b>67 896</b>	<b>78 211</b>





## CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-9/2019	1-9/2018	1-12/2018
<b>CASH FLOW FROM OPERATIONS</b>			
Operating profit	17 866	15 058	22 450
Depreciation and write-downs	723	143	216
Interest income and expenses	16	1	-2
Transactions with no related payment transactions	691	35	564
Financial assets' cash flow – private equity fund investments	-181	1 274	2 011
<b>Change in working capital</b>			
Business receivables, increase (-) / decrease (+)	-404	-1 108	-2 376
Interest-free debt, increase (+) / decrease (-)	-2 976	-2 440	1 370
Total change in working capital	-3 380	-3 548	-1 005
Cash flow from operations before financial items and taxes	15 736	12 963	24 233
Interests received	4	0	3
Interests paid	-20	-1	-1
Taxes	-3 354	-2 955	-4 087
<b>CASH FLOW FROM OPERATIONS</b>	<b>12 366</b>	<b>10 008</b>	<b>20 148</b>
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in intangible and tangible assets	-57	-132	-224
Investments/redemptions in other investments – liquid mutual funds	93	3 500	27
<b>CASH FLOW FROM INVESTMENTS</b>	<b>36</b>	<b>3 368</b>	<b>-197</b>
<b>CASH FLOW FROM FINANCING</b>			
Dividends paid/equity repayments	-20 551	-18 754	-18 754
Option issue with a subscription price	1 296	-	-
Subscription of new shares	350	22	22
Decrease in the lease liability capital	-473	-	-
<b>CASH FLOW FROM FINANCING</b>	<b>-19 378</b>	<b>-18 732</b>	<b>-18 732</b>
<b>INCREASE/DECREASE IN LIQUID ASSETS</b>	<b>-6 976</b>	<b>-5 356</b>	<b>1 219</b>
Liquid assets on 31 Jan.	15 848	14 629	14 629
Liquid assets on 30 Sept./31 Dec.	8 872	9 273	15 848

## 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. 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						
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, cost accrual				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
Shareholders' equity on 1 Jan. 2019	11 384	27 034	0	23 831	62 249	62 249
Profit (loss) for the period				14 306	14 306	14 306
Other comprehensive income						
Financial assets			-	-	-	-
Total comprehensive income			0	14 306	14 306	14 306
Dividend/equity repayment		-2 664		-17 887	-20 551	-20 551
Option issue with a subscription price		1 296			1 296	1 296
Subscription of shares		350			350	350
Options granted, cost accrual				224	224	224
Shareholders' equity on 30 Sept. 2019	11 384	26 016	0	20 473	57 873	57 873



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

	1-9/19	1-9/18	7-9/19	7-9/18	1-12/18
<b>Asset management fees</b>					
Management fees from traditional asset management	5 920	6 648	1 979	2 103	8 611
Real estate and private equity management fees	23 343	18 366	8 163	6 764	25 266
Other fee and commission income	144	262	35	66	321
Performance fees	2 534	1 722	830	428	2 690
<b>Total</b>	<b>31 942</b>	<b>26 997</b>	<b>11 007</b>	<b>9 361</b>	<b>36 887</b>
<b>Corporate finance fees</b>	<b>2 889</b>	<b>2 254</b>	<b>1 091</b>	<b>496</b>	<b>7 083</b>
<b>Fee and commission income, total</b>	<b>34 830</b>	<b>29 251</b>	<b>12 098</b>	<b>9 856</b>	<b>43 971</b>

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

	1-9/19	1-9/18	7-9/19	7-9/18	1-12/18
<b>Private equity fund investment operations</b>					
Profit distribution of funds	1 014	1 346	344	340	1 863
Changes in fair value and losses	-647	399	-220	144	128
<b>Total</b>	<b>368</b>	<b>1 745</b>	<b>124</b>	<b>484</b>	<b>1 991</b>
<b>Other investment operations</b>					
Changes in fair value	179	-43	4	0	-170
Sales profit/loss	-45	-	-	-	-27
<b>Total</b>	<b>134</b>	<b>-43</b>	<b>4</b>	<b>0</b>	<b>-197</b>
<b>Net income from financial assets, total</b>	<b>502</b>	<b>1 702</b>	<b>129</b>	<b>484</b>	<b>1 794</b>

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

	30 Sept. 2019		30 Sept. 2018		31 Dec. 2018	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
<b>Financial assets</b>						
<b>Investments</b>						
Private equity fund investments	16 443	16 443	17 917	17 917	16 909	16 909
Financial securities	9 955	9 955	6 523	6 523	9 869	9 869
Accounts receivable and other receivables	944	944	816	816	3 439	3 439
Liquid assets	8 872	8 872	9 273	9 273	15 848	15 848
<b>Total</b>	<b>36 214</b>	<b>36 214</b>	<b>34 529</b>	<b>34 529</b>	<b>46 064</b>	<b>46 064</b>
<b>Financial liabilities</b>						
Accounts payable and other liabilities	194	194	204	204	322	322
Lease liabilities	2 710	2 710	-	-	-	-
<b>Total</b>	<b>2 904</b>	<b>2 904</b>	<b>204</b>	<b>204</b>	<b>322</b>	<b>322</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. 2019		30 Sept. 2018		31 Dec. 2018	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
<b>Financial assets</b>						
Private equity fund investments	-	16 443	-	17 917	-	16 909
Financial securities	9 955	-	6 523	-	9 869	-
<b>Total</b>	<b>9 955</b>	<b>16 443</b>	<b>6 523</b>	<b>17 917</b>	<b>9 869</b>	<b>16 909</b>

Level 3 reconciliation: Private equity fund investments

1-9/2019	
Opening balance on 1 Jan. 2019	16 909
Calls	1 747
Returns	-1 566
Value change and loss through profit or loss	-647
Closing balance on 30 Sept. 2019	16 443

1-9/2018	
Opening balance on 1 Jan. 2018	18 792
Calls	1 699
Returns	-2 973
Value change and loss through profit or loss	399
Closing balance on 30 Sept. 2018	17 917



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

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	30 Sept.	
	2019	31 Dec. 2018
Funds managed by eQ:		
Funds of funds:		
eQ PE XI US LP	0	0
eQ PE X North LP	143	43
eQ PE IX US LP	162	20
eQ PE VIII North LP	1 554	1 232
eQ PE VII US LP	1 735	1 486
eQ PE VI North LP	1 791	1 581
Amanda V East LP	4 441	4 194
Amanda IV West LP	1 311	1 902
Amanda III Eastern PE LP	2 924	3 751
European Fund Investments LP (EFI II)	0	33
Total	14 061	14 242
Funds managed by others:		
Large buyout funds	1 057	1 094
Midmarket funds	617	691
Venture funds	707	881
<b>Total</b>	<b>16 443</b>	<b>16 909</b>



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

Investment commitment	30 Sept. 2019 31 Dec. 2018	
Funds managed by eQ:		
Funds of funds:		
eQ PE XI US LP	917	0
eQ PE X North LP	850	950
eQ PE IX US LP	807	914
eQ PE VIII North LP	1 258	1 595
eQ PE VII US LP	859	1 085
eQ PE VI North LP	791	1 002
Amanda V East LP	595	682
Amanda IV West LP	427	472
Amanda III Eastern PE LP	348	448
European Fund Investments LP (EFI II)	0	35
Total	6 851	7 185
Funds managed by others:		
Large buyout funds	155	174
Midmarket funds	423	422
Venture funds	0	12
<b>Total</b>	<b>7 430</b>	<b>7 791</b>



## SEGMENT INFORMATION, EUR 1 000

1-9/19	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	31 942	2 889	-	-		34 830
From other segments	150	-	-	-	-150	-
Interest income	-	-	-	4		4
Net income from financial assets	-	-	368	134		502
Other operating income	-	-	-	-		-
From other segments	-	-	-	58	-58	-
Operating income, total	32 092	2 889	368	195	-208	35 335
Fee and commission expenses	-313	-	-	-6		-319
To other segments	-	-	-150	-	150	-
Interest expenses	-13	-4	-	-3		-20
NET REVENUE	31 765	2 885	218	186	-58	34 996
Administrative expenses						
Personnel expenses	-11 196	-1 642	-	-979		-13 816
Other administrative expenses	-1 174	-246	-	-197	58	-1 560
Depreciation on tangible and intangible assets	-122	-13	-	-25		-161
Depreciation on leases	-382	-118		-62		-562
Other operating expenses	-728	-104	-	-199		-1 031
OPERATING PROFIT (LOSS)	18 163	761	218	-1 276	0	17 866
Income tax				-3 560		-3 560
PROFIT (LOSS) FOR THE PERIOD				-4 836		14 306

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	-
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



1-9/18	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
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
<b>OPERATING PROFIT (LOSS)</b>	<b>14 391</b>	<b>446</b>	<b>1 595</b>	<b>-1 375</b>	<b>0</b>	<b>15 058</b>
Income tax				-3 110		-3 110
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-4 484</b>		<b>11 948</b>

7-9/19	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	11 007	1 091	-	-		12 098
From other segments	50	-	-	-	-50	-
Interest income	-	-	-	0		0
Net income from financial assets	-	-	124	4		129
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
<b>Operating income, total</b>	<b>11 057</b>	<b>1 091</b>	<b>124</b>	<b>24</b>	<b>-69</b>	<b>12 226</b>
Fee and commission expenses	-106	-	-	-2		-108
To other segments	-	-	-50	-	50	-
Interest expenses	-4	-1	-	-1		-7
<b>NET REVENUE</b>	<b>10 947</b>	<b>1 090</b>	<b>74</b>	<b>21</b>	<b>-19</b>	<b>12 112</b>
Administrative expenses						
Personnel expenses	-3 372	-538	-	-246		-4 155
Other administrative expenses	-338	-76	-	-69	19	-464
Depreciation on tangible and intangible assets	-39	-3	-	-8		-50
Depreciation on leases	-127	-39	-	-21		-187
Other operating expenses	-252	-26	-	-62		-340
<b>OPERATING PROFIT (LOSS)</b>	<b>6 818</b>	<b>407</b>	<b>74</b>	<b>-384</b>	<b>0</b>	<b>6 915</b>
Income tax				-1 394		-1 394
<b>PROFIT (LOSS) FOR THE PERIOD</b>				<b>-1 779</b>		<b>5 521</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	-
Interest income	-	-	-	-	-	-
Net income from financial assets	-	-	484	0	-	484
Other operating income	-	-	-	-	-	-
From other segments	-	-	-	19	-19	-
Operating income, total	9 411	496	484	19	-69	10 340
Fee and commission expenses	-98	-	-	-2	-	-100
To other segments	-	-	-50	-	50	-
Interest expenses	-	-	-	0	-	0
NET REVENUE	9 313	496	434	17	-19	10 240
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
OPERATING PROFIT (LOSS)	5 387	59	434	-311	0	5 569
Income tax				-1 142		-1 142
PROFIT (LOSS) FOR THE PERIOD				-1 453		4 427

1-12/18	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group total
Fee and commission income	36 887	7 083	-	-	-	43 971
From other segments	200	-	-	-	-200	-
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



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

	Q3/19	Q2/19	Q1/19	Q4/18	Q3/18
<b>Asset Management</b>					
Net revenue	10 947	10 566	10 253	9 849	9 313
Operating profit	6 818	6 049	5 296	5 107	5 387
<b>Corporate Finance</b>					
Net revenue	1 090	741	1 054	4 829	496
Operating profit	407	100	255	2 765	59
<b>Investments</b>					
Net revenue	74	-24	167	196	434
Operating profit	74	-24	167	196	434
<b>Other segments and eliminations</b>					
Net revenue	2	14	113	-153	-3
Operating profit	-384	-471	-422	-676	-311
<b>Group total</b>					
Net revenue	12 112	11 297	11 586	14 721	10 240
Operating profit	6 916	5 655	5 296	7 392	5 569
Profit for the period	5 521	4 587	4 197	5 851	4 427



## CAPITAL ADEQUACY, EUR 1 000

	CRR 30 Sept. 2019 eQ Group	CRR 31 Dec. 2018 eQ Group
Equity	57 873	62 249
Common equity tier 1 (CET 1) before deductions	57 873	62 249
Deductions from CET 1		
Intangible assets	-29 392	-29 446
Unconfirmed profit for the period	-14 306	-17 799
Dividend proposal by the Board*	0	-2 563
Common equity tier 1 (CET1)	14 176	12 441
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	14 176	12 441
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	14 176	12 441
Risk-weights total – Total risk exposure	53 979	128 956
of which credit risk	48 527	48 464
of which market risk - currency risk	5 452	4 576
of which operational risk	n/a	75 916
Common equity tier 1 (CET1) / risk-weights, %	26.3 %	9.6 %
Tier 1 (T1) / risk-weights, %	26.3 %	9.6 %
Total capital (TC) / risk weights, %	26.3 %	9.6 %
Excess of total capital compared with the minimum level (8% capital adequacy ratio)	9 858	2 125
Excess of total capital compared with the target level (10% capital adequacy ratio)	8 778	-454

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

The calculation of eQ's total risk exposure and capital adequacy requirement have changed as a result of a change made in the company's investment firm authorisation in 2019. Additional information on the change can be found in the text section of this interim report.



## GROUP KEY RATIOS

	30 Sept. 2019	30 Sept. 2018	31 Dec. 2018
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	14 306	11 948	17 799
Earnings per average share, EUR	0.38	0.32	0.47
Diluted earnings per average share, EUR	0.35	0.30	0.45
Equity per share, EUR	1.52	1.49	1.65
Equity per average share, EUR *)	1.52	1.49	1.66
Return on investment, ROI % p.a.	31.3	26.8	28.5
Return on equity, ROE % p.a.	31.8	26.8	28.5
Equity to assets ratio, %	78.3	82.9	79.6
Cost/income ratio, Group, %	48.9	50.9	50.5
Share price at the end of the period, EUR	9.96	8.90	7.60
Market value, EUR million	380.0	335.6	286.6
Personnel calculated as full-time resources at the end of the period	87	85	86

\*) 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 2018 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 2019, eQ's remaining investment commitments in private equity funds totalled EUR 7.4 million (EUR 7.8 million on 31 Dec. 2018). Other commitments at the end of the period totalled EUR 0.1 million (EUR 3.3 million on 31 Dec. 2018).