ANNUAL REPORT 2018

Content

eQ IN 2018

- Net revenue EUR 45.4 million (2017: 40.7 M€)
- Operating profit EUR 22.4 million (20.1 M€)
- Dividend and repayment of equity per share EUR 0.54 (0.50 €)
- Market cap EUR 286.6 million (311.3 M€)
- Number of shareholders 5 451 (5 048)
- Number of personnel 86 (84)
- Assets under management EUR 9.5 billion (8.4 Bn €)

0.47€

EARNINGS PER SHARE (0.43 €)

50.5%

COST/INCOME RATIO (50.5 %)

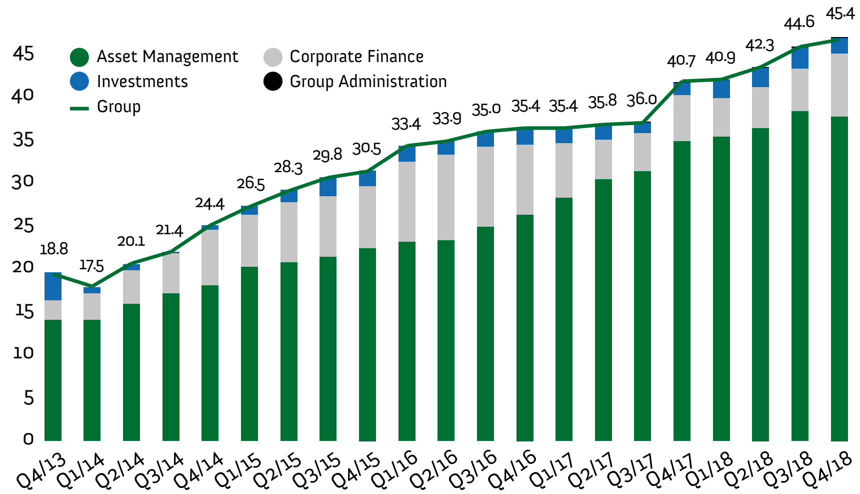
eQ in Brief

eQ Group is a Finnish group of companies that concentrates on asset management and corporate finance operations. The share of the parent company eQ Plc is listed on Nasdaq Helsinki.

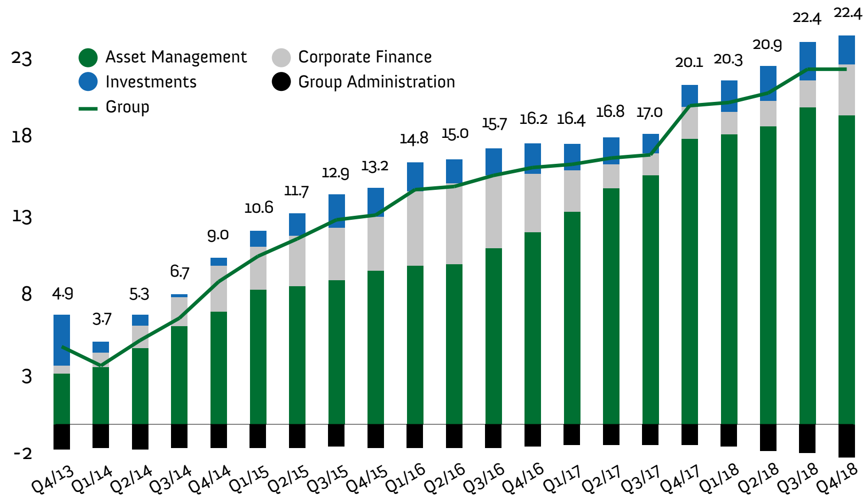
The Group offers its clients services related to mutual-, real estate- and private equity funds, discretionary asset management, structured investment products, investment insurance policies, and a large range of mutual funds offered by international partners.

The asset management clients are institutional investors and private individuals. In addition, Advium Corporate Finance Ltd, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

Net revenue development, rolling 12 months (€'m)



Operating profit, rolling 12 months (€'m)



CEO'S REVIEW

eQ Asset Management had a very successful year

The strategy selected by eQ Asset Management, i.e. to emphasise alternative investments, succeeded excellently last year as well. The long period with low interest rates has contributed to growing interest in real estate and private equity fund investments, for instance, in addition to equity investments.

The net subscriptions in our two real estate funds have exceeded EUR 630 million during the past two years, and last year they reach a record amount of EUR 367 million. The large number of subscriptions shows that the interest in real estate investments has been and continues to be high and that eQ's products offer a highly competitive channel to real estate investments. The returns of both eQ Care and eQ Finnish Real Estate funds since establishment exceed an annual return of 9.0%.

Private equity asset management has also grown and gained plenty of new capital. During the past two years, we have collected about EUR 620 million of new capital to our private equity funds, last year EUR 310 million. In our view, we are the clear market leader in Finland within private equity asset management.

Even though net subscriptions focus on alternative investments, traditional asset management is a very important part of our operations. At the close of the year, we managed assets exceeding EUR 2 billion within the frames of traditional asset management. Our return history is excellent: 71% of the funds managed by eQ have surpassed their benchmark indices during the past three years.

According to a study by SFR, we were the second most used institutional asset manager in Finland last year. According to the study, 63% of the largest Finnish institutional investors used eQ's services in 2018, an increase by 8 percentage points on the previous year.

We have adopted a responsible approach in our operations, which means that we continuously focus on responsible investments. We have already for several years followed the UN's Principles for Responsible Investment, which we signed in 2010. Taking the responsibility aspect into consideration in eQ's investment operations is part of the day-to-day work of our portfolio managers. Last year, we introduced co-operation with Baltic Sea Action Group (BSAG), which enables support to the Baltic Sea through fund investments. eQ steers 85% of the investments in the BSAG share series of the eQ's Blue Planet fund to BSAG's actions for the Baltic Sea. We wish to play a role in creating new opportunities within both investment operations and environmental protection, and this co-operation makes it possible.

Advium's year was very good

Advium acted as advisor in twelve finalised M&A and real estate transactions in 2018. The number of transactions was the same as the year before, but the average size was larger, which resulted in the growth of the net revenue by 35%.

The value of M&As increased worldwide by 11.5% last year and was the second highest since the financial crisis. In the last quarter, the value in dollars fell by more than 20% from the year before, however, mostly owing to growing uncertainty in the market.

Advium acted as advisor in six finalised M&A transactions in 2018. We acted as advisor in two public tender offers published towards the end of the year, i.e. as advisor to the Boards of Directors of Pöyry Plc and Kotipizza Oy. We also acted as advisor to the sellers, as Maksuturva, which offers intelligent payment solutions, was sold to Svea Ekonomi AB, and as T2H, a leading Finnish housing constructor, was sold to a Finnish group of investors.

The number of real estate transactions world-wide was at the same level as the year before. In Finland, the real estate market volume fell from the previous year owing to the exceptionally high figure in 2017.

Advium was chosen the best Finnish investment bank in the real estate sector, already for the twelfth time, in an enquiry by the distinguished Euromoney magazine. Advium acted as advisor in six finalised real estate transactions in 2018, for example when Kojamo Plc sold 1 594 flats to rent at market price to a real estate fund managed by Morgan Stanley, when Marimekko sold its head office in Herttoniemi in Helsinki to a fund managed by OP Group and when Berfin Oy, the investment company of the Berner family, sold Berner Ltd's former head office in the city centre of Helsinki.

eQ Group's result was excellent

Our net revenue grew by 12% to EUR 45.4 million and our operating profit to EUR 22.4 million in 2018. The Group's profit for the financial year increased by 12% to EUR 17.8 million, i.e. to 47 cents per share. The results of all segments grew from the previous year.

eQ Asset Management's profitability improved and operating profit increased by 8% to EUR 19.5 million. The operating profit of Advium grew considerably to EUR 3.2 million and the operating profit of the Investments segment increased to EUR 1.8 million. Our balance sheet continues to be very strong.

The improved profit and strong cash flow make it possible for the Board to propose a dividend of 47 cents and an equity repayment of 7 cents per share for the year 2018, i.e. in total 54 cents per share.

Thanks to our clients, partners and personnel

Last year was excellent for eQ, and my sincere thanks for this go to all our clients and partners. I greatly appreciate your trust in us and hope that we will be worthy of your trust this year as well. However, we would not have been able to reach this result without the uncompromising work of each of our employees in 2018, and I wish to thank you all for this.

About the year 2019

The equity market year started in a positive tone. Equity indices have risen by more than 10% since the beginning of the year, and the VIX Index describing uncertainty was 35 in December and has now fallen to below 15. Expectations of interest rate increases by central banks have subsided, and company profits are expected to grow in 2019. At the same time, we should bear in mind that political uncertainties such as the threat of a global trade war and Brexit remain unsolved.

Our year has started off well, and we have excellent preconditions to make this year successful as well. At the beginning of February, the eQ PE XI US private equity fund collected USD 113 million in its first closing, and the eQ Private Credit II fund had collected EUR 70 million by the beginning of February. We believe that one of the private equity funds managed by eQ will reach the hurdle rate and begin to pay a performance fee during the second half of the year. We also believe that the interest in real estate funds will continue to be good. As a result of these factors, we expect the profit of the Asset Management segment to grow clearly more than in 2018.

Helsinki, 27 February 2019
Janne Larma
CEO

Asset Management

The Asset Management segment consists of eQ Plc's subsidiary, 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.

Key Figures: Asset Management

ASSET MANAGEMENT	1-12/2018	1-12/2017	CHANGE, %
Net revenue, M€	36.7	33.9	8
Operating profit, M€	19.5	18.0	8
Assets under management, € billion	9.5	8.4	12
Cost/income ratio, %	46.9	46.8	0
Personnel as full-time resources	67	64	5

FEE AND COMMISSION INCOME, ASSET MANAGEMENT, M€	1-12/2018	1-12/2017	CHANGE, %
Management fees from traditional asset management	8.6	8.9	-3
Real estate and private equity management fees	25.5	18.4	39
Other fee and commission income	0.3	0.6	-45
Performance fees	2.7	6.4	-58
Total	37.1	34.3	8

The aim of eQ Asset Management is to offer its clients good investment returns, innovative investment solutions and excellent customer service. Through its own organisation and international partners, eQ can offer its clients an extensive and international range of investment solutions. eQ Asset Management offers its clients services related to mutual, real estate and private equity funds, discretionary asset management, structured investment products, and investments insurance policies. The principles of responsible investment cover all of eQ's investment areas.

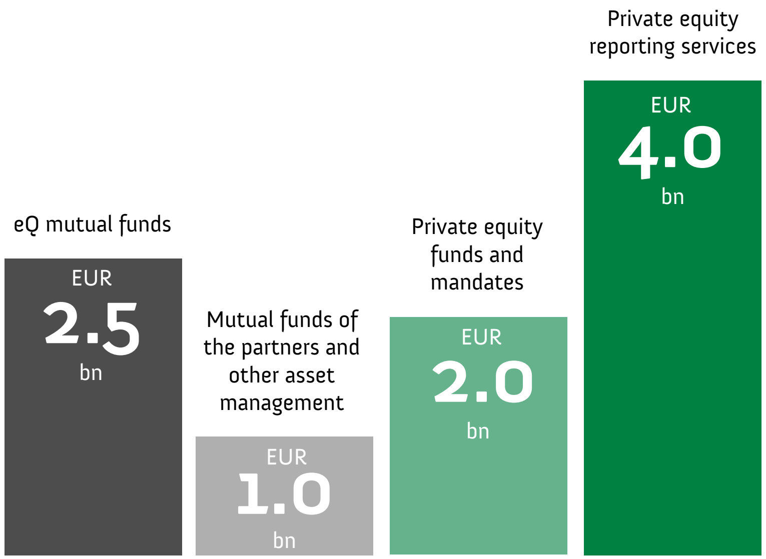
eQ has a wide range of actively managed and successful funds, which offer diversified investment alternatives with different strategies

The investment range covers 26 mutual funds registered in Finland as well as funds managed by our international partners, covering all major investment categories and markets.

The assets managed by the Group totalled EUR 9.5 billion at the end of 2018. Measured with assets under management, eQ is one of the largest asset managers in Finland that is independent of the major bank groups. The position of eQ in the market for institutional investments continued to improve in 2018 in the so-called SFR study, which covers approximately the 100 largest institutional investors in Finland. According to the study, about 63 per cent of them already use eQ's services. eQ has improved its position year after year as one of the leading institutional asset managers in Finland.

eQ's assets under management

Total EUR 9.5 bn:



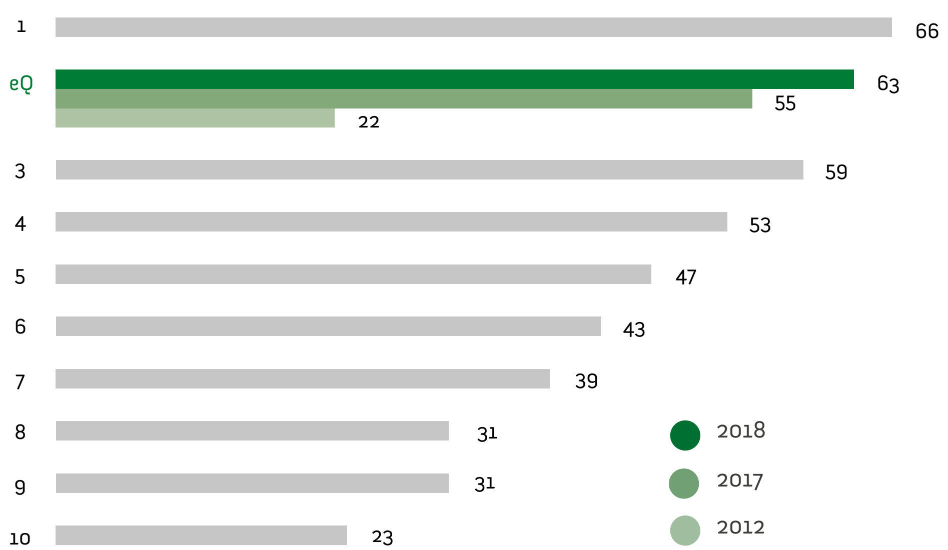
In 2018, eQ Asset Management's net fee and commission income increased by 8% to EUR 36.7 million. The segment's profitability improved, and the operating profit grew by 8% to EUR 19.5 million. Above all real estate and private equity asset management continued to grow strongly. eQ Asset Management exceeded market growth, especially due to the good sales of real estate funds and private equity products. eQ's real estate funds gathered EUR 367 million of new net subscriptions in 2018 and offered an extremely competitive return in the present market situation. Private equity asset management also grew in 2018. eQ raised two new private equity funds with a total size of EUR 310 million. The management fees of real estate and private equity asset management grew by 39% in 2018 and stood for 69% of the segment's fee and commission income. The fee and commission income from traditional asset management fell by 3% from the year before, mainly due to market fluctuations.

The market position of eQ Asset Management has continued to strengthen

The 2018 SFR study confirms that eQ Asset Management's position as a service provider for the most professional clients in Finland has continued to strengthen. About 100 largest institutional investors were interviewed in August-September 2018 and 63 per cent of them use eQ Asset Management's services. When it comes to the quality of asset management, these investors consider eQ's performance for both 3-year and the last 12 months periods to be the best among active managers. Also resources, stability and customer service were ranked to be the best among the top 10 asset managers.

eQ is by far the most used asset manager in real estate and private equity investments. In addition to that, eQ is strong in fixed income and rate and equity investments as well as in asset management mandates.

SFR research: Most used institutional asset managers 2018, %



BSAG and eQ launch a significant partnership

eQ Asset Management and Baltic Sea Action Group (BSAG) have launched a cooperation enabling Baltic Sea protection combined with fund investing. eQ will directly channel 85% of the management fee from investments in the BSAG series of Mutual Fund eQ Blue Planet to fund the Baltic Sea protection activities of BSAG.

An investor can choose BSAG series with an annual management fee of 1.75% p.a. upon subscription in eQ Blue Planet fund. A BSAG series investor pays 0.25% more in annual management fees compared with the standard fee of 1.5%. This additional annual management fee expense goes directly to BSAG. Furthermore, eQ will pay 1.25% of its management fee to BSAG, which multiplies the donation given by the investor in this series by six times. By investing 10,000 euros in the eQ Blue Planet BSAG series, the investor pays an extra 25 euros annually in management fees, but BSAG will get 150 euros in total directly to support the future of the Baltic Sea and our planet.

BSAG and eQ believe in innovative solutions in combating environmental challenges and aim for leadership in protecting our vital environment. The financial model created in cooperation with eQ is an example of such an open-minded initiative – a fund investment simultaneously becomes an investment in a good cause benefiting all. For BSAG, this opens two alternatives for supporters of BSAG - invest or donate.

eQ raised 310 million euros for two Private Equity funds in 2018

In 2018 eQ Asset Management raised a record 175 million euros for its latest Northern European private equity fund eQ PE X North. A final closing was also held for eQ's second secondary fund eQ PE SF II with 135 million euros of committed capital.

eQ PE X North is a fund of funds investing in private equity funds targeting Northern European small and mid-sized unlisted companies. eQ PE SF II is eQ's second secondary fund which has the same focus as eQ PE X North, but investing only in funds available in secondary markets.

In January 2019 eQ held the first closing for its third US private equity fund at record 113 million USD. Fundraising will continue in the spring with a final closing scheduled in June 2019.

The private equity team of eQ is one of the most experienced in the Nordics with a direct access to also funds raising commitments fast to full capacity.

Renewable energy to the properties of eQ Real Estate funds

The cornerstone of responsible investment in eQ Asset Management's operations is the ESG process (Environmental, Social, Governance), which has been integrated into all investment processes, and the principles of responsible investment cover all of eQ's investment areas. In the investment operations of real estate asset management, the area within ESG that is especially emphasised is the environment, as environmentally responsible property ownership has a positive impact on tenant demand and the long-term return. In practice, the environmentally responsible approach can be seen in the solutions of eQ Real Estate funds' new properties and development projects, which are based on sustainable energy consumption, for instance. Electricity purchased from renewable energy sources, the use of solar panels in energy production as well as the use of geothermal energy are examples of eQ Real Estate funds' active contribution to sustainable energy consumption in the properties that they own.

eQ's Real Estate funds were active in all above-mentioned areas in 2018 as well. In March 2018, the properties of both Finnish Real Estate and Care Funds began to use "green electricity" obtained from renewable energy sources, and wind power was selected as the renewable source of energy. The use of solar and geothermal energy has also been expanded. The new solar power stations and geothermal projects will reduce the carbon footprint of the real estate properties by approximately 60 000 kg, which corresponds to the annual carbon footprint of six average Finnish households.

The value of the property that eQ Real Estate funds held at the end of 2018 exceeded EUR 1.8 billion. The eQ Care and eQ Finnish Real Estate funds are managed by a professional investment team consisting of nine persons. In addition, several experts supporting the real estate funds work in eQ's administration.

Corporate Finance

eQ's corporate finance services are offered by eQ Plc's subsidiary Advium Corporate Finance Ltd. The services cover mergers and acquisitions, large real estate transactions, equity capital markets, and advisory services in general.

Key Figures: Corporate Finance

CORPORATE FINANCE	1-12/2018	1-12/2017	CHANGE, %
Net revenue, M€	7.1	5.2	35
Operating profit, M€	3.2	2.0	61
Cost/income ratio, %	54.7	61.7	-11
Personnel as full-time resources	14	15	-7

The clients are mainly Finnish companies that make corporate or real estate transactions in Finland and abroad, but also international companies engaged in corporate and real estate transactions in Finland. Advium is one of the most experienced and highly esteemed advisors in Finland. Since its establishment in 2000, the company has carried out approximately 180 corporate and real estate transactions, and in many of them, at least one of the parties has been an international actor. The total value of the transactions has been approximately EUR 14 billion.

Advium had a very successful year in 2018. Advium acted as advisor in 12 finalised transactions, and its net revenue increased by 35% to EUR 7.1 million. The operating profit of Advium increased by 61% to EUR 3.2 million. Advium maintained its strong position in large real estate transactions and was chosen the best Finnish investment bank in the real estate sector, already for the twelfth time, in an enquiry by the distinguished Euromoney magazine.

SINCE 2000 ABOUT 180 COMPLETED M & A AND REAL ESTATE TRANSACTIONS – VALUE APPROX.

14 bn €

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

It is typical of corporate finance business that clients pay a success fee when the transaction has been carried out. Consequently, the transaction dates of the transactions have a major impact on invoicing, and the net revenue may vary considerably.

Advium participated in two major public cash tender offers

Advium's second half 2018 was characterised by intensive processes related to two listed companies. Advium acted as financial advisor to the Boards of Directors in the public tender offers of Kotipizza and the international engineering and consulting company Pöyry. Public tender offer processes like this are governed by the Finnish Securities Markets Act and the Helsinki Takeover Code.

The Board of the target company shall act in the best interest of the company and its shareholders in the process. When the Board of the target company has learnt of a serious intention to make a public tender offer, it must strive for a result that is as advantageous as possible for the shareholders. When considering how serious the offer is, the Board together with the advisors shall take a stand on how concrete the contacts have been, the consideration offered, its amount and form as well as the likelihood that the offer can be carried out with regard to, e.g. finances and competition law, for instance. In more general terms, the Board shall act in such a manner that the company receives as good an offer as possible. The proposed tender offer may not be the best possible solution for the shareholders, however. The company may also have other alternatives, and going through and assessing these alternatives also belongs to the duties of the target company Board, assisted by its financial and other advisors.

Orkla ASA announced on 22 November 2018 a public cash tender offer, recommended by Kotipizza Group Oyj´s Board of Directors, to purchase all shares of Kotipizza Group Oyj. The cash consideration offered was EUR 23.00 for each share including a premium of 38.6%, compared with the closing price of the Kotipizza share on 21 November 2018, the last trading day before the announcement of the tender offer. At this price, the value of the company's equity was EUR 146 million.

ÅF AB (publ) published on 10 December 2018 a public cash tender offer, recommended by Pöyry Plc's Board of Directors, to purchase all shares of Pöyry Plc. The offer price, to be paid fully in cash, was EUR 10.20 per share, valuing Pöyry's equity at EUR 611 million. The consideration that ÅF offered to pay for Pöyry's shares included a 45.7% premium compared with the closing price on 7 December 2018, the last trading day immediately preceding the tender offer.

The one-day median premium of public cash tender offers carried out at Nasdaq Helsinki has been 30.7% during the period 2005 to 2018. Compared with this, the cash consideration payable for both Kotipizza's and Pöyry's shares is clearly higher that the median premium. Both tender offers were well received, both among the shareholders of the target companies and in the securities market. Both offerors managed to purchase almost all shares in their target companies, and the terms and conditions of the tender offers have also otherwise been carried out. The best arrangements are those in which both the buyers and the sellers are satisfied.

Investments

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

During the financial period 2018, the operating profit of the Investments segment was EUR 1.8 million, and at the end of the period, the fair value of private equity investments was EUR 16.9 million. Of the market value, 84% has been invested in private equity funds managed by eQ. The amount of the remaining investment commitments was EUR 7.8 million.

During the financial period 2018, the investment objects returned capital for EUR 4.0 million and distributed a profit of EUR 1.9 million. Capital calls totalled EUR 2.0 million. The net cash flow from the investments during the period was EUR 3.9 million. The aggregate return of private equity fund investments since the beginning of investment operations has been 21% p.a. (IRR).

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

As for the income from own investment operations, eQ's net revenue is recognised for eQ due to factors independent of the company. As a result, the segment's result may vary considerably. eQ only makes new investments in funds managed by eQ. The investments made from eQ's balance sheet have been presented in section Investments from own balance sheet of the Annual Report.

Key Figures: Investments

INVESTMENTS	1-12/2018	1-12/2017	CHANGE, %
Net revenue, M€	1.8	1.4	28
Operating profit, M€	1.8	1.4	28
Fair value of investments, M€	16.9	18.8	-10
Investment commitments, M€	7.8	8.9	-13
Net cash flow of investments, M€	3.9	1.9	108

21 % p.a.

return since the beginning of investment operations

REPORT BY THE BOARD OF DIRECTORS 1 JANUARY TO 31 DECEMBER 2018

Operating environment

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

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

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

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

Major events during the financial period

eQ Plc's Annual General Meeting was held on 28 March 2018. Nicolas Berner, Georg Ehrnrooth, Carl Haglund, Timo Kokkila and Annika Poutiainen were re-elected to the Board. Georg Ehrnrooth will continue as Chairman of the Board.

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

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

Group net revenue and result development

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

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

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

Business areas

Asset Management

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

Mutual funds and asset management

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

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

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

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

Private Equity

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

Real estate investments

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

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

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

Assets under management and clients

At the end of the financial period, the assets managed by eQ Asset Management totalled EUR 9 485 million. The assets increased by EUR 1 053 million from the beginning of the year (EUR 8 432 million on 31 Dec. 2017). At the end of the year, the assets managed by mutual funds registered in Finland totalled EUR 2 484 million (EUR 2 304 million), and the assets increased by EUR 180 million. Mutual funds managed by international partners and assets covered by other asset management operations totalled EUR 952 million (EUR 972 million). The assets managed under private equity funds and asset management totalled EUR 6 049 million (EUR 5 156 million), the share of eQ funds being EUR 1 420 million (EUR 1 054 million). The assets covered by the reporting service totalled EUR 4 019 million (EUR 3 412 million).

Result of the Asset Management segment

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

ASSET MANAGEMENT	1-12/2018	1-12/2017	CHANGE
Net revenue, M€	36.7	33.9	8 %
Operating profit, M€	19.5	18.0	8 %
Assets under management, € billion	9.5	8.4	12 %
Cost/income ratio, %	46.9	46.8	0 %
Personnel as full-time resources	67	64	5 %

FEE AND COMMISSION INCOME, ASSET MANAGEMENT, M€	1-12/2018	1-12/2017	CHANGE
Management fees from traditional asset management	8.6	8.9	-3 %
Real estate and private equity management fees	25.5	18.4	39 %
Other fee and commission income	0.3	0.6	-45 %
Performance fees	2.7	6.4	-58 %
Total	37.1	34.3	8 %

Corporate Finance

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

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

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

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

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

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

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

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

Result of the Corporate Finance segment

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

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

CORPORATE FINANCE	1-12/2018	1-12/2017	CHANGE
Net revenue, M€	7.1	5.2	35 %
Operating profit, M€	3.2	2.0	61 %
Cost/income ratio, %	54.7	61.7	-11 %
Personnel as full-time resources	14	15	-7 %

Investments

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

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

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

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

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

INVESTMENTS	1-12/2018	1-12/2017	CHANGE
Net revenue, M€	1.8	1.4	28 %
Operating profit, M€	1.8	1.4	28 %
Fair value of investments, M€	16.9	18.8	-10 %
Investment commitments, M€	7.8	8.9	-13 %
Net cash flow of investments, M€	3.9	1.9	108 %

Balance sheet, financial position and solvency

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

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

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

Major risks and uncertainties related to the operations

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

Success fees, which depend on the number of mergers and acquisitions and real estate transactions, 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 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 may vary considerably from quarter to quarter. eQ only makes new private equity fund investments in funds managed by eQ.

The Group's liquidity is monitored continuously, and good liquidity is maintained by only investing the surplus liquidity in objects with a low risk, which can be turned into cash rapidly and at a clear market price. The capital calls and exits from target companies of the own private equity fund investments have a major impact on liquidity. In order to safeguard the availability of financing, the Group has access to a credit limit.

Board of Directors, Management Team, CEO and auditor

eQ Plc's Annual General Meeting held on 28 March 2018 re-elected the following persons to the Board: Nicolas Berner, Georg Ehrnrooth, Carl Haglund, Timo Kokkila and Annika Poutiainen. The Board elected Georg Ehrnrooth Chairman of the Board at its constituent meeting. eQ Plc's Board had nine meetings during the financial period 2018, average attendance being 98%.

During the financial period 2018, eQ Group's Management Team has consisted of the following persons:

- Janne Larma, CEO of eQ Plc
- Staffan Jåfs, eQ Asset Management Ltd, Director, Head of Private Equity
- Mikko Koskimies, eQ Asset Management Ltd, CEO
- Antti Lyytikäinen, eQ Plc, CFO
- Juha Surve, eQ Asset Management Ltd, Group General Counsel

The company's CEO was Janne Larma. The company auditor was KPMG Oy Ab, a firm of authorized public accountants, with Raija-Leena Hankonen, APA, as auditor with main responsibility.

Personnel

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

The overall salaries paid to the employees of eQ Group during the period totalled EUR 18.3 million (EUR 16.1 million from 1 Jan. to 31 Dec. 2017). The personnel expenses increased from the year before due to result-related remuneration.

Loans to related parties

eQ Plc's receivables from related parties have been described in further detail in Note 31 to the Financial Statements.

eQ Plc's share

Authorisations

On 28 March 2018, the AGM also 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, comprising a maximum total of 5 000 000 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 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.

Shares and share capital

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

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

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

Option rights

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

Option scheme 2010:

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

Option scheme 2015:

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

Option scheme 2018:

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

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

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

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

Own shares

At the end of the financial period, on 31 December 2018, eQ Plc held no own shares.

Other information on the share

The following information on the company share is found in the Notes to the Financial Statements: distribution of holdings, information on considerable holdings and votes, the holdings of the company management and directors, and the number of company shares and share types.

Corporate governance

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association in October 2015. The entire Code is available on the website of the Securities Market Association at www.cgfinland.fi.

Proposal for the distribution of profit

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

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

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

Events after the financial period

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

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

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

Outlook

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

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

Helsinki, 6 February 2019

eQ Plc
Board of Directors

Consolidated key ratios

EUR 1 000	2018	2017	2016	2015	2014
INCOME STATEMENT					
Fee and commission income, net	43 571	38 938	33 221	28 472	22 903
Net income from financial assets	1 794	1 738	2 194	2 061	834
Net revenue	45 367	40 680	35 418	30 520	24 438
Operating profit (loss)	22 450	20 121	16 227	13 225	9 040
% of net revenue	49.5	49.5	45.8	43.3	37.0
Profit (loss) before taxes	22 450	20 121	16 227	13 225	9 040
% of net revenue	49.5	49.5	45.8	43.3	37.0
Profit (loss) for the period	17 799	15 922	12 832	10 470	7 118
BALANCE SHEET					
Claims on credit institutions and liquid assets	15 848	14 629	6 626	16 623	17 283
Financial assets	26 777	28 857	29 286	27 498	31 311
Intangible and tangible assets	29 748	29 740	29 823	30 354	30 898
Other assets and receivables	5 837	3 584	10 443	6 421	7 160
Total assets	78 211	76 810	76 177	80 896	86 652
Total equity	62 249	62 661	64 511	70 001	77 469
Interest-free liabilities	15 962	14 149	11 666	10 895	9 183
Total liabilities and equity	78 211	76 810	76 177	80 896	86 652

EUR 1 000	2018	2017	2016	2015	2014
PROFITABILITY AND OTHER KEY RATIOS					
Return on investment, ROI % p.a.	28.5	25.0	19.1	14.2	9.6
Return on equity, ROE % p.a.	28.5	25.0	19.1	14.2	9.5
Equity to assets ratio, %	79.6	81.6	84.7	86.5	89.4
Gearing, %	-41.3	-39.4	-25.9	-31.0	-27.6
Cost/income ratio, %					
Group	50.5	50.5	53.0	55.1	60.9
Asset Management	46.9	46.8	51.6	53.5	57.0
Corporate Finance	54.7	61.7	52.7	51.8	52.9
Private equity fund investments to					
equity ratio, %	27.2	30.0	29.8	32.1	35.2
Private equity fund investments and remaining					
commitments to equity ratio, %	39.7	44.2	47.1	46.8	49.3
Number of personnel as full-time resources at the end of the period	86	84	80	76	77
Number of personnel as full-time resources, average	85	81	79	76	76

EUR 1 000	2018	2017	2016	2015	2014
SHARE-RELATED KEY RATIOS					
Earnings per average share, EUR	0.47	0.43	0.35	0.29	0.20
Diluted earnings per average share, EUR	0.45	0.40	0.33	0.28	0.19
Equity per share, EUR	1.65	1.67	1.75	1.91	2.13
Equity per average share, EUR [1]	1.66	1.68	1.75	1.91	2.13
Dividend, EUR 1 000 [2]	17 722	16 128	12 942	11 018	7 345
Dividend per share [2]	0.47	0.43	0.35	0.30	0.20
Dividend per earnings, % [2]	100.0	100.0	100.0	103.4	100.0
Repayment of equity, EUR 1 000 [3]	2 640	2 626	5 547	7 345	11 018
Repayment of equity per share [3]	0.07	0.07	0.15	0.20	0.30
Dividend and repayment of equity, total, EUR 1 000	20 362	18 754	18 489	18 364	18 364
Dividend and repayment of equity, total per share	0.54	0.50	0.50	0.50	0.50
Effective dividend and equity repayment yield, %	7.1	6.0	6.2	7.7	12.5
Price/earnings ratio, P/E	16.2	19.3	23.2	22.4	20.0
Adjusted share price development, EUR					
Average price	8.59	8.12	6.38	5.19	2.81
Highest price	9.36	8.65	8.21	6.69	4.00
Lowest price	7.60	7.42	5.28	3.94	2.26
Closing price	7.60	8.30	8.11	6.50	4.00
Market capitalisation, EUR 1 000	286 575	311 310	299 885	238 727	146 909
Share turnover, 1 000 shares	5 444	1 951	7 224	8 744	2 479
% of total number of shares	14.5	5.2	19.6	23.8	6.8
Share turnover, EUR 1 000	45 378	15 836	43 816	45 833	7 066
Adjusted number of shares, 1 000 shares					
Average during the year	37 607	37 289	36 798	36 727	36 397
At the end of the year	37 707	37 507	36 977	36 727	36 727

[1] Weighted average number of shares outstanding during the period [2] The Board's dividend proposal [3] The Board's proposal for repayment of equity from the reserve for invested unrestricted equity

Calculation of Key Ratios

RETURN ON INVESTMENT, ROI (%)

$$\frac{\text{profit or loss + interest expenses}}{\text{equity + interest-bearing financial liabilities (average)}} \times 100$$

RETURN ON EQUITY, ROE (%)

$$\frac{\text{profit or loss}}{\text{equity (average)}} \times 100$$

EQUITY TO ASSETS RATIO (%)

$$\frac{\text{equity}}{\text{balance sheet total - advances received}} \times 100$$

GEARING (%)

$$\frac{\text{interest-bearing liabilities - financial assets - cash in hand and at bank}}{\text{equity}} \times 100$$

COST/INCOME RATIO (%)

$$\frac{\text{administrative expenses + other operating expenses + depreciation (excl. agreement depreciation)}}{\text{net revenue}} \times 100$$

PRIVATE EQUITY FUND INVESTMENTS TO EQUITY RATIO (%)

$$\frac{\text{private equity fund investments}}{\text{equity}} \times 100$$

PRIVATE EQUITY FUND INVESTMENTS AND REMAINING COMMITMENTS TO EQUITY RATIO (%)

$$\frac{\text{private equity fund investments + remaining commitments}}{\text{equity}} \times 100$$

EARNINGS PER SHARE, EPS

$$\frac{\text{profit or loss for the period attributable to equity holders of the parent company}}{\text{adjusted average number of shares during the period}}$$

EQUITY PER SHARE

$$\frac{\text{equity}}{\text{adjusted number of shares at the balance sheet date}}$$

DIVIDEND PER SHARE

$$\frac{\text{dividend}}{\text{adjusted number of shares at the balance sheet date}}$$

DIVIDEND PER EARNINGS (%)

$$\frac{\text{dividend per share}}{\text{earnings per share}} \times 100$$

REPAYMENT OF EQUITY PER SHARE

$$\frac{\text{repayment of equity from the reserve for invested unrestricted equity}}{\text{adjusted number of shares at the balance sheet date}}$$

EFFECTIVE DIVIDEND AND EQUITY REPAYMENT YIELD (%)

$$\frac{\text{dividend and equity repayment per share}}{\text{adjusted share price at the balance sheet date}} \times 100$$

PRICE/EARNINGS RATIO, P/E

$$\frac{\text{adjusted share price at the balance sheet date}}{\text{earnings per share}}$$

MARKET CAPITALISATION

number of shares on 31. Dec. x closing price on 31. Dec

SHARE TURNOVER (%)

$$\frac{\text{number of shares traded during the period}}{\text{average number of shares during the period}} \times 100$$

FINANCIAL STATEMENTS 2018

Consolidated Income Statement

EUR 1 000	NOTE NO.	2018	2017
Fee and commission income	6	43 971	39 292
Interest income	7	3	4
Net income from financial assets	8	1 794	1 738
Operating income, total		45 768	41 035
Fee and commission expenses	9	-400	-354
Interest expenses	10	-1	-1
NET REVENUE		45 367	40 680
Administrative expenses	11		
Personnel expenses		-18 327	-16 075
Other administrative expenses		-2 234	-2 269
Depreciation on tangible and intangible assets	12	-216	-282
Other operating expenses	13	-2 141	-1 928
Impairment losses of other financial assets		-	-5
OPERATING PROFIT (LOSS)		22 450	20 121
PROFIT (LOSS) BEFORE TAXES		22 450	20 121
Income tax	14	-4 651	-4 198
PROFIT (LOSS) FOR THE PERIOD		17 799	15 922

Consolidated statement of comprehensive income

EUR 1 000	NOTE NO.	2018	2017
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Financial assets, net		-	-132
Translation differences		-	-
Other comprehensive income after taxes		-	-132
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		17 799	15 790
Profit for the period attributable to:			
Equity holders of the parent company		17 799	15 922
Non-controlling interest		-	-
Comprehensive income for the period attributable to:			
Equity holders of the parent company		17 799	15 790
Non-controlling interest		-	-
Earnings per share calculated from the profit of equity holders of the parent company:	15		
Earnings per average share, EUR		0.47	0.43
Diluted earnings per average share, EUR		0.45	0.40

Consolidated Balance Sheet

EUR 1 000	NOTE NO.	31 DEC. 2018	31 DEC. 2017
ASSETS			
Liquid assets		48	30
Claims on credit institutions	16	15 800	14 599
Financial assets	17, 25-28		
Financial securities		9 869	10 066
Private equity fund investments		16 909	18 792
Intangible assets	18	29 446	29 431
Tangible assets	18	303	309
Other assets	19	5 087	2 673
Accruals and prepaid expenditure	20	602	607
Income tax receivables		148	33
Deferred tax assets	21	-	271
TOTAL ASSETS		78 211	76 810
LIABILITIES AND EQUITY			
LIABILITIES			
Other liabilities	22	4 066	3 919
Accruals and deferred income	23	11 106	9 108
Income tax liabilities		746	774
Deferred tax liability	21	44	348
TOTAL LIABILITIES		15 962	14 149
EQUITY	29		
Attributable to equity holders of the parent company:			
Share capital		11 384	11 384
Fair value reserve		-	-193
Reserve for invested unrestricted equity		27 034	29 638
Retained earnings		6 032	5 910
Profit (loss) for the period		17 799	15 922
TOTAL EQUITY		62 249	62 661
TOTAL LIABILITIES AND EQUITY		78 211	76 810

Consolidated Cash Flow Statement

EUR 1 000	2018	2017
Cash flow from operations		
Operating profit	22 450	20 121
Depreciation and impairment	216	387
Interest income and expenses	-2	-4
Transactions with no related payment transactions	564	552
Financial assets - private equity funds	2 011	176
Change in working capital		
Business receivables, increase (-) / decrease (+)	-2 376	6 920
Interest-free debt, increase (+) / decrease (-)	1 370	1 739
Change in working capital, total	-1 005	8 659
Cash flow from operations before financial items and taxes	24 233	29 892
Interests received	3	4
Interests paid	-1	-1
Income taxes	-4 087	-3 484
Cash flow from operations	20 148	26 411
Cash flow from investments		
Investments in tangible and intangible assets	-224	-199
Investments in other investments - liquid mutual funds	27	-44
Cash flow from investments	-197	-243
Cash flow from financing		
Dividends paid	-18 754	-18 489
Income from share issue	22	323
Cash flow from financing	-18 732	-18 165
Increase/decrease in liquid assets	1 219	8 003
Liquid assets on 1 Jan.	14 629	6 626
Liquid assets on 31 Dec.	15 848	14 629

Change in Consolidated Shareholders' Equity

EUR 1 000

	Equity attributable to equity holders of the parent company					
	SHARE CAPITAL	RESERVE FOR INVESTED UNRESTRICTED EQUITY	FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL	TOTAL EQUITY
Shareholders' equity on 1 Jan. 2018	11 384	29 638	-193	21 832	62 661	62 661
Comprehensive income						
Profit (loss) for the period				17 799	17 799	17 799
Other comprehensive income						
Financial assets				-	-	-
Total comprehensive income			0	17 799	17 799	17 799
Dividend distribution		-2 626		-16 128	-18 754	-18 754
Share issue		22			22	22
Options granted				522	522	522
IFRS 9 change			193	-193	0	0
Other changes				-1	-1	-1
Shareholders' equity on 31 Dec. 2018	11 384	27 034	0	23 831	62 249	62 249
Shareholders' equity on 1 Jan. 2017	11 384	34 861	-61	18 326	64 511	64 511
Comprehensive income						
Profit (loss) for the period				15 922	15 922	15 922
Other comprehensive income						
Financial assets			-132		-132	-132
Total comprehensive income			-132	15 922	15 790	15 790
Dividend distribution		-5 547		-12 942	-18 489	-18 489
Share issue		323			323	323
Options granted				522	522	522
Other changes				3	3	3
Shareholders' equity on 31 Dec. 2017	11 384	29 638	-193	21 832	62 661	62 661

Notes to the Consolidated Financial Statements

1. Principles for preparing the Consolidated Financial Statements

Basic information

eQ Plc is a Finnish public limited company founded under Finnish law. The domicile of the company is Helsinki, Finland. eQ Plc and its subsidiaries form eQ Group ("eQ" or "the Group"). The parent company eQ Plc's shares are listed on Nasdaq Helsinki. eQ Group is a group of companies that concentrates on asset management and corporate finance operations. eQ Asset Management offers versatile asset management services to institutions and private individuals. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

A copy of the consolidated financial statements is available on the company website at www.eQ.fi and at the head office of the parent company, address Aleksanterinkatu 19 A, 00100 Helsinki.

The consolidated financial statements have been prepared for the 12-month period 1 January to 31 December 2018.The Board of Directors of eQ Plc has approved the consolidated financial statements for publication on 6 February 2019. According to the Finnish Limited Liability Companies Act, the Annual General Meeting shall have the right to adopt, reject or amend the financial statements after their publication.

The consolidated financial statements have been presented in euros, which is the operating and disclosure currency of the parent company. The figures are presented in thousand euros, unless otherwise stated.

Principles for preparing the Financial Statements

eQ Plc's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, approved by the EU. The IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2018 have been applied when preparing the statements.

The Group has applied the following new and amended standards and interpretations from 1 January 2018:

- The new IFRS 9 standard Financial Instruments 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, based on the simplified procedure included in IFRS 9. The change in the valuation method has not had any significant impact at transition.

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

The introduction of the IFRS 9 standard has not changed the treatment of financial liabilities in eQ Group. The Group has no derivative instruments.

- The new IFRS 15 standard Revenue from Contracts with Customers 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 have not led 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. The distribution of revenue is presented in the Notes to the Financial Statements. No asset items to be entered in the balance sheet have arisen for the Group from contracts.

- Amendments to IFRS 2 – classification and measurement of share based payment. To be applied from 1 January 2018 or from financial periods beginning after said date. The changes clarify the accounting practices of arrangements of certain types. They cover three areas: valuation of cash payments, share-based payments after withholding and modification of share-based payment transactions from cash-settled to equity-settled. The amendment of the standard has no impact on eQ Group's financial statements.

New and amended standards and interpretations to be applied later:

The IASB has published the following new or amended standards and interpretations, for instance, which have not yet been applied by the Group. The Group will introduce each standard and interpretation as of its effective date or, if the effective date is some other date than the first day of the financial period, as of the beginning of the financial period following the effective date.

- IFRS 16 Leases – effective 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 been adjusted.

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

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation. To be applied from 1 January 2019 or from financial periods beginning after said date. The amendments make it possible to value certain financial instruments that enable payment before due date at amortised cost. The amendment of the standard has no impact on eQ Group's financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments. To be applied from 1 January 2019 or from financial periods beginning after said date. The interpretation clarifies accounting treatment in situations where a taxation decision of an entity still waits for approval by tax authorities. The essential question is whether or not the tax authority will approve the solution that the entity has chosen. The amendment of the standard has no impact on eQ Group's financial statements.

Preparation principles requiring management assessment and use of estimates

Preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amount of assets and liabilities in the balance sheet at the time of preparation, the reporting of contingent assets and liabilities, and the amount of profits and costs during the reporting period. The estimates are based on the management's current best view, but it is possible that the outcome differs from the values used in the financial statements.

Major areas where the management has made assessments are related to assessing control in private equity funds in form of limited partnerships managed by the Group (note 33 Shares in entities not included in the consolidated financial statements).

The future assumptions and uncertainty factors related to the values on the closing date of the reporting period that cause a significant risk of essential changes in the book values of the Group assets and liabilities during the following financial period have been presented below:

Definition of fair value: The fair value of private equity fund investments is defined according to International Private Equity and Venture Capital Guidelines, as no external market price is available for them (note 27 Value of financial assets across the three levels of the fair value hierarchy). Private equity fund investments have been classified on level 3 of the fair value hierarchy.

Impairment testing: The Group tests for impairment the goodwill and brands with an unlimited useful life annually. The recoverable amount of the cash-generating units have been defined based on value in use. The preparation of these calculations requires the use of estimates (note 18 Intangible assets).

There is more detailed information on estimates requiring management assessment in the revenue recognition section.

Consolidation principles

The consolidated financial statements comprise all Group companies. Subsidiaries are companies over which the Group exercises control. Control arises when a Group by being party to an entity is exposed to the entity's variable income or is entitled to its variable income and it can influence this income by exercising control over the entity.

The Group's internal holding has been eliminated and the subsidiaries have been consolidated by using the acquisition method. Acquired subsidiaries are consolidated from the moment the Group has gained control and transferred subsidiaries until control is terminated. All internal transactions, receivables, debts and the internal distribution of profits have been eliminated in the financial statements.

The consolidated financial statements comprise the parent company eQ Plc and all the following subsidiaries:

- eQ Asset Management Ltd
- eQ Fund Management Company Ltd
- eQ Life Ltd
- eQ Private Equity GP Ltd
- Advium Corporate Finance Ltd
- Nordic Venture Managers Limited
- EFI II GP Limited

Segment reporting

eQ Plc's operating segments are Asset Management, Corporate Finance and Investments. Segment reporting is presented according to the internal reporting provided to the highest operative decision-makers and prepared in accordance with IFRS standards. The highest operative management is responsible for assessing the results of the business segments. In the Group, the CEO is responsible for this function. Within the Group, decisions regarding the assessment of the segments' results are based on the segments' results before taxes.

The business segments consist of business units with different types of products and services as well as different income logics and profitability. The pricing between the segments is based on fair market value. The income, expenses and assets that directly belong to the business areas or can on sensible grounds be allocated to them are allocated to the business areas. In segment reporting, Group administrative functions are presented under the item Other. The unallocated items presented under the item Other also comprise interest income and expenses and taxes. 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.

The Asset Management segment comprises services related to mutual and private equity funds, discretionary asset management, structured investment products, investments insurance policies and a wide range of mutual funds offered by international partners. The Corporate Finance segment com-prises services related to mergers and acquisitions, real estate transactions and equity capital markets. The business operations of the Investments segment consist of private equity fund investments made from eQ Group's own balance sheet.

Foreign currency transactions

The consolidated financial statements are presented in euros and foreign currency transactions are converted to euros using the exchange rates valid on the day of the transaction. Foreign currency receivables and liabilities are converted to euros using the exchange rates on the balance sheet date.

The gains and losses arising from foreign currency transactions and the translation of monetary items are presented through profit and loss. The foreign currency differences are included in the net income from foreign exchange dealing.

Revenue recognition principles

eQ Group receives management fee income related to the asset management operations from funds and asset management port-folios and pays fee repayments related to these to customers. The management fees and fee repayments of the asset management segment, included in the net income from operations, are recorded per month and mainly invoiced afterwards in periods of one, three, six or twelve months. These fees are typically calculated based on the capital in the fund or client portfolio or the original investment commitment and the agreed commission percentage over time.

Performance fees, which depend on the success of investment operations, are also included in the fee and commission income of the asset management segment. These performance fees may consist of performance fees paid by mutual funds and Non-UCITS funds, profit shares that private equity funds pay to management companies, and performance fees from asset management portfolios. eQ Group takes into consideration the requirement of limiting the assessment of variable consideration when defining the consideration from fees that it expects to be entitled to.

The performance fees of real estate funds are periodized per quarter, based on the return of the funds during each quarter. The ultimate performance fee that eQ receives from a real estate fund is determined on the basis of the fund's annual return, and it may change from the amount recognised during an earlier quarter. eQ recognises the performance fees of real estate funds for each quarter only to a likely amount so that no major annulments will have to be made afterwards in the accumulated recognised returns.

eQ Group begins to recognise the management company's profit share income from private equity funds when the private equity fund has returned the entire required return to investors and the fund has begun to pay profit shares. Profit share income is not recognised at the moment when the calculated hurdle rate is exceeded, as a major annulment may still be possible. As for the profit share income, the possible risk of default is also assessed, and, if necessary, part of the income is left unrecognised based on it.

eQ Group also receives monthly fees and success fees related to corporate finance operations. The monthly fees are recognised over time and the success fees, which are treated as variable consideration, are dependent on the implementation of projects. The success fee income related to corporate finance operations is entered as income for the period during which the outcome of the project can be assessed in a reliable manner and the payment obligation has been carried out. When necessary, eQ Group takes into consideration the requirement of limiting the assessment of variable consideration. The expenses arising from a project are expensed immediately.

The asset items related to contracts with customers consist of management fee receivables, other fee receivables and sales receivables, which are presented separately in the notes. No asset items based on receivables from customer contracts that would fulfil the precondition for entering them in the balance sheet have arisen. The liabilities related to customer contracts mainly consist fee repayment liabilities. The Group takes advantage of the option of not recognising the amount of transaction prices for payment obligations that are not fulfilled on the reporting day in contracts the original expected duration of which is one year at the most, or if the amount of the consideration received of the customer and recognised as income corresponds to the value of the transferred services for the customer.

The net income from financial assets included the operating income includes the profit distributions of private equity fund investments made from the Group's own balance sheet, the changes in fair value entered through profit or loss as well as sales profits and losses. Profit distributions are entered in the income statement first when cash flows have been realised. The value changes through profit or loss of other direct investments as well as sales profit and losses are also entered among the net income from financial assets.

Financial assets and liabilities

The Group's financial assets are classified into the following groups in accordance with the IAS 9 standard:
a) valued at amortised acquisition cost,
b) entered at fair value through profit or loss and
c) valued at fair value with other items of comprehensive income.

The classification is based on the business model defined by the Group and the contractual cash flows of financial assets. In connection with the original recognition, the Group values an item belonging to financial assets at fair value, and if the item is some other than an item to be entered among financial assets at fair value through profit or loss, the transaction expenses arising directly from the item are either added or subtracted. In connection with the original recognition, the financial assets at fair value though profit or loss are entered in the balance sheet at fair value, and the transaction expenses are recognised through profit or loss.

The group financial assets valued at amortised acquisition cost includes financial assets the operating model of which aims at keeping the financial assets and collecting the cash flows based on contract that only consist of the payment of capital and interests. This group comprises sales receivables, loan receivables and other receivables. The assets in the group are valued at the amortised acquisition cost using the effective interest method.
The book value of short-term sales receivables and other receivables is considered to correspond to their fair value. These items are short-term assets, if it is expected that they are realised within 12 months from the close of the reporting period. The Group's sales receivables are mainly short-term receivables. The Group recognises a deduction regarding expected credit losses from financial assets valued at amortised acquisition cost.

To the group financial assets at fair value though profit or loss are classified items belonging to financial assets that have been acquired for trading purposes or that are classified at fair value through profit or loss in connection with the original disclosure. eQ Plc's private equity fund investments and investments in mutual funds are classified among financial assets at fair value through profit or loss. The fair value of mutual fund investments is defined by using quoted market prices and rates. Private equity investments are valued using the practice generally used in the sector, i.e. the fair value of the private equity investment is the latest fund value announced by the private equity fund management company added with the capital investments and less the capital returns that have taken place between the balance sheet date and the announcement of the management company.

In the financial statements of the comparison year, the private equity fund investments and mutual fund investments included in available-for-sale financial assets were classified as financial assets through other items in comprehensive income in accordance with IAS 39. On the reporting date, the Group had no items valued at fair value through other items of comprehensive income.

Financial assets are derecognised when the Group has lost the agreement-based right to the cash flows or when it has to a significant degree transferred the risks and return outside the Group.

Liquid assets consist of cash. Claims on credit institutions payable on demand are also included in liquid assets in the cash flow statement.

Financial liabilities are classified as follows:
a) valued at amortised acquisition cost, and
b) valued at fair value through profit or loss

In connection with the original recognition, the Group values financial liabilities at fair value, and if the item is some other than a financial liability to be entered at fair value through profit or loss, the transaction expenses arising directly from the item are either added or subtracted. In connection with the original recognition, the financial liabilities at fair value though profit or loss are entered in the balance sheet at fair value, and the transaction expenses are recognised through profit or loss.

The financial liabilities entered at amortised acquisition cost consist of interest-bearing loans and interest-free liabilities, and they are valued using the effective rate method among amortised acquisition cost. The difference between the obtained amount and repayable amount is entered in the income statement using the effective rate method during the loan period. Financial liabilities are classified as being short-term, unless that Group has an absolute right to postpone the payment of the liability at least 12 months from the end of the reporting period. Accounts payable are classified as short-term liabilities, if they fall due within 12 months. eQ Group had no interest-bearing loans at the reporting moment.

eQ Group had no financial liabilities valued at fair value through profit or loss at the reporting moment.

A financial liability or its part is derecognised first when the debt has ceased to exist, i.e. when the specified obligation has been fulfilled or annulled or its validity has been terminated.

Impairment of financial assets

The Group assesses whether there is reliable proof of the impairment of a single item or a group of items included in financial assets. 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, based on the simplified procedure included in IFRS 9. The expected credit losses are assessed based on historical data on previously realised credit losses, and the model also takes into account the information on future economic conditions available at the time of the assessment. eQ Group does not give credits and it mostly has short-term sales receivables. The sales receivables and receivables of the asset management operations mainly consist of fee receivables from funds managed by eQ. The credit loss risk of these fee receivables is very low.

Tangible and intangible assets

Tangible assets are entered in the balance sheet at original acquisition cost less depreciation and impairment. Acquisition cost comprises the cost arising directly from the acquisition.

Intangible assets include the goodwill generated from corporate acquisitions. The goodwill arising in the combination of business operations is entered in the amount at which the transferred consideration, the share of non-controlling interests in the object of the acquisition and the previously owned share together exceed the fair value of the acquired net assets.

Goodwill is valued at original acquisition cost minus impairment. No depreciation is booked for goodwill but it is tested annually for impairment. Goodwill is allocated to cash-generating units.

Other intangible assets are brands, customer agreements, software licenses and other intangible rights.

No depreciation is booked for intangible assets that have an unlimited useful life but they are tested annually for impairment. Intangible assets with a limited useful life are entered as costs into the income statement as straight-line depreciation according to plan during their useful life. Depreciation has been calculated based on the useful life from the original acquisition costs as straight-line depreciation.

The depreciation periods according to plan by asset type are as follows:

Machinery and equipment	3 to 10 years
Customer agreements	4 to 10 years
Software and other intangible rights	4 to 5 years

Impairment and impairment test

The balance sheet values of other long-term tangible and intangible assets are tested for impairment at each balance sheet date and always when there is indication that the value of an asset may have been impaired. In the impairment test, the recoverable amount of the assets is tested. The recoverable amount is the higher of an asset's net sales price and its value in use, based on cash flow. An impairment loss is entered in the income statement, if the book value of the asset is higher than the recoverable amount.

The need for impairment is assessed at the level of cash-generating units, i.e. the lowest unit level that is mainly independent of other units and the cash flow of which can be separated from other cash flows. For the testing of impairment, the recoverable amount of the asset item has been defined by calculating the asset items' value in use. The calculations are based on five-year cash flow plans approved by the management. The income cash flows of asset management are based on assets that are managed under asset management agreements. The development of the assets under management and the income cash flow of asset management operations depend essentially on the development of the capital market. The income cash flow of the corporate finance operations is markedly influenced by success fees, which are dependent on the number of corporate and real estate transactions. These vary considerably within one year and are dependent on economic trends. The estimate on the income cash flow of the corporate finance operations is based on the management's view on the number of future transactions. The future expense cash flows of the impairment calculations are based on the Group management's cost estimates for the future. In the calculations, the management uses as discount rate before taxes, which reflects the view on the time value of money and the special risks related to the asset item.

Employment pensions

The Group's pension arrangement is a contribution-based arrangement and the payments are entered in the income statement for the periods to which they apply. The pension coverage of the Group's personnel is arranged with a statutory TyEL insurance policy through an insurance company outside the Group.

Share-related payments

The Group has incitement arrangements where the payments are made as equity instruments. Option rights are valued at fair value on their grant date and expensed in the income statement during the period when the right arises. The expenses are presented among expenses arising from fringe benefits. The fair value of granted options on the grant date has been defined by using the Black-Scholes price-setting model.

Income tax
The taxes based on Group company earnings for the period are entered into the Group's taxes, as are the adjustments of taxes from previous periods and the changes in deferred taxes. The tax based on the period's taxable income is calculated from the taxable income based on each country's valid tax rate. The tax impact of items entered directly into shareholders' equity is similarly entered directly into the shareholders' equity.

Deferred taxes are calculated based on the debt method from all temporary differences in accounting and taxation in accordance with the valid tax rate legislated before the end of the financial year. The deferred tax receivable is entered to the amount in which taxable income is likely to arise in future, against which the temporary difference can be exploited. The most significant temporary differences are typically generated from valuing the net value of the acquired companies at fair value.

Earnings per share
Earnings per share are calculated by dividing the profit for the period belonging to the parent company's shareholders with the weighted average number of outstanding shares during the financial period. When calculating earnings per share adjusted with dilution, the diluting effect of the conversion into shares of all diluting, potential ordinary shares is taken into consideration in the weighted average number. The Group's share options are diluting instruments, i.e. instruments that increase the number of ordinary shares.

Dividend distribution
No booking has been made for the dividend proposed by the Board of Directors to the AGM in the financial statements and it has not been taken into account when calculating distributable retained profits. The dividend is only taken into account based on the AGM decision.

2 Risk management

eQ Group defines risk as an unexpected change in economic outcome. The purpose of risk management is to make sure that the risks associated with the company's operations are identified, assessed and that measures are taken regarding them. Risk management shall see to it that manageable risks do not jeopardise the business strategy, critical success factors or earning power. Risk management comprises all the measures that are needed for the cost-efficient management of risks arising from the Group's operations. Risk management is a continuous process that is assessed at regular intervals. The aim of this is to make sure that risk management is adapted to the changing operating environment.

eQ Plc's Board supervises that the CEO takes care of eQ Plc's day-to-day administration according to the instructions and orders issued by the Board. The Board supervises that risk management and control are organised in a proper manner. eQ Plc's Board approves the principles for risk management and defines the company's organisation structure as well as the authorities, responsibilities and report-ing relations. The executive management is responsible for the implementation of the risk management process and control in practice. It is the duty to the executive management to see to it that internal instructions are maintained and make sure that they are sufficient and functional. The management is also responsible for making sure that the organisation structure functions well and is clear and that the internal control and risk management processes function.

eQ Group comprises a fully owned subsidiary of eQ Plc, eQ Asset Management Ltd, which is an investment firm. A permanent risk management function consisting of risk experts, which is independent of the other operations, is led by the Chief Risk Officer and responsible for risk management at eQ Asset Management Ltd. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the Basel III/CRD IV regulations on capital adequacy. Below is a presentation of the major risks of eQ Group and the investment firm.

Risks related to operations

Financial risk
Financial risks are divided into market, liquidity and credit risks. The aim of the management of financial risks is to cut down the impacts of fluctuations in interest rates, foreign exchange rates and prices and other uncertainties as well as to guarantee sufficient liquidity.

Market risk
Market risk means the risk that changes in market prices may pose. Interest rate, currency and price risks are regarded as market risks. The business operations of Group companies do not as such comprise taking own positions in the equity or bond market for trading purposes. Therefore, market risks are small in this respect.

Interest rate risk
Interest rate risk means the uncertainty of the cash flow and result that results from changes in interest rates. The business operations of Group companies do not as such comprise taking own positions in the bond market for trading purposes. Therefore, there are no market risks in this respect. The possible interest rate risk of the Group mainly arises from short and long-term interest-bearing loans.

Loans with variable interest rates expose the Group to an interest rate risk, which can be hedged with interest rate swaps, when necessary. The interest rate risk is also managed through the planning of the balance sheet structure. The Group did not have any interest-bearing liabilities at the end of the reporting period.

Currency risk
Currency risk means the uncertainty of the cash flow and result arising from changes in exchanges rates. The Group company operations are mainly denominated in euros, which means that there is no significant currency risk in this respect.

eQ Plc's private equity investments are mainly euro-denominated, which means that the investment operations do not expose the Group to any significant currency risk. eQ does not separately monitor changes arising from foreign exchange rates in its private equity operations but regards them as part of the change in the investment object's fair value. eQ's investments in private equity funds are divided into different currencies as follows:

Private equity fund investments in foreign currencies and change in fair value in euros, EUR million:

				DECREASE IN VALUE AGAINST THE EURO	
31 DEC. 2018	**CURRENCY**	**EURO**	**%**	**10 %**	**20 %**
EUR million	14.6	14.6	86.1 %		
GBP million	0.0	0.0	0.1 %	0.0	0.0
USD million	2.7	2.3	13.8 %	-0.2	-0.5
		16.9			

				DECREASE IN VALUE AGAINST THE EURO	
31 DEC. 2017	**CURRENCY**	**EURO**	**%**	**10 %**	**20 %**
EUR million	16.5	16.5	87.8 %		
GBP million	0.5	0.5	2.9 %	-0.1	-0.1
USD million	2.1	1.8	9.4 %	-0.2	-0.4
		18.8			

Price risk

Price risk means the possibility of loss due to fluctuations in market prices.

The Group's parent company eQ Plc makes investments in private equity funds from its own balance sheet. eQ Plc's private equity 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 major factors influencing the value of eQ's investments in private equity funds are the values of the companies included in the portfolio and factors influencing them, such as the:

- financial success of the underlying company
- growth outlook of the underlying company,
- valuation of peers,
- valuation method selected by the management company of the fund.

The price risk of eQ's private equity fund portfolio has been diversified by making investments in different sectors, geographic areas, and funds investing in different development stages. At the end on 2018, there were altogether about 550 indirectly owned companies in eQ's private equity portfolio. The impact of one individual risk on the value of eQ's private equity fund portfolio is small, owing to efficient diversification.

The impact of the price risk of the private equity portfolio on shareholders' equity:

At the end of 2018, a 10% change in the market value of the private equity fund portfolio corresponded to a change of EUR 1 352.7 thousand in the shareholders' equity. At the end of 2017, a 10% change in the market value of the private equity fund portfolio corresponded to a change of EUR 1 503.3 thousand in the shareholders' equity.

Liquidity risk

Liquidity risk means the risk that the company's liquid assets and possibilities of getting additional financing are not sufficient for covering business needs. Liquidity risk arises from the unbalance of cash flows.

The Group's liquidity is monitored continuously, and good liquidity is maintained by only investing the surplus liquidity in objects with a low risk, which can be turned into cash rapidly and at a clear market price. The capital calls and exits from target companies of the own private equity fund investments have a major impact on liquidity.

The Group's major source of financing is a positive cash flow. In addition, the Group's parent company has access to a credit limit of EUR 4.0 million in order to safeguard the availability and flexibility of financing.

The table below describes the maturity analysis of debts based on agreements.

Maturity distribution of debts, EUR 1 000

31 DEC. 2018	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Loans from financial institutions	-	-	-	-
Accounts payable and other liabilities	322	-	-	322
Total	322	-	-	322

31 DEC. 2017	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Loans from financial institutions	-	-	-	-
Accounts payable and other liabilities	355	-	-	355
Total	355	-	-	355

Credit risk

Credit risk means that a customer or counterparty does not fulfil its obligations arising from a credit relation and that the security that may have been issued is not sufficient for covering the receivable. The Group's contractual counterparties are clients, who buy the company's services, and partners. The Group does not give any actual credits, which means that the credit risks mainly arise from the own investment portfolio. eQ Plc has tried to manage the credit risk related to private equity operations by diversifying the private equity investments well. eQ only makes new private equity investments in private equity funds managed by the Group.

In addition, eQ Group may invest surplus liquidity in accordance with an investment policy that it has approved. Liquid assets are invested in fixed-income funds with short maturity and continuous liquidity, in bank deposits or other corresponding short-term interest rate instruments with a low risk where the counterparties are solid and have a high credit rating. The credit risk of the asset management and corporate finance operations is related to commission receivables from clients, which are monitored daily.

As for credit risks, eQ calculates its minimum capital adequacy requirements by using the so called standardised approach. Among eQ Group's liabilities, only such credit institution liabilities for which there is an external credit rating have been risk-weighted according to the ratings of external rating institutions. eQ Group's own private equity investments are treated as investments with an especially high risk in the capital adequacy calculations, their risk weight being 150%. Liabilities related to investments in fixed-income funds within the frames of excess liquidity are divided between different risk weights based on the credit rating distribution issued by the fund.

Operational risks

Operational risks may arise from inadequate or failed internal processes, people and systems, or from external events. Operational risks also cover legal and reputation risks, and they are managed by, for instance, developing internal processes and seeing to it that the instructions are good and the personnel is offered sufficient training.

Legal risks are included in operational risks and can be related to agreements between the Group and different partners. The Group tries to identify these risks by going through any agreements thoroughly and using the help of external experts, when necessary.

The Group carries out a self-assessment of operational risks annually. The aim is to identify operational risks, assess the probability and impacts of each separate risk and try to find out ways of decreasing the risks.

In the self-assessments, the key employees of different functions assess all potential operational risks in their operating environment. The Group tries to define the expected value for risk transactions, i.e. the most likely amount of loss during the year. The expected value is calculated by multiplying the assessed number of risk occurrences and the assessed amount of one single loss in euros. The results of this assessment are used for planning the measures with which operational risks are cut down.

eQ calculates the capital requirement regarding operational risk based on the so-called basic indicator approach, which uses the weighted average of the return indicators for the three previous years. When assessing the risk-based capital of the operational risk, the Group uses risk reviews that are based on the self-assessments of different functions.

Risks arising from business operations and external operating environment

The sources of income in Group operations have been diversified to different sources of income. Con-sequently, the Group can prevent excessive dependence on one single source of income.

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 operations depends on the development of the assets under management, which is dependent of the development of the capital market. The management fees of private equity funds are based on long-term agreements that produce a stable cash flow, however. The result of the corporate finance operations is markedly influenced by success fees, which are dependent on the number of corporate and real estate transactions. These vary considerably within one year and are dependent on economic trends.

The Group tries to manage the risks associated with its business operations through a flexible, longterm business strategy, which is reviewed at regular intervals and updated when necessary.
The impact of the risks associated with the external operating environment (business, strategic and reputation risks and risks arising from changes in the compliance environment) on the Group's result, balance sheet, capital adequacy and need of capital is assessed continuously as part of the day-to-day operations and at regular intervals in connection with the top management's strategy planning process. The regular planning assesses the impact on the result, balance sheet and capital adequacy. In the assessment, the company's assets must clearly exceed the minimum requirement set by authorities even in the alternative scenario. The Group aims to maintain a sufficient equity buffer with which it can meet any risks posed by the external operating environment.

Other risks

Risks associated with property and indemnity risks

The Group has insurance policies for property, interruption and indemnity risks. The coverage of the insurance policies is assessed annually. The Group also protects its property with security control and passage rights.

Risks associated with the concentration of business

eQ Group offers overall investment services, i.e. individual asset management and mutual funds for its clients, covering individuals, companies and institutional investors. In addition, the Group offers asset management and advisory services related to private equity investments as well as corporate finance services. In normal situations, there are no essential concentration risks in the Group's operations that would have an impact on the need of capital, at least not to any significant extent, which means that there is no need to maintain a separate risk-based capital regarding the concentration of operations.

3 Capital management

The aim of the Group's capital management is to create an efficient capital structure that ensures normal operating preconditions and growth opportunities for the Group as well as the sufficiency of capital in relation to the risks associated with the operations. The Group can influence the capital structure through dividend distribution and share issues, for instance. The capital managed is the shareholders' equity shown on the balance sheet. At the end of the accounting period 2018, the shareholders' equity amounted to EUR 62.2 million and the equity to assets ratio was 79.6%. The main source of financing is the positive cash flow of operations. The Group also has access to a credit limit. No covenants are associated with the Group's credit limit. The Group's net gearing has been presented in the table below. The ratio is calculated by dividing net debt with shareholders' equity. The Group management monitors the development of net debt as part of capital management.

Net gearing, EUR 1 000

	2018	2017
Interest-bearing financial liabilities	0	0
Financial securities	9 869	10 066
Liquid assets	15 848	14 629
Net debt	-25 717	-24 695
Total shareholders' equity	62 249	62 661
Net gearing, %	-41.3 %	-39.4 %

The sufficiency of capital is assessed by comparing the available capital with the capital needed for covering risks. The starting point of capital planning consists of the assessments of the future development of business and the possible impacts of the risks associated with the operations on the operations. The plans take into consideration the viewpoints of different stakeholders, e.g. authorities, creditors and owners.

4 Capital adequacy and its management

eQ Group comprises a fully-owned subsidiary of eQ Plc, eQ Asset Management Ltd, which an investment firm. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the Basel III/CRD IV regulations. Capital adequacy management is a central part of pillar 2 of the capital adequacy regulations. According to them, investment firms are obliged to consider their capital adequacy in relation to risks in a more extensive manner than just fulfilling the capital adequacy requirements set out in the first pillar regarding credit, market and operational risks. In the capital adequacy management process, the company builds a motivated view of essential risks and the risk-based capital need required by them, which is not the same as the capital adequacy requirement of pillar 1 and may deviate from it. The capital adequacy management process deals with risks that are not taken into consideration in pillar 1 capital adequacy requirements, including qualitative risks. The capital adequacy management process also takes a stand on the sufficient level of risk management and inter-nal control regarding each separate risk.

The capital adequacy management process is carried out at least once a year in connection with the planning of operations and budgeting. The process results in a capital plan describing the risk-based capital need, the sufficiency of capital and capital adequacy. More information on the Group's capital adequacy has been presented as part of the Annual Report.

Capital adequacy, EUR 1 000

	CRR 31 DEC. 2018 EQ GROUP	CRR 31 DEC. 2017 EQ GROUP
Equity	62 249	62 661
Common equity tier 1 (CET 1) before deductions	62 249	62 661
Deductions from CET 1		
Intangible assets	-29 446	-29 431
Unconfirmed profit for the period	-17 799	-15 922
Dividend proposal by the Board*	-2 563	-2 831
Common equity tier 1 (CET1)	12 441	14 477
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	12 441	14 477
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	12 441	14 477
Risk-weights, total	128 956	121 253
of which credit risk	48 464	49 147
of which market risk - currency risk	4 576	5 469
of which operational risk	75 916	66 636
Common equity tier 1 (CET1) / risk-weights, %	9.6 %	11.9 %
Tier 1 (T1) / riskweights, %	9.6 %	11.9 %
Total capital (TC) / risk -weights, %	9.6 %	11.9 %
Leverage ratio, %	22.0 %	25.7 %
Tier 1	12 441	14 477
Total amount of exposure	56 556	56 296
Total amount of exposure:		
Balance sheet items excl. intangible assets	48 765	47 380
Off-balance sheet items	7 791	8 917
Excess of total capital compared with the minimum level (8% solvency ratio)	2 125	4 777
Excess of total capital compared with the target level (10% solvency ratio)	-454	2 351

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

The leverage ratio has been calculated based on information at the end of the year by dividing the tier 1 capital according to the capital requirement regulation (CRR) with the total amount of exposures. The total amount of exposures is the total amount of the exposure values and the off-balance sheet items that have not been deducted when defining tier 1 capital.

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

5 Segment information

The Asset Management segment comprises services related to mutual and private equity funds, discretionary asset management, structured investment products, investments insurance policies and a wide range of mutual funds offered by international partners. The Corporate Finance segment com-prises services related to mergers and acquisitions, real estate transactions and equity capital markets. The business operations of the Investments segment consist of private equity fund investments made from eQ Group's own balance sheet.

1 JAN. TO 31 DEC. 2018	ASSET MAN.	CORPORATE FINANCE	INVESTMENTS	OTHER	ELIMINATIONS	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

1 JAN. TO 31 DEC. 2017	ASSET MAN.	CORPORATE FINANCE	INVESTMENTS	OTHER	ELIMINATIONS	GROUP TOTAL
Fee and commission income	34 060	5 232	-	-		39 292
From other segments	200	-	-	-	-200	0
Interest income	-	-	-	4		4
Net income from financial assets	-	-	1 594	144		1 738
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	0
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	0
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 as-sets	-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.

eQ Plc does not have any single clients the income from which would exceed 10% of the total income.

Geographic information:
Net revenue per country, EUR 1 000

DOMICILE	2018	2017
Finland	45 345	40 597
Other countries	23	83
Total	45 367	40 680

The other countries comprise Guernsey.
External net revenue is presented based on domicile.

Notes to the Consolidated Income Statement

EUR 1 000	2018	2017
6 Fee and commission income		
Asset management fees		
Management fees from traditional asset management	8 611	8 860
Real estate and private equity management fees	25 266	18 183
Other fee and commission income	321	587
Performance fees	2 690	6 430
Total	36 887	34 060
Corporate finance fees	7 083	5 232
Total	43 971	39 292
7 Interest income		
From credit institutions	-	-
Other interest income	3	4
Total	3	4
8 Net income from financial assets		
Private equity fund investments		
Profit distribution from private equity funds	1 863	1 694
Changes in fair value	128	-
Impairment (IAS 39, available for sale)	-	-100
Total	1 991	1 594
Other investment operations		
Changes in fair value	-170	-
Sales profits/losses	-27	144
Total	-197	144
Total	1 794	1 738

EUR 1 000	2018	2017
9 Fee and commission expenses		
Custody fees	-392	-346
Other fees	-8	-8
Total	-400	-354
10 Interest expenses		
To credit institutions	0	0
Other interest expenses	-1	-1
Total	-1	-1
11 Administrative expenses		
Expenses related to employee benefits		
Short-term employee benefits		
Salaries and remuneration	-14 639	-12 701
Other indirect employee costs	-772	-781
Share-related payments	-522	-522
Benefits after end of employment		
Pension costs - defined contribution plans	-2 394	-2 071
Total	-18 327	-16 075
Other administrative expenses		
Other personnel expenses	-392	-403
IT and connection expenses	-967	-1 042
Other administrative expenses	-875	-824
Total	-2 234	-2 269
Total	-20 561	-18 344
12 Depreciation		
Depreciation on tangible assets	-98	-98
Depreciation on intangible assets		
Customer agreements	-	-15
Other intangible assets	-118	-168
Total	-216	-282

13 Other operating expenses

EUR 1 000	2018	2017
Expert fees	-56	-59
Audit fees		
Audit fees	-95	-97
Tax consulting	-	0
Other services	-10	-10
Total	-105	-107
Other expenses		
Other expenses	-978	-946
Premises	-1 002	-816
Total	-1 980	-1 762
Total	-2 141	-1 928

14 Income tax

EUR 1 000	2018	2017
Direct taxes for the financial period	-4 679	-4 220
Changes in deferred taxes	29	21
Total	-4 651	-4 198
Deferred tax related to items entered directly into equity	-	48
Tax reconciliation		
Profit (loss) before taxes	22 450	20 121
Taxes calculated with the parent company's tax rate	-4 490	-4 024
Income not subject to tax	1	1
Non-deductible expenses	-55	-25
Taxes for previous financial periods	1	-34
Consolidations and eliminations	-107	-116
Taxes in income statement	-4 651	-4 198

Deferred taxes have been calculated using tax rates valid up to the balance sheet date.

15 Earnings per share

EUR 1 000	2018	2017
Earnings per share attributable to equity holders of the parent company	17 799	15 922
Shares 1 000 shares *)	37 609	37 289
Earnings per share calculated from the profit of equity holders of the parent company:		
Earnings per share, EUR	0.47	0.43
Diluted earnings per share, EUR	0.45	0.40

*) Calculated using the weighted average number of shares

Notes to the Consolidated Balance Sheet

EUR 1 000	2018	2017
16 Claims on credit institutions		
Repayable on demand		
From domestic credit institutions	15 576	14 241
From foreign credit institutions	224	358
Total	15 800	14 599
17 Shares and participations		
Financial assets		
Private equity fund investments		
Book value on 1 Jan.	18 792	19 209
Increases	1 976	3 151
Decreases	-3 987	-3 327
Value adjustment	128	-141
Permanent impairment	-	-100
Book value on 31. Dec.	16 909	18 792
Financial securities		
Book value on 1 Jan.	10 066	10 076
Increases	8 500	17 921
Decreases	-8 500	-18 021
Value adjustment	-170	-55
Sales profit (loss)	-27	144
Book value on 31 Dec.	9 869	10 066
18 Intangible and tangible assets		
Tangible assets		
Machinery and equipment, acquisition cost on 1 Jan.	981	942
Increases	92	39
Decreases	-	-
Machinery and equipment, acquisition cost on 31 Dec.	1 073	981
Accumulated depreciation and impairment on 1 Jan.	-681	-582
Depreciation for the period	-98	-98
Accumulated depreciation and impairment on 31 Dec.	-779	-681
Tangible assets on 31 Dec.	294	301
Other tangible assets on 1 Jan.	8	8
Other tangible assets on 31 Dec.	8	8

EUR 1 000	2018	2017
Intangible assets		
Other intangible assets		
Intangible assets, acquisition cost on 1 Jan.	1 856	1 696
Increases	133	160
Decreases	-	-
Intangible assets, acquisition cost on 31 Dec.	1 989	1 856
Accumulated depreciation and impairment on 1 Jan.	-1 637	-1 469
Depreciation for the period	-118	-168
Accumulated depreciation and impairment on 31 Dec.	-1 755	-1 637
Other intangible assets on 31. Dec.	233	218
Customer agreements		
Intangible assets, acquisition cost on 1 Jan.	6 713	6 713
Increases/decreases	-	-
Intangible assets, acquisition cost on 31 Dec.	6 713	6 713
Accumulated depreciation and impairment on 1 Jan.	-6 713	-6 697
Depreciation for the period	-	-15
Accumulated depreciation and impairment on 31 Dec.	-6 713	-6 713
Customer agreements on 31 Dec.	0	0
Intangible assets on 31. Dec.	233	218
Goodwill, acquisition cost on 1 Jan.	25 212	25 212
Increases/decreases	-	-
Goodwill, acquisition cost on 31. Dec.	25 212	25 212
Brands on 1 Jan.	4 000	4 000
Increases/decreases	-	-
Brands on 31 Dec.	4 000	4 000
Intangible assets, book value on 31 Dec.	29 446	29 431

Goodwill and value of brands

eQ Plc has in its consolidated balance sheet goodwill generated from corporate acquisitions related to the asset management and corporate finance operations. The goodwill associated with the asset management operations is related to the acquisition of Finnreit Fund Management Company Ltd in September 2013, the acquisition of Icecapital Asset Management Ltd in November 2012, the acquisition of eQ Asset Management Group Ltd in March 2011, and the acquisition of Mandatum Private Equity Fund Ltd in December 2005. The goodwill associated with corporate finance operations is related to the acquisition of Advium Corporate Finance Ltd in March 2011.

Allocation of goodwill to cash-generating units, EUR million:

	31 DEC. 2018	31 DEC 2017
Asset Management	17.9	17.9
Corporate Finance	7.3	7.3

Additionally, a total of EUR 4.0 million concerning asset management and corporate finance operations has been allocated to intangible assets by calculating fair values for the acquired brands. In connection with the acquisition of eQ Asset Management Group Ltd, EUR 2.0 million was allocated to the eQ brand by calculating a fair value for the brand. In connection with the acquisition of Advium Corporate Finance Ltd, EUR 2.0 million was allocated to the Advium brand by calculating a fair value for the brand. The useful lives of the brands have been deemed as unlimited, as their strong recognisability supports the management's view that they will generate cash flows during a period of time that cannot be defined.

Allocation of brands to cash-generating units, EUR million:

	31 DEC. 2018	31 DEC. 2017
Asset Management	2.0	2.0
Corporate Finance	2.0	2.0

Impairment testing

No depreciation is booked for intangible assets that have an unlimited useful life but they are tested annually for impairment. For the testing of impairment, the recoverable amount of the assets item has been defined by calculating the asset items' value in use. The calculations are based on five-year cash flow plans approved by the management.

The income cash flows of asset management are based on assets that are managed under asset management agreements. The development of the assets under management and the income cash flow of asset management operations depend essentially on the development of the capital market. The income cash flow of the corporate finance operations is markedly influenced by success fees, which are dependent on the number of corporate and real estate transactions. These vary considerably within one year and are dependent on economic trends. The estimate on the income cash flow of the corporate finance operations is based on the management's view on the number of future transactions. The future expense cash flows of the impairment calculations are based on the Group management's cost estimates for the future.

Cash flow that extends beyond the five-year prognosis period has been calculated by using the so-called final value method, in which the management's conservative estimate on the long-term growth of the cash flow has been applied when defining growth. An annual growth of 1% has been used as the growth factor of the final value.

In the calculations, the management uses as discount rate before taxes, which reflects the view on the time value of money and the special risks related to the asset item. In 2018, the discount rate was 8.4% (8.3% in 2017).

The impairment tests show no indication of decrease in value.

Sensitivity analysis

The impairment test calculations have been subjected to sensitivity analyses by using poorer scenarios than the actual prognoses. With these scenarios, we wanted to study the change of the value in use by changing the basic assumptions of value definition. The future income and expense cash flows, discount rate and growth speed of the final value were changed in the sensitivity analyses. The scenarios were formed by changing the assumptions as follows:

- by using annually an income cash flow that is 20% lower than the original prognosis at the most
- by using annually an expense cash flow that is 20% higher than the original prognosis at the most
- by using 0% growth in the final value calculations
- by using a 4% higher discount rate at the most

Based on the sensitivity analyses, none of the scenarios alone changes the recoverable amount to such an extent that it would lead to a situation where the book value exceeds the value in use. Based on the impairment tests conducted, there is no need to make any impairment write-downs. The management feels that the above-described theoretical changes made in the basic assumptions of the scenarios should not be interpreted as any proof for their likelihood. Sensitivity analyses are hypothetical and must therefore be treated with certain reservation.

As for corporate finance operations, a relatively possible change in the central assumption, based on which the recoverable amount has been defined, can result in a situation where the book value of goodwill and brand value exceeds the recoverable amount. If the operating profit level of the corporate finance operations is 79% lower than in 2018 in each year during the following five-year period, partial write-down of goodwill is possible. The corporate finance operations' value in use exceeds the book value of the goodwill and brand in the 2018 goodwill test by EUR 27.0 million. The result of the corporate finance operations is markedly influenced by success fees, which are dependent on the number of corporate and real estate transactions. These vary considerably within one year and are dependent on economic trends.

EUR 1 000	2018	2017

19 Other assets

Sales receivables	3 439	852
Management fee receivables	1 356	1 418
Other receivables	292	403
Total	5 087	2 673

Sales receivables EUR 3 349 thousand, age distribution: not due.

20 Accruals and prepaid expenditure

Other accruals	602	607
Total	602	607

The other accruals include prepayments for pension and employer insurance premiums of EUR 1 thousand

21 Deferred tax assets and liabilities

Deferred tax assets		
Changes in fair value	-	271
Deferred tax assets	0	271
Deferred tax liabilities		
Agreements	-	-
Changes in fair value	-	229
Other differences	44	119
Deferred tax liabilities	44	348
Deferred tax assets (-) / tax liabilities (+), net	44	77

The deferred tax assets are booked up to the amount of the probable future taxable income against which unused tax losses can be utilised.

EUR 1 000	2018	2017

22 Other liabilities

Accounts payable	322	355
Fee repayment liabilities	3 064	2 979
Other liabilities	679	586
Total	4 066	3 919

23 Accruals and deferred income

Holiday pay	1 076	949
Other accruals	10 030	8 159
Total	11 106	9 108

24 Balance sheet items denominated in domestic and foreign currencies

31 DEC. 2018	OTHER THAN EUR	EUR	TOTAL
Balance sheet items			
Claims on credit institutions	-	15 800	15 800
Other assets	2 355	60 055	62 410
Total	2 355	75 855	78 211
Other liabilities	-	15 962	15 962
Total	-	15 962	15 962

31 DEC. 2017	OTHER THAN EUR	EUR	TOTAL
Balance sheet items			
Claims on credit institutions	-	14 599	14 599
Other assets	2 302	59 909	62 211
Total	2 302	74 508	76 810
Other liabilities	-	14 149	14 149
Total	-	14 149	14 149

25 Financial assets and liabilities

EUR 1 000	BOOK VALUE	INTEREST INCOME AND EXPENSES	2018 PROFITS AND LOSSES	IMPAIRMENT LOSS	DIVIDEND INCOME
Financial assets					
Financial assets at fair value through profit or loss	26 777	-	1 794	-	-
Sales receivables and other receivables	3 439	-	-	-	-
Liquid assets	15 848	-1	-	-	-
Total	46 064	-1	1 794	-	-
Financial liabilities					
Accounts payable and other liabilities	322	-1	-	-	-
Total	322	-1	-	-	-

EUR 1 000	BOOK VALUE	INTEREST INCOME AND EXPENSES	2017 PROFITS AND LOSSES	IMPAIRMENT LOSS	DIVIDEND INCOME
Financial assets					
Available-for-sale financial assets	28 857	2	1 838	-100	-
Sales receivables and other receivables	852	-	-	-	-
Liquid assets	14 629	0	-	-	-
Total	44 339	2	1 838	-100	-
Financial liabilities					
Accounts payable and other liabilities	355	0	-	-	-
Total	355	0	-	-	-

A credit limit of EUR 4 million is available to eQ Group, EUR 0 of which had been drawn at the end of the financial year 2018.

26 Fair values

EUR 1 000	2018 FAIR VALUE	2018 BOOK VALUE	2017 FAIR VALUE	2017 BOOK VALUE
Financial assets				
Financial assets at fair value through profit or loss/available-for sale financial assets				
Private equity fund investments	16 909	16 909	18 792	18 792
Financial securities	9 869	9 869	10 066	10 066
Sales receivables and other receivables	3 439	3 439	852	852
Liquid assets	15 848	15 848	14 629	14 629
Total	46 064	46 064	44 339	44 339
Financial liabilities				
Accounts payable and other liabilities	322	322	355	355
Total	322	322	355	355

The table presents the fair values and book values of financial assets and liabilities per balance sheet item. The valuation principles of fair values are presented in the principles for preparing the financial statements. The original book value of sales receivables and accounts payable corresponds to their fair value, as the effect of discounting is not material considering their maturity.

27 Value of financial assets across the three levels of the fair value hierarchy

EUR 1 000	31 DEC. 2018 LEVEL 1	LEVEL 3
Financial assets at fair value through profit or loss		
Private equity fund investments	-	16 909
Financial securities	9 869	-
Total	9 869	16 909

Level 3 reconciliation:
At fair value through profit or loss

	PRIVATE EQUITY FUND INVESTMENTS
Opening balance	18 792
Calls	1 976
Returns	-3 987
Change in fair value	128
Closing balance	16 909

	31 DEC. 2017 LEVEL 1	LEVEL 3
Available-for-sale financial assets		
Private equity fund investments	-	18 792
Financial securities	10 066	-
Total	10 066	18 792

Level 3 reconciliation:
Available-for-sale financial assets

	PRIVATE EQUITY FUND INVESTMENTS
Opening balance	19 209
Calls	3 151
Returns	-3 327
Impairment loss	-100
Change in fair value	-141
Closing balance	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 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.

28 Private equity fund investments

EUR 1 000	MARKET VALUE 2018	MARKET VALUE 2017	REMAINING INVESTMENT COMMITMENT 2018	REMAINING INVESTMENT COMMITMENT 2017
Funds managed by eQ:				
Funds of funds:				
eQ PE X North LP	43	-	950	-
eQ PE IX US LP	20	0	914	916
eQ PE VIII North LP	1 232	858	1 595	2 012
eQ PE VII US LP	1 486	853	1 085	1 573
eQ PE VI North LP	1 581	1 186	1 002	1 407
Amanda V East LP	4 194	3 670	682	669
Amanda IV West LP	1 902	2 626	472	614
Amanda III Eastern PE LP	3 751	5 079	448	350
European Fund Inv. LP (EFI II)	33	74	35	35
Total	14 242	14 346	7 185	7 576
Funds managed by others:				
Large buyout funds	1 094	2 202	174	234
Midmarket funds	691	1 300	422	1 096
Venture funds	881	944	12	11
Total	16 909	18 792	7 791	8 917

Market value based on the year of establishment

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

Remaining investment commitment based on the year of establishment

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

29 Equity

Description of equity funds:

Reserve for invested unrestricted equity:
The reserve for invested unrestricted equity includes other investments of equity nature and the subscription price of shares that is not specifically recognised in share capital.

Fair value reserve:
The fair value reserve includes accumulated fair value changes of financial assets and the deferred taxes related to these changes, unless the financial assets have been valued through profit or loss.

30 Contingent liabilities and securities

	2018	2017
Remaining investment commitments in private equity funds	7 791	8 917
Lease and rental agreements less than one year	627	731
Lease and rental agreements exceeding one year but less than five years	2 691	704
Total	11 108	10 352

eQ Group has issued a security for a lease with a balance sheet value of EUR 0.2 million. The security, which has been issued as a mutual fund share, is included in financial securities under financial assets on the balance sheet.

31 Information on related parties

The Group's related parties are the parent company, subsidiaries, associated companies as well as the members of the Board and Management Team, including the CEO. The spouses and other close relatives of the above-mentioned persons are also regarded as related parties. Entities in which said persons exercise control are also considered related parties. The members of the Board, CEO and the Group's Management Team are regarded as key executives.

SALARIES AND REMUNERATION OF EXECUTIVES, EUR 1 000	2018	2017
Salary and remuneration of the CEO	622	450
Salary and remuneration of other Management Team members	1 292	946

The retirement age and pension of the CEO and other members of the Management Team are determined in accordance with the Finnish Employees Pensions Act. The CEO and other members of the Management Team do not have any supplementary pension schemes.

STATUTORY PENSIONS, EUR 1 000	2018	2017
Statutory pensions of the CEO	114	84
Statutory pensions of other members of the Management Team	236	178

The Group executives have been granted 900 000 option rights under the 2010 option scheme, of which 450 000 options to the CEO. Of the options under option scheme 2010 granted to the Group executives a total of 875 000 had been exercised by the end of the financial period 2018.

The Group executives have at the end of the financial period been granted 450 000 option rights under the 2015 option scheme of which 100 000 to the CEO.

The Group executives have at the end of the financial period been granted 450 000 rights to subscribe for options in the 2018 option scheme with a subscription price, of which 100 000 to the CEO. According to the tems and conditions of the 2018 option scheme, the Board of eQ Plc will decide upon the confirmation of the subscriptions made in the issuance of options in March 2019.

The Board of Directors has no share-related rights or other remuneration schemes.

The AGM held on 28 March 2018 decided that the directors be paid the following remuneration:

Chairman of the Board EUR 3 500 and the other directors EUR 2 000 per month. In addition, the directors are paid of fee of EUR 400 for each Board meeting that they attend.

TRANSACTIONS WITH RELATED PARTIES AND RECEIVABLES FROM RELATED PARTIES, EUR 1 000

OTHER TRANSACTIONS WITH RELATED PARTIES:*	2018	2017
Sales	368	253
Receivables	0	0

*eQ Group has offered persons regarded as related parties and the entities that they control asset management services.

HOLDINGS OF THE BOARD AND MANAGEMENT TEAM IN EQ PLC ON 31 DEC. 2018:

The table below shows the personal holdings of the members of the Board and the Management Team and companies under their control.

	SHARES	SHARE OF VOTES AND SHARES, %
Ehrnrooth, Georg*	8 018 137	21.26 %
Berner, Nicolas	60 000	0.16 %
Kokkila, Timo	10 000	0.03 %
Poutiainen, Annika	1 100	0.00 %
Larma, Janne	5 945 275	15.77 %
Jåfs, Staffan	6 778	0.02 %
Koskimies, Mikko	4 100 000	10.87 %
Surve, Juha	40 000	0.11 %

*Georg Ehrnrooth together with his brothers Henrik Ehrnrooth and Carl-Gustaf Ehrnrooth, holds a controlling interest in Fennogens Investments S.A.

32 Subsidiaries

The following subsidiaries are part of the Group at the end of the financial year:

COMPANY	DOMICILE	HOLDING/ SHARE OF VOTES
eQ Asset Management Ltd	Finland	100 %
eQ Fund Management Company Ltd	Finland	100 %
eQ Life Ltd	Finland	100 %
Advium Corporate Finance Ltd	Finland	100 %
eQ Private Equity GP Ltd	Finland	100 %
Nordic Venture Managers Limited	Guernsey	100 %
EFI II GP Limited	Scotland	100 %

33 Shares in entities not included in the consolidated financial statements

eQ Group has investment commitments in the following private equity funds in form of limited partnerships that are under the Group's management and that have not been consolidated in eQ Group as subsidiaries. eQ Group's shares in structured entities that are not consolidated as subsidiaries had a total market value of EUR 14.2 million on 31 December 2018 (EUR 14.3 million on 31 Dec. 2017). In 2018, the Group received from said funds management fees totalling EUR 5.6 million (EUR 4.7 million 1 Jan. to 31 Dec. 2017) and a profit distribution from own investments totalling EUR 1.5 million (EUR 0.6 million). In 2018, eQ Plc made an investment commitment of USD 1.0 million in the eQ PE X North Fund.

eQ has assessed that it does not exercise control in said private equity funds based on the size of eQ's own investment commitment compared with the size of the fund, exposure to the fund's variable income and the right to manage significant functions. These private equity fund investments are included in financial assets entered in the balance sheet at fair value through profit or loss.

The presented balance sheet values describe the possible maximum loss to which eQ Group is exposed. eQ Group has not given any other commitments on financial support nor does the Group currently have any intention of giving financial support to the structured entities not included in the consolidated financial statements in the foreseeable future. The private equity funds have been financed with investment commitments by investors. More information about eQ Group's risks related to private equity investments can be found in Note 2.

EUR 1 000

31 DEC. 2018	SIZE OF THE FUND	EQ'S ORIGINAL COMMITMENT	MARKET VALUE OF EQ'S INVESTMENT	EQ'S REMAINING COMMITMENT
eQ PE X North LP	175 000	1 000	43	950
eQ PE IX US LP	88 400	916	20	914
eQ PE VIII North LP	160 000	3 000	1 232	1 595
eQ PE VII US LP	67 400	2 549	1 486	1 085
eQ PE VI North LP	100 000	3 000	1 581	1 002
Amanda V East LP	50 000	5 000	4 194	682
Amanda IV West LP	90 000	5 000	1 902	472
Amanda III Eastern PE LP	110 200	10 000	3 751	448
Eur. Fund Inv. LP (EFI II)	88 000	880	33	35
Total	929 000	31 345	14 242	7 185

31 DEC. 2017	SIZE OF THE FUND	EQ'S ORIGINAL COMMITMENT	MARKET VALUE OF EQ'S INVESTMENT	EQ'S REMAINING COMMITMENT
eQ PE IX US LP	88 400	916	0	916
eQ PE VIII North LP	160 000	3 000	858	2 012
eQ PE VII US LP	67 400	2 549	853	1 573
eQ PE VI North LP	100 000	3 000	1 186	1 407
Amanda V East LP	50 000	5 000	3 670	669
Amanda IV West LP	90 000	5 000	2 626	614
Amanda III Eastern PE LP	110 200	10 000	5 079	350
Eur. Fund Inv. LP (EFI II)	88 000	880	74	35
Total	754 000	30 345	14 346	7 576

Shares and shareholdings

Major shareholders

MAJOR SHAREHOLDERS	NUMBER OF SHARES	SHARE OF SHARES AND VOTES, %
Fennogens Investments S.A.	7 943 137	21.07 %
Chilla Capital S.A.	5 945 275	15.77 %
Anchor Oy Ab	5 803 677	15.39 %
Teamet Oy	4 100 000	10.87 %
Oy Cevante Ab	1 419 063	3.76 %
Fazer Jan	1 298 306	3.44 %
Lavventura Oy	650 000	1.72 %
Linnalex Ab	631 652	1.68 %
Pinomonte Ab	529 981	1.41 %
Procurator-Holding Oy	473 892	1.26 %
Umo Invest Oy	415 719	1.10 %
Leenos Oy	275 069	0.73 %
Leppä Jukka-Pekka	225 000	0.60 %
Louko Antti Jaakko	218 000	0.58 %
Liikesivistysrahaston Kannatusyhdistys R.Y.	201 800	0.54 %
Mononen Matti	180 000	0.48 %
Johansson Ole Henrik	150 000	0.40 %
Viskari Jyri	150 000	0.40 %
Lund Dick Peter	147 285	0.39 %
Sever Match Oy	140 000	0.37 %
Others	6 809 342	18.06 %
Total	37 707 198	100.00 %

The information is based on the situation in the shareholders' register kept by Euroclear Finland Ltd on 31 December 2018.

Ownership structure by sector on 31 Dec. 2018

	NUMBER OF SHARES	SHARE OF SHARES AND VOTES
Corporations	15 308 089	40.60 %
Financial and insurance institutions	504 052	1.34 %
Public sector entities	60 037	0.16 %
Households	7 499 056	19.89 %
Foreign	13 940 932	36.97 %
Others [1]	395 032	1.05 %
Total	37 707 198	100.00 %

1) The item Others comprises non-profit organisations.

Ownership structure according to number of shares held

SHARES NO. PER SHAREHOLDER	NUMBER OF SHAREHOLDERS	SHARE OF SHAREHOLDERS, %
1 – 100	1 825	33.48 %
101 – 500	1 977	36.27 %
501 – 1 000	717	13.15 %
1 001 – 5 000	721	13.23 %
5 001 – 10 000	102	1.87 %
10 001 – 50 000	67	1.23 %
50 001 – 100 000	19	0.35 %
100 001 – 500 000	14	0.26 %
500 001 –	9	0.17 %
Total	5 451	100.00 %

SHARES NO. PER SHAREHOLDER	NUMBER OF SHARES	SHARE OF SHAREHOLDERS, %
1 – 100	83 238	0.22 %
101 – 500	543 690	1.44 %
501 – 1 000	562 329	1.49 %
1 001 – 5 000	1 570 170	4.16 %
5 001 – 10 000	739 101	1.96 %
10 001 – 50 000	1 411 855	3.74 %
50 001 – 100 000	1 418 645	3.76 %
100 001 – 500 000	3 057 079	8.11 %
500 001 –	28 321 091	75.11 %
Total	37 707 198	100.00 %

Nominee-registered shares

Of the company shares, 334 165 were nominee-registered, representing 0.89% of the votes and shares.

SHARES AND SHARE CAPITAL	NUMBER OF SHARES	SHARE CAPITAL
1 Jan. 2018	37 507 198	11 383 873
Decreases	-	-
Increases	200 000	-
31 Dec. 2018	37 707 198	11 383 873

The number of eQ Plc's shares increased by 200 000 on 29 June 2018 with new shares subscribed for with the 2010 option rights.

Each share in eQ Plc carries one vote, and all shares have equal rights.

The shares do not have a nominal value. All issued shares have been paid in full.

Own shares

eQ Plc held no own shares at the end of the financial period on 31 December 2018.

Management ownership

Management ownership is specified in the note on related parties.

Option schemes

eQ Plc's Board of Directors has decided to grant option rights to key employees in the eQ Group selected by the Board. Each option right entitles the holder to subscribe for one new share in eQ Plc. The option rights are intended as part of the commitment scheme of key employees.

The option rights are valued at fair value on the date of their issue and entered as expense in the income statement during the period when the right arises. The fair value of the issued options on the day of issue has been defined by using the Black-Scholes option pricing model.

OPTION SCHEME 2010:	2010 OPTIONS
Number of options	2 000 000
Share subscription period begins	1 April 2012-16
Share subscription period ends	31 May 2020

Share subscription price — The original share subscription price with an option right is EUR 2.50. The subscription price of the share subscribed for with the option right will be reduced with the amount of the dividend and equity repayment that have been decided on before the share subscription on the record date of the distribution of divided or equity repayment. The subscription price on 31 December 2018 was EUR 0.11.

	2018	2017
Number of issued options at the beginning of the period	1 700 000	1 700 000
Options granted during the period	-	-
Number of issued options at the end of the period	1 700 000	1 700 000
Exercised options by the end of the period	1 350 000	1 150 000
Number of outstanding options	350 000	550 000
Exercisable options at the end of the period	350 000	550 000

OPTION SCHEME 2015:	**2015 OPTIONS**
Number of options	2 000 000
Share subscription period begins	1 April 2019
Share subscription period ends	1 April 2021

Share subscription price — The original share subscription price with an option right is EUR 5.15.
The subscription price of the share subscribed for with the option right will be reduced with the amount of the dividend and equity repayment that have been decided on before the share subscription on the record date of the distribution of divided or equity repayment. The subscription price on 31 December 2018 was EUR 3.65.

	2018	**2017**
Number of issued options at the beginning of the period	1 575 000	1 575 000
Options granted during the period	-	-
Options returned during the period	-	-
Number of issued options at the end of the period	1 575 000	1 575 000
Exercised options by the end of the period	-	-
Number of outstanding options	1 575 000	1 575 000
Exercisable options at the end of the period	0	0

OPTION SCHEME 2018:	**2018 OPTIONS**
Number of options	2 000 000
Share subscription period begins	1 April 2022
Share subscription period ends	1 April 2024

Share subscription price — The original share subscription price with an option right is EUR 7.88.
The subscription price of the share subscribed for with the option right will be reduced with the amount of the dividend and equity repayment that have been decided on before the share subscription on the record date of the distribution of divided or equity repayment. The subscription price on 31 December 2018 was EUR 7.88.

	2018
Number of issued options at the beginning of the period	0
Options subscribed for during the period*	1 875 000
Options returned during the period	-
Number of issued options at the end of the period	1 875 000
Exercised options by the end of the period	-
Number of outstanding options	1 875 000
Exercisable options at the end of the period	0

INFORMATION USED IN THE BLACK-SCHOLES MODEL:	**DISTRIBUTED IN 2018**
Expected volatility	15 %
Interest rate on grant date	0 %

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

Parent Company Income Statement (FAS)

EUR	NOTE NO.	2018	2017
Fee and commission income	2	76 800.00	76 800.00
Income from equity investments			
From Group undertakings	3	169 644.00	498 732.00
Interest income	4	3 362.22	1 698.39
Net income from financial assets	5	1 776 974.14	1 738 417.46
INVESTMENT FIRM INCOME		2 026 780.36	2 315 647.85
Fee and commission expenses	6	-207 999.92	-208 001.40
Interest expenses	7	-6 406.07	-6 565.20
Administrative expenses		-1 461 569.80	-1 103 653.75
Personnel expenses	8	-1 206 890.53	-903 894.87
Salaries and remuneration		-1 021 237.73	-753 037.12
Indirect employee costs		-185 652.80	-150 857.75
Pension costs		-169 332.34	-132 428.22
Other indirect employee costs		-16 320.46	-18 429.53
Other administrative expenses	9	-254 679.27	-199 758.88
Depreciation and impairment on tangible and intangible assets	10	-34 373.64	-22 957.20
Other operating expenses	11	-370 868.39	-331 139.49
OPERATING PROFIT (LOSS)		-54 437.46	643 330.81
Appropriations	12	23 065 000.00	19 100 000.00
Income tax	13	-4 591 280.95	-3 885 709.92
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		18 419 281.59	15 857 620.89

Parent Company Balance Sheet (FAS)

EUR	NOTE NO.	31 DEC. 2018	31 DEC. 2017
ASSETS			
Liquid assets		-	6 240.00
Claims on credit institutions			
Repayable on demand	14	2 028 924.21	2 920 020.09
Shares and participations	15, 24	26 732 187.80	28 771 162.93
Shares and participations in			
Group undertakings	15	29 159 555.41	27 159 555.41
Intangible assets	16	50 211.33	17 380.64
Tangible assets			
Other tangible assets	16	37 862.87	47 681.99
Other assets	17	1 250 000.00	5 585.96
Accruals and prepaid expenditure	18	44 254.65	42 583.83
Deferred tax assets	19	-	223 448.67
TOTAL ASSETS		59 302 996.27	59 193 659.52

EUR	NOTE NO.	31 DEC. 2018	31 DEC. 2017
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to the public and public sector entities			
Other		700 000.00	700 000.00
Other liabilities			
Other liabilities	20	1 058 087.21	722 121.11
Accruals and deferred income	21	2 036 693.43	1 721 848.21
Deferred tax liabilities	19	-	229 160.59
TOTAL LIABILITIES		3 794 780.64	3 373 129.91
EQUITY	25		
Share capital		11 383 873.00	11 383 873.00
Restricted equity			
Fair value reserve		-	-111 371.62
Unrestricted equity			
Reserve for invested unrestricted equity		25 179 998.10	27 783 501.96
Retained earnings		525 062.94	906 905.38
Profit (loss) for the period		18 419 281.59	15 857 620.89
TOTAL EQUITY		55 508 215.63	55 820 529.61
TOTAL LIABILITIES AND EQUITY		59 302 996.27	59 193 659.52

Parent Company Cash Flow Statement (FAS)

EUR 1 000	2018	2017
Cash flow from operations		
Operating profit	23 011	19 743
Adjustments:		
Depreciation and impairment	34	123
Interests received	-3	-2
Interests paid	6	7
Dividends received	-170	-499
Transactions with no related payment transactions	51	0
Financial assets - private equity funds	1 961	45
Change in working capital		
Business receivables, increase (-) decrease (+)	-1 246	1 841
Interest-free liabilities, increase (+) decrease (-)	-93	1 279
Total change in working capital	-1 339	3 120
Cash flow from operations before financial items and taxes	23 551	22 538
Interests received	3	2
Interests paid	-6	-7
Dividends received	170	499
Taxes	-3 853	-3 284
Cash flow from operations	19 864	19 748
Cash flow from investments		
Investing activities in tangible and intangible assets	-57	-10
Investing activities in investments	-2 000	-3
Investing activities in other investments - liquid mutual funds	27	-44
Cash flow from investments	-2 030	-57
Cash flow from financing		
Dividends paid	-18 754	-18 489
Share issue	22	323
Cash flow from financing	-18 732	-18 165
Increase/decrease in liquid assets	-897	1 526
Liquid assets on 1 Jan.	2 926	1 400
Liquid assets on 31 Dec.	2 029	2 926

Notes to the Parent Company Financial Statements

1 Principles for preparing the Financial Statements

General

When preparing the financial statements, the company has followed the Ministry of Finance Decree on financial statements and consolidated financial statements of credit institutions and investment firms (30/2016) and the Financial Supervision Authority's regulations and guidelines on accounting, financial statements, and report by the Board of Directors for the financial sector (2/2016).

Valuation principles and methods as well as periodization principles and methods

Fee and commission income is recorded when the income can be defined in a reliable manner and it is likely that the company benefits from the financial advantage related to the transaction. Dividend income is recorded when the right to the dividend has arisen.

Interest income and expenses are recorded based on time by using the effective interest method and taking into account all contractual terms of the financial instrument. Interests that have not been received on the closing date are recorded as interest income and receivable among accruals and the unpaid interests as interest expenses and liabilities among accrued expenses.

The profit distribution and value changes through profit or loss of the private equity fund investments made from eQ Plc's own balance sheet are entered among the net income from financial assets. The value changes through profit or loss as well as sales profits and losses of investments in mutual funds are entered in the net income from financial assets

Financial assets are classified into the following groups in accordance with the IFRS 9 standard:
a) valued at amortised acquisition cost,
b) entered at fair value through profit or loss, and
c) entered at fair value together with other items of comprehensive income.

eQ Plc's private equity fund investments and investments in mutual funds are classified among financial assets at fair value through profit or loss at.

Financial liabilities as classified as follows:
a) valued at amortised acquisition cost, and
b) valued at fair value through profit or loss

eQ Plc had no financial liabilities valued at fair value through profit or loss at the time of reporting.

Depreciation principles

Tangible and intangible assets are entered in the balance sheet at acquisition cost less depreciation according to plan and impairment. The depreciation according to plan is calculated as straight-line depreciation based on the useful life of tangible and intangible assets. Depreciation has been calculated from the month the assets were taken into use. The depreciation period of intangible assets is 3 to 10 years and that of machinery and equipment 4 to 10 years.

Foreign currency items

The receivables and debts in foreign currencies have been translated to euros according to the rate prevailing on the balance sheet day.

Notes to Parent Company Income Statement (FAS)

EUR 1 000	2018	2017
2 Fee and commission income		
From other operations	77	77
3 Income from equity investments		
Dividend income from Group undertakings	170	499
4 Interest income		
Other interest income	3	2
Total	3	2
5 Net income from financial assets		
Changes in fair value	-51	-
Transfers of financial assets	1 855	1 694
Sales gains/losses	-27	144
Impairment	-	-100
Total	1 777	1 738
6 Fee and commission expenses		
Other fees - management of investments eQ Asset Management	-200	-200
Limit fees	-8	-8
Total	-208	-208
7 Interest expenses		
To Group undertakings	-6	-6
To credit institutions	0	0
Other interest expenses	-1	0
Total	-6	-7

EUR 1 000	2018	2017
8 Personnel expenses		
Salaries and remuneration	-1 021	-753
Pension costs	-169	-132
Other indirect employee costs	-16	-18
Total	-1 207	-904
Average number of personnel during the period -permanent	5	5
Change during the financial period	-	-
9 Other administrative expenses		
Other personnel expenses	-32	-22
IT and connection costs	-55	-50
Other administrative expenses	-168	-128
Total	-255	-200
10 Depreciation and impairment		
Depreciation on intangible and tangible assets	-34	-23
A depreciation specification per balance sheet item is presented under intangible and tangible assets.		
11 Other operating expenses		
Expert fees	-36	-15
Fees to the auditor		
Audit fees	-17	-27
Tax consulting	-	0
Total	-17	-27
Leases on premises and other rental expenses	-105	-96
Other expenses	-212	-193
Total	-371	-331

EUR 1 000	2018	2017
12 Appropriations		
Group subsidies received	23 065	19 100
13 Income tax		
Income tax for the period		
Income tax for operations	-3 853	-3 284
Deferred taxes	-738	-602
Total	-4 591	-3 886

Notes to Parent Company Balance Sheet (FAS)

EUR 1 000	2018	2017
14 Claims on credit institutions		
Repayable on demand		
From domestic credit institutions	2 029	2 920
15 Shares and participations		
Shares and participations		
Financial assets: Private equity fund investments	16 876	18 718
Financial assets: Units in mutual funds	9 824	10 021
Other participations	32	32
Shares and participations in Group undertakings	29 160	27 160
Total	55 892	55 931
- of which at acquisition cost	29 192	27 192

EUR 1 000	2018	2017
16 Intangible and tangible assets		
Other intangible assets		
Acquisition cost on 1 Jan.	167	159
Increases	57	8
Acquisition cost on 31 Dec.	225	167
Accumulated depreciation on 1 Jan.	-150	-140
Depreciation for the period	-25	-10
Accumulated depreciation on 31 Dec.	-174	-150
Book value on 31 Dec.	50	17
Other tangible assets		
Acquisition cost on 1 Jan.	235	232
Increases	-	2
Acquisition cost on 31 Dec.	235	235
Accumulated depreciation on 1 Jan.	-187	-174
Depreciation for the period	-10	-13
Accumulated depreciation on 31 Dec.	-197	-187
Book value on 31 Dec.	38	48
17 Other assets		
Receivables from Group undertakings	1 250	6
Other receivables	-	0
Total	1 250	6
18 Accruals and prepaid expenditure		
Other accruals	44	43
Total	44	43

EUR 1 000	2018	2017
19 Deferred tax assets and liabilities		
Deferred tax assets		
Changes in fair value	-	223
Deferred tax assets	-	223
Deferred tax liabilities		
Changes in fair value	-	229
Deferred tax liabilities	-	229
Deferred tax assets (-) / tax liabilities (+), net	-	6
20 Other liabilities		
Accounts payable	52	21
Liabilities to Group undertakings	238	71
Income tax liabilities	744	608
Other liabilities	25	23
Total	1 058	722
21 Accruals		
Other accruals	2 037	1 722

22 Items denominated in domestic and foreign currencies and Group items

31 DEC. 2018	EUR	OTHER THAN EUR	TOTAL	FROM GROUP UNDERTAKINGS
Balance sheet items				
Claims on credit institutions	2 029	-	2 029	-
Other assets	54 919	2 355	57 274	30 410
Total	56 948	2 355	59 303	30 410
Liabilities to the public and public sector entities	700	-	700	700
Other liabilities	3 095	-	3 095	2 038
Total	3 795	-	3 795	2 738

31 DEC. 2017	EUR	OTHER THAN EUR	TOTAL	FROM GROUP UNDERTAKINGS
Balance sheet items				
Claims on credit institutions	2 920	-	2 920	-
Other assets	53 971	2 302	56 274	27 165
Total	56 891	2 302	59 194	27 165
Liabilities to the public and public sector entities	700	-	700	700
Other liabilities	2 673	-	2 673	1 621
Total	3 373	-	3 373	2 321

23 Fair values of financial assets and liabilities

	2018 FAIR VALUE	BOOK VALUE	2017 FAIR VALUE	BOOK VALUE
Financial assets				
Claims on credit institutions	2 029	2 029	2 920	2 920
Shares and participations	26 732	26 732	28 771	28 771
Shares and participations in Group undertakings	29 160	29 160	27 160	27 160
Total	57 921	57 921	58 851	58 851
Financial liabilities				
Liabilities to the public and public sector entities	700	700	700	700
Total	700	700	700	700

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 principles for preparing the financial statements.

24 Value of financial assets across the three levels of the fair value hierarchy

31 DEC. 2018	LEVEL 1	LEVEL 3
Financial assets at fair value through profit or loss		
Private equity fund investments	-	16 876
Financial securities	9 856	-
Total	9 856	16 876

Level 3 reconciliation - Financial assets at fair value through profit or loss

	PRIVATE EQUITY FUND INVESTMENTS
Opening balance	18 718
Calls and returns	-1 961
Change in fair value	119
Closing balance	16 876

31 DEC. 2017	LEVEL 1	LEVEL 3
Available-for-sale financial assets		
Private equity fund investments	-	18 718
Financial securities	10 053	-
Total	10 053	18 718

Level 3 reconciliation - Available-for-sale financial assets

	PRIVATE EQUITY FUND INVESTMENTS
Opening balance	19 012
Calls and returns	-45
Impairment loss	-100
Change in fair value	-149
Closing balance	18 718

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 investments are valued in accordance with a practice widely used in the sector, International Private Equity and Venture Capital Guidelines.

25 Equity

EUR 1 000	2018	2017
Share capital on 1 Jan.	11 384	11 384
Share capital on 31 Dec.	11 384	11 384
Fair value reserve on 1 Jan.	-111	52
Increases/decreases	111	-163
Fair value reserve on 31 Dec.	0	-111
Restricted equity, total	11 384	11 273
Reserve for invested unrestricted equity on 1 Jan.	27 784	33 007
Increases/decreases	-2 604	-5 223
Reserve for invested unrestricted equity on 31 Dec.	25 180	27 784
Retained earnings		
Retained earnings on 1 Jan.	16 765	13 849
Dividend	-16 128	-12 942
IFRS 9 change	-111	-
Other changes	0	0
Retained earnings on 31 Dec.	525	907
Profit (loss) for the period	18 419	15 858
Non-restricted equity, total	44 124	44 548
Equity on 31 Dec.	55 508	55 821
Calculation of distributable assets on 31 Dec.		
Retained earnings	525	907
Profit for the period	18 419	15 858
Reserve for invested unrestricted equity	25 180	27 784
Distributable assets	44 124	44 548

The share capital of the company consists of 37 707 198 shares. All shares carry one vote.

Other notes

26 Pledges, mortgages and obligations

EUR 1 000	2018	2017
eQ Plc's investment commitments in private equity funds, remaining commitment	7 756	8 882
Lease and rental agreements less than one year	608	704
Lease and rental agreements exceeding one year but less than five years	2 653	646
Total	11 017	10 231

Proposal for the distribution of profits

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

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

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

Signatures to the Report by the Board of Directors and Financial Statements

Helsinki, 6 February 2019

Georg Ehrnrooth
Chairman of the Board

Nicolas Berner

Carl Haglund

Timo Kokkila

Annika Poutiainen

Janne Larma
CEO

Auditor's note

The auditors' report over the audit has been issued today.

Helsinki, 6 February 2019

KPMG Oy Ab
Firm of Authorised Public Accountants

Raija-Leena Hankonen
APA

Auditor’s Report

To the Annual General Meeting of eQ Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of eQ Plc (business identity code 1625441-9) for the year ended 31 December, 2018. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 13 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Recognition of fee and commission income (Principles for preparing the consolidated financial statements pages 33 and 35 and Note 6 page 46)	
— The assets managed by eQ Group entitle to management fees on the grounds of agreements with customers. Management fees make up a significant item in the Group's income statement.	— We evaluated the business processes and IT systems related to fee and commission income and assessed the associated key controls. Our audit procedures also included comparing the accounting data kept in subledgers to that in the general ledger, and substantive procedures performed in respect of the evaluation of the accuracy of fee income and revenue recognition.
— Performance fees and fees from the corporate finance segment also make up a substantial part in the formation of the Group's result, and may vary considerably from year to year.	— Regarding corporate finance fees, we assessed the monitoring procedures used as well as timing and amount of revenue recognition under projects by reference to the terms of customer contracts.
— Calculation of fees and commissions is system-based relying on fee agreements and other underlying data. The functionality of the control environment of IT systems has a substantial importance in respect to the accuracy of the calculations.	— We inspected the calculation model of performance fees and compared the parameters used to individual fund agreements.
— Appropriate timing of revenue recognition as well as correct amount of fee income is relevant in respect to the accuracy of the financial statements.	— We inspected the accounting treatment of fees and commissions and the appropriateness of the notes in relation to the requirements of the IFRS 15 standard.
Impairment of goodwill (Principles for preparing the consolidated financial statements page 37 and Note 18 pages 48–49)	
— Over the past few years eQ Group has expanded its operations through acquisitions, which has resulted in a significant amount of goodwill in the Group's balance sheet. Goodwill is not amortized but it is tested annually for impairment.	— We assessed key assumptions in the calculations such as revenue growth, profitability level and discount rate, by reference to budgets, external sources and our own views. We assessed changes in the key parameters used in forecasts prepared by management by comparing with the original forecasts.
— For testing purposes, goodwill is allocated to business segments (cash-generating units). There is a risk that the acquired businesses may not trade in line with initial expectations and forecasts and therefore that the carrying amount of a cash-generating unit may exceed its recoverable amount, resulting in an impairment.	— We involved valuation specialists that assessed the technical accuracy of the calculations and compared the assumptions used to market and industry information. Furthermore, we evaluated the goodwill in accordance with the consolidated balance sheet and considered the appropriateness of the Group's notes in respect of goodwill and impairment testing.
— Due to the high level of judgement related to the forecasts used, and the significant carrying amounts involved, impairment of goodwill is considered a key audit matter.	

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of private equity fund investments (Principles for preparing the consolidated financial statements page 33 and 36 and Notes 17, 25–28 pages 48, 51–54)	
— The determination of fair values for investments is based on the valuation principles as described in the principles for preparing the consolidated financial statements of eQ Group. With respect to illiquid assets in eQ's investment portfolio, fair values are provided by fund managers. In accordance with the IFRS 9 standard, changes in the value of private equity fund investments are recognized in profit or loss.	— We assessed eQ Group's valuation process as well as the compliance with the principles for preparing the consolidated financial statements. In addition, we inspected the consistency of the accounting treatment in relation to the requirements of the IFRS 9 standard.
— Private equity fund investments is a significant item in eQ Group's financial statements, and therefore the valuation of the said assets is considered a key audit matter.	— As part of our year-end audit procedures we compared the fair values used in the financial statements with the valuations provided by fund managers. In addition, we reconciled the balance sheet values of private equity funds with the separate monitoring of the funds.
	— We also assessed the appropriateness of the disclosures made in relation to investment assets.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's

or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 1.1.2014, and our appointment represents a total period of uninterrupted engagement of 5 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the result and other free equity shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 6 February, 2019
KPMG OY AB

RAIJA-LEENA HANKONEN
Authorised Public Accountant, KHT

CORPORATE GOVERNANCE STATEMENT 2018

I. INTRODUCTION

eQ Plc (the company) is a Finnish public limited liability company the shares of which are listed on Nasdaq Helsinki Ltd (Helsinki Stock Exchange).

This Corporate Governance Statement has been drawn up separately from the report by the Board of Directors. eQ Plc's Board of Directors has reviewed this Corporate Governance Statement on 6 February 2019. This statement and other information that shall be provided in accordance with the Corporate Governance Code as well as the company's financial statements, report by the Board of Directors and auditors' report are available on eQ Plc's website (www.eQ.fi). The statement is not part of the official financial statements.

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association on 1 January 2016. The entire Code is available on the website of the Securities Market Association at www.cgfinland.fi.

In 2018, eQ Plc complied with the Finnish Corporate Governance Code 2015 without any departures.

II. DESCRIPTIONS CONCERNING CORPORATE GOVERNANCE

General Meeting of Shareholders

The General Meeting is eQ Plc's highest decision-making body, at which the shareholders participate in the supervision and control of the company. eQ Plc convenes one Annual General Meeting (AGM) during each financial period. Extraordinary General Meetings may be convened when necessary. Shareholders exercise their right to vote and voice their views at the General Meeting.

eQ Plc provides shareholders with sufficient information about the agenda of the General Meeting in advance. The advance information is provided in the notice of the General Meeting, other releases and on the company website. The General Meeting is organised in such a way that shareholders can effectively exercise their ownership rights. The goal is that the CEO, Chairman of the Board, and a sufficient number of directors attend the General Meeting. A person proposed as director for the first time shall participate in the General Meeting that decides on his or her election, unless there are well-founded reasons for the absence.

The Annual General Meeting of eQ Plc was held on 28 March 2018.

Board of Directors

Composition of the Board

The General Meeting elects the directors. The director candidates put forward to the Board shall be mentioned in the notice of the General Meeting if the candidate is supported by shareholders holding at least 10 per cent of the total votes carried by all the shares of the company, provided that the candidate has given his or her consent to the election. The candidates proposed after the delivery of the notice of the meeting will be disclosed separately. In its Corporate Governance Statement, the company states the number of Board meetings held during the financial period as well as the average attendance of the directors. The directors are elected for one year at a time.

The company's Articles of Association do not contain any provisions on the manner of proposing prospective directors. eQ Plc's major shareholders, who as a rule represent at least one half of the number of shares and votes in the company, make a proposal on the number of directors, the directors and their remuneration to the AGM.

A person elected director must have the qualifications required by the work of a director and sufficient time for taking care of the duties. The company facilitates the work of the Board by providing the directors with sufficient information on the company's operations. eQ Plc's Board of Directors consists of 5 to 7 members. The Board of Directors elects the Chairman from among its members. It is eQ Plc's AGM solely that ultimately elects the directors and makes preparations for the election.

The company reports the following biographical details and holdings of the directors: name, gender, year of birth, education, main occupation, primary work experience, international experience, date of inception of Board membership, key positions of trust, and shareholdings in the company.

The members of eQ's Board of Directors shall provide the Board and the company with sufficient information for the evaluation of their qualifications and independence and notify of any changes in such information.

The Annual General Meeting held on 28 March 2018 elected the following persons to the Board:

Georg Ehrnrooth,born 1966, male, member of the Board since 2011, Chairman of the Board, studies in agriculture and forestry
Key positions of trust: Louise and Göran Ehrnrooth Foundation, Chairman of the Board, 2013-; Corbis S. A, Chairman of the Board, 2009-; Fennogens Investments S. A, Chairman of the Board, 2009-; Anders Wall Foundation, member of the Board, 2008-; Paavo Nurmi Foundation, member of the Board, 2005-.
Primary work experience: eQ Plc and eQ Bank Ltd, CEO, 2005.
Independent of the company, but not independent of its significant shareholders.

Nicolas Berner, born 1972, male, member of the Board since 2013, Master of Laws
Key positions of trust: Berner Ltd, member of the Board, 2006-.
Primary work experience: Berner Ltd, CFO, 2011-; Hannes Snellman Attorneys Ltd, 1998–2011, as partner 2006–2011.
Independent of the company and significant shareholders.

Carl Haglund, born 1979, male, member of the Board since 2017, M.Sc. (Econ)
Key positions of trust: Baltic Sea Action Group, member of the Board, 2018-; The supporting association of the Research Institute of the Finnish, Chairman of the Board; 2017-; Finnish Business and Policy Forum EVA, Chairman of the Board, 2017-; Finnish-Swedish Chamber of Commerce FINSVE, member of the Board, 2016-.
Primary work experience: Accenture Financial Services (Denmark, Finland, Norway and Sweden), Managing Director, 2018-; Sunshine Kaidi (Finland) New Energy Group, CEO, 2016-2018; Sunshine Kaidi New Energy Group, Vice President, European Functions and Strategy, 2016-2018; the Parliament of Finland, Member of the Parliament, 2015–2016; Finnish Minister of Sport, 2014–2015; Finnish Minister of Defense, 2012–2015; Member of the European Parliament, 2009–2012.
Independent of the company and significant shareholders.

Timo Kokkila, born 1979, male, member of the Board since 2016, M.Sc. (Eng.)
Key positions of trust: LAK Real Estate Oy, member of the Board, 2018-; Ilmarinen Mutual Pension Insurance Company, member of the Board, 2017-; Valmet Automotive Ltd, member of the Board, 2016-; SRV Group Plc, member of the Board, 2010-; Pontos Ltd, member of the Board, 2007-.
Primary work experience: Pontos Group, CEO, 2016-; Pontos Group, Investment Director, 2011–2015; SRV Group Plc, Manager, Project Development, 2008–2011; SRV Group Plc, Project Development Engineer, 2006–2008.
Independent of the company and significant shareholders.

Annika Poutiainen, born 1970, female, member of the Board since 2015, Master of Laws, LL.M.
Key positions of trust: Swedbank AB, member of the Board, 2017-.
Primary work experience: Council for Swedish Financial Reporting Supervision, Chairman, 2018-; JKL Group, Industrial Advisor, 2014-2017; NASDAQ OMX Stockholm, Head of Market Surveillance Nordics, 2009–2014; Swedish Financial Supervision Authority, Head of Unit, 2006–2009; Law firm Linklaters London, 2000–2006; Hannes Snellman Attorneys Ltd, 1999.
Independent of the company and significant shareholders.

Shares and share-related rights of the Board members and entities that they control in the company at the end of the financial period on 31 December 2018:

MEMBER OF THE BOARD	SECURITY	HOLDING
Nicolas Berner	Share	60 000
Georg Ehrnrooth	Share	8 018 137
Carl Haglund	Share	0
Timo Kokkila	Share	10 000
Annika Poutiainen	Nominee-registered share	1 100

Operations of the Board of Directors

eQ Plc's Board of Directors has drawn up a written charter covering its operations. Below is a list of the most important principles and duties presented in the charter. In order to carry out its duties, the Board of Directors:

- confirms the company values and manners of operating and monitors their implementation
- confirms the company's basic strategy and continuously monitors that it is up-to-date
- based on the strategy, approves the annual plan of operation and budget and supervises their outcome
- reviews and approves the interim reports, report by the Board of Directors and financial statements
- defines the company's dividend policy and makes a proposal on dividend distribution to the AGM
- convenes General Meetings
- makes proposals to the General Meeting, when necessary
- decides on major investments, corporate acquisitions and divestments and on investments that exceed two million euros
- confirms the organisation structure
- appoints and dismisses the CEO
- sets personal targets for the CEO annually and assesses their outcome

- appoints and dismisses the members of the Management Team, defines their areas of responsibility and decides on the terms of their employment
- decides on the incentive schemes and annual bonuses of the CEO and the personnel,
- goes through the major risks related to the company's operations and their management at least once a year and gives instructions on them to the CEO, when necessary
- meets the auditors at least once a year
- convenes at least once a year without the executive management
- assesses its own operations at least once a year
- assesses the independence of its members
- confirms its own charter, which is reviewed annually
- handles other matters that the Chairman of the Board or the CEO has proposed to the agenda of a Board meeting; the directors also have the right to put matters on the Board agenda by informing the Chairman of this.

During the financial period 2018, the Board of Directors of eQ Plc convened nine (9) times, average attendance being 98%.

ATTENDANCE AT THE BOARD MEETINGS 2018:

Nicolas Berner	9/9
Georg Ehrnrooth	8/9
Carl Haglund	9/9
Timo Kokkila	9/9
Annika Poutiainen	9/9

The majority of the members of eQ Plc's Board of Directors are independent of the company and of the company's significant shareholders. The Board of Directors assesses the independence of the directors and states on the company website which of the directors have been deemed independent. When evaluating independence, the circumstances of private individuals or legal entities regarded as related parties will be taken into consideration in all situations. Companies belonging to the same group as a company are comparable with that company.

Principles on the diversity of the Board of Directors

The Board's aim is to promote, for its part, the diversity of the Board's composition. When assessing diversity, the Board takes into consideration, for instance, the age and gender of the directors, their education and professional experience, personal qualities and experience that is essential with regard to the task and the company operations. Regarding the equal representation of genders on the Board, eQ Plc has defined as its goal that there should always be representatives of both genders on eQ Plc's Board of Directors. The Board aims at reaching this goal and maintaining it primarily by informing eQ Plc's owners actively about it. During the financial period 2018, eQ Plc's Board met the preconditions of diversity set by the company, including the goal of having representatives of both genders on the Board. The directors have versatile experience in sectors that are of importance to the company operations, such as the investment and financial sector and real estate sector. In addition, the work experience and education of the directors as well as their international experience complement each other. The directors are elected by eQ Plc's AGM.

The Board of Directors of the company has monitored the development of the company's diversity during the financial period 2018.

Board Committees

eQ Plc has no audit or other committees.

With regard to the composition and size of the Board, eQ Plc has found it appropriate that the Board of Directors takes care of the duties of the audit committee and other committees directly. The composition and operations of the Board have been described above.

CEO

The CEO is in charge of the day-to-day administration of the company in accordance with the rules and regulations of the Finnish Limited Liability Companies Act and instructions and orders issued by the Board of Directors. The CEO may take measures that, considering the scope and nature of the operations of the company, are unusual or extensive with the authorisation of the Board. The CEO ensures that the accounting practices of the company comply with the law and that finances are organized in a reliable manner. eQ Plc's Board of Directors appoints the CEO.

Janne Larma, M.Sc. (Econ) (born 1965) was appointed CEO on 16 March 2011. The company discloses the same biographical details and information on the holdings of the CEO as of the directors. The CEO shall not be elected Chairman of the Board.

eQ Plc does not have substitute for the CEO.

Shares and share-related rights of the CEO and entities that he controls in eQ Plc at the end of the financial period on 31 December 2018:

NAME	TASK IN THE ORGANISATION	SECURITY	HOLDING
Janne Larma	CEO	2015 Option right	100 000
		2018 Option subscription right	100 000
		Share	5 945 275

Other executives

eQ Group has a Management Team that convenes regularly every month. The status of the Management Team is not based on company law, but in practice it has a significant role in the organisation of the company management. The Management Team consists of the persons heading the company's operative business, the CFO and Group General Counsel. The main duty of the Management Team is to assist the CEO.

eQ Group's Management Team during the financial period 2018:

Janne Larma, born 1965, M.Sc. (Econ), Chairman, eQ Plc, CEO
Staffan Jåfs, born 1974, M.Sc. (Econ), eQ Asset Management Ltd, Head of Private Equity
Mikko Koskimies, born 1967, M.Sc. (Econ), eQ Asset Management Ltd, CEO

Antti Lyytikäinen, born 1981, (M.Sc. (Econ), eQ Plc, CFO
Juha Surve, born 1980, Master of Laws, M.Sc. (Econ), eQ Asset Management Ltd, Group General Counsel

Shares and share-related rights of the other executives and entities that they control in eQ Plc at the end of the financial period on 31 December 2018:

NAME	TASK IN THE ORGANISATION	SECURITY	HOLDING
Staffan Jåfs	Director, Private Equity, eQ Asset Management Ltd	2010 Option right 2015 Option right 2018 Option subscription right Share	25 000 100 000 100 000 6 778
Mikko Koskimies	CEO, eQ Asset Management Ltd	2015 Option right 2018 Option subscription right Share	100 000 100 000 4 100 000
Antti Lyytikäinen	CFO, eQ Plc	2015 Option right 2018 Option subscription right	75 000 75 000
Juha Surve	Group General Counsel, eQ Asset Management Ltd	2015 Option right 2018 Option subscription right Share	75 000 75 000 40 000

III. DESCRIPTIONS OF INTERNAL CONTROL PROCEDURES AND THE MAIN FEATURES OF RISK MANAGEMENT SYSTEMS

Control and risk management related to the financial reporting process

The objective of the financial reporting process is to produce timely financial information and to ensure that decision-making is based on reliable information. The aim is to ensure that the financial statements and interim reports are prepared according to applicable laws, generally accepted accounting principles and other requirements on listed companies.

The financial reporting process produces eQ Group's monthly and quarterly reports. The Management Team of the Group reviews eQ Group's result and financial performance monthly. The Group management presents the result and financial position of the Group quarterly to the Board of Directors. The Board of Directors of eQ Plc supervises that the financial reporting process produces high-quality financial information. The CEO is responsible for eQ Group's internal risk management.

The Group's subsidiaries report their results monthly to the parent company. The financial administration of the Group takes care of the bookkeeping of the subsidiaries for the most part. At Group level, this will make it easier to ensure that the financial reporting of the subsidiaries is reliable. The Group's interim reports and financial statements are prepared in accordance with the IFRS reporting standards. The financial administration of the Group monitors the changes that take place in IFRS standards.

Based on risk assessments, the company has developed measures for controlling the risks pertaining to financial reporting, which make sure that financial reporting is reliable. The companies use various reconciliations, checks and analytical measures, for instance. The financial administration of the Group prepares monthly analyses of income statement and balance sheet items, both at company and segment level. In addition, tasks related to risk-exposed work combinations are separated, and there are appropriate approval procedures and internal guidelines. The reliability of financial reporting is also supported by various system controls in the reporting systems. Other basic principles of control are a clear division of responsibility and clear roles as well as regular reporting routines.

Risk management overview

The purpose of the Group's risk management is to make sure that the risks associated with the company's operations are identified, assessed and that measures are taken regarding them. eQ Plc's Board supervises that the CEO takes care of eQ Plc's day-to-day administration according to the instructions and orders issued by the Board. The Board also supervises that risk management and control are organised in a proper manner. The executive management is responsible for the practical implementation of the risk management process and control.
eQ Group comprises a fully owned subsidiary of eQ Plc, eQ Asset Management Ltd, which is an investment firm. A permanent risk management function is responsible for risk management at eQ Asset Management Ltd. The risk management function, which is independent of the other operations, consists of risk experts and is led by the Chief Risk Officer. eQ Asset Management has a risk management committee, which the Chief Risk Officer convenes regularly. The risk management committee reviews the follow-up reports of risk management-related operations and decides on corrective measures, for instance. It also approves new products, changes made in products and counterparties.

General description of internal control

eQ Plc's Board of Directors is responsible for arranging sufficient and well-functioning internal control. Internal control covers all functions within eQ Group, which means that eQ Plc steers and controls the operations of the subsidiaries in order to make sure that the result of its operations is reliable. The business operations are steered by the Group's operating principles, decision-making powers and company values that cover the entire Group. eQ Plc takes into account the Group structure and the nature and extent of the operations when arranging internal control.

eQ Group's internal control system covers financial and other control. Internal control is carried out by the Board, CEO and other superior management as well as the entire personnel. The aim of internal control is to make sure that the operations of the entire Group are efficient and contribute to the achievement of the goals and targets, reporting is reliable and that the Group follows laws and other regulations. In addition, the aim of internal control is to ensure that information, eQ Plc's assets and client assets are secured in a sufficient manner and that internal procedures and information systems are arranged properly and in order to support operations.

Internal control is above all based on financial reports, management reports, risk reports and reports of internal control. The company's central operations are steered according to internal operating policies and practices.

IV. OTHER INFORMATION TO BE PROVIDED IN THE CG STATEMENT

Internal audit

The Group does not have a separate internal audit organisation. The CEO is responsible for the tasks of the internal audit function. The risk management and compliance functions of the Asset Management segment are responsible for the risk management related to the business and the compliance of the operations with rules and regulations. The risk management and compliance functions also carry out sample checks of the operations. The CEO may assign external evaluators to carry out audits on areas that the CEO deems necessary. The CEO reports the observations to the Board of Directors.

Central procedures of insider administration

In its insider administration, eQ Plc complies with the applicable Finnish and EU legislation (including the Market Abuse Regulation 596/2014), rules and regulations issued by the Finnish Financial Supervisory Authority as well as the Guidelines for Insiders issued by the Helsinki Stock Exchange (insider regulations). eQ Plc has drawn up guidelines on insider issues and trading, which have been updated in 2017. The company has informed the company management, insiders and persons covered by the trading restriction of the insider guidelines.

As of 3 July 2016, managers and persons closely associated with them have been obliged to inform the company and the Financial Supervisory Authority of their trading in company shares or other financial instruments. The company discloses the information that it has received without delay with a stock exchange release.

At eQ, such managers (covered by the disclosure obligation) are the CEO and directors as well at the members of the Management Team appointed by the Board. eQ maintains a list of managers and persons closely associated with them. This list is not an insider list. The company maintains insider lists required by insider regulations of persons who have access to inside information. These lists are not public. The information on eQ Plc's managers required by regulations and the insider lists are maintained by Euroclear Finland Ltd. The information in the insider lists is available to the Financial Supervisory Authority for the supervision of the securities market.

eQ's permanent insiders are only persons who, due to their tasks or position, have permanent access to all inside information in the listed company and who have the right to make decisions on the company's future development and the arrangement of business. eQ's permanent insiders comprise the directors, CEO and the members of the Group's Management Team appointed by the Board of Directors. In addition to insider lists, eQ maintains a list of persons covered by the so-called extended trading restriction.

eQ Plc's closed period commences 30 days prior to the disclosure of an interim report (first and third quarter), half-yearly report or financial statements report and ends at the end of the day following the disclosure.

The company has informed the company management, insiders and persons covered by the extended trading restriction of the insider guidelines. The company has a designated person in charge of insider issues (Compliance Officer), who carries out tasks related to the management of insider issues, training in insider matters, maintenance of the insider lists and the supervision of trading. The knowledge of other employees about insider matters is maintained and their need of training assessed continuously.

Audit

The proposal for the election of an auditor prepared by the Board of Directors of the company is disclosed in the notice of the General Meeting. If the Board has not arrived at a decision on the prospective auditor by the time the notice is sent, the candidacy will be disclosed separately.

In 2018, the company auditor was KPMG Oy Ab, a firm of authorized public accountants, with Raija-Leena Hankonen, APA, as auditor with main responsibility.

KPMG Oy Ab and Raija-Leena Hankonen as auditor with main responsibility have acted as eQ Plc's auditor since 2014. The decision on continuing with the period of the auditor with main responsibility and the auditing firm is made annually at the AGM, and the auditor with main responsibility and the auditing firm are changed at least in accordance with the valid regulations.

Auditors' fees

The independent auditors have been paid the following fees in 2018: for the audit and closely related services a total of EUR 95 310 (2017: EUR 96 712) and for other services a total of EUR 9 674 (2017: EUR 9 898).

REMUNERATION STATEMENT 2018

This Remuneration Statement of eQ Plc (eQ) has been drawn up in accordance with the Corporate Governance Code for listed companies that entered into force on 1 January 2016. The entire Code is available on the website of the Securities Market Association at www.cgfinland.fi. eQ Plc's Board of Directors has reviewed this Remuneration Statement on 6 February 2019.

Board of Directors

Remuneration and other financial benefits of the Board of Directors

The Annual General Meeting (AGM) decides on the remuneration of the directors annually. eQ Plc's major shareholders, who as a rule represent at least half of the number of shares and votes in the company, make a proposal on the number of directors, the directors and their remuneration to the AGM.

The AGM held in 2018 decided that the directors would receive remuneration according to following: Chairman of the Board EUR 3 500 per month (2017: EUR 3 500) and the directors EUR 2 000 per month (2017: EUR 2 000). The AGM also decided that the directors be paid EUR 400 for each Board meeting that they attend. In addition, travel and lodging costs will be compensated in accordance with the company's expense policy. The remuneration is paid in cash. The members of eQ Plc's Board of Directors have no share-related rights, nor are they covered by any other remuneration scheme.

CEO and other executives

Decision-making process and main principles of remuneration

eQ's Board of Directors decides annually on the remuneration system of the Group, as well as on the principles of performance-based remuneration and the persons included in the system. The Board of Directors also decides the remuneration of the CEO and, since the remuneration decisions are made by the superior of the concerned person's superior, the members of the Management Team, based on a proposal by the CEO. In certain special circumstances, the General Meetings of companies belonging to eQ Group may also handle matters pertaining to remuneration systems and remuneration. eQ Plc's Board reviews annually, in separately defined manner, that eQ Group has complied with the remuneration system. Based on the principle of proportionality, eQ has taken the view that it is not necessary to appoint a separate remuneration committee, taking into consideration the number of directors and eQ's personnel as well as the nature of eQ Group's operations. The Compliance Officer reviews annually that eQ Group has complied with the remuneration system defined by the Board and reports directly to eQ Plc's Board.

The risk profile of remuneration and the remuneration system of eQ Group has been estimated to be low overall taking into consideration the size of eQ Group and the scope and nature of its business.

The key guiding principles for eQ Group's remuneration and its remuneration system are the competitiveness and fairness of the remuneration. The objective of the remuneration system is to encourage and reward personnel for their personal achievements and to encourage them to work in alignment with the following objectives: increase of the shareholder value, improvement of eQ Group's financial situation and work in alignment with eQ Group's strategy. On the other hand, the objective of the remuneration system is to support the recruitment of committed, skilled and professionally competitive persons as well to sustain and develop their diverse know-how in alignment with eQ Group's strategy, objectives, values and long-term interests. The remuneration systems shall be consistent with the measures taken to avoid conflicts of interests.

The main principles of eQ Group's remuneration systems are:

- The remuneration systems support eQ Group's long-term goals, such as improving the profitability of the business in a long term, sufficient capital adequacy, return on investments and cost efficiency.
- Remuneration must be designed to prevent unsound risk-taking. The remuneration system shall not encourage to such risk-taking that is contradictory to the rules of the group or the funds managed by it or to the interests of the clients.
- The Board decides on the payment of the performance bonuses based on the systems. The decision will be made annually after the end of the incentive period.
- A performance bonus will not be paid and it may be recovered as unfounded, partly or in full, if it is found that the person concerned has acted contrary to eQ's internal guidelines, laws, or regulations or guidelines issued by authorities.
- eQ may also refrain from paying out remuneration, if eQ Group's solvency, capital expenses or liquidity or their foreseeable future development do not make payment possible.
- The decision about remuneration is always made by the superior of the concerned person's superior.
- In principle, the share of the variable remuneration may not exceed 100% of the total fixed remuneration of the recipient. However, if a General Meeting of the company that is the employee's employer so expressly decides, the variable remuneration can amount to 200% of the total fixed remuneration.
- eQ Group has decided that the maximum amount of the variable remuneration is EUR 500 000 per person annually.
- When paying out variable remuneration, the company shall take into consideration at least the risks that it is aware of when making the assessment, and future risks, eQ Group's capital expenditure and necessary liquidity. The total amount of the remuneration to be paid out may not be so large that it would restrict the consolidation of eQ Group's capital base.

- The remuneration of persons engaged in supervisory operations may not be directly dependent on the result of the business unit that they supervise. The remuneration of persons engaged in supervisory operations depends on the achievement of their personal goals and performance. The remuneration of persons engaged in supervisory operations is supervised by eQ Plc's Board of Directors.
- As a rule, the Group does not undertake to pay any absolute remuneration. This is only possible, if eQ Plc's Board makes a decision about it for especially substantial reasons, and even in this case the absolute remuneration may only apply to the first year of employment.
- Payments relating to premature termination of a contract shall be based on long-term results and shall not lead to rewarding of failed performance.
- Employees of the eQ Group may not use financial instruments or insurance in order to hedge the risk related to the remuneration payment.

eQ Group's remuneration system consists of an annual bonus system.

All employees of eQ Group are in principle covered by the annual bonus system. The amount of the annual bonus is determined based on the achievement of personal goals and the result of the own business unit and eQ Group. The share of eQ Group's result is the higher, the more the person concerned is able to influence the result of the Group. As the variable remuneration payable by the company is dependent on the result of the Group, the amount of the annual bonus to be paid out depends on the Group's financial situation and success. eQ Plc's Board decides on the amount and distribution of the annual bonuses taking into consideration, e.g. the above presented main principles of remuneration. The Board may decide that the annual bonus can be paid, in part or in full, in financial instruments.

It is the responsibility of the Board of eQ Plc to identify the employees whose professional conduct has a significant impact on the risk profile of the eQ Group. The Board conducts an annual assessment in order to identify such persons. Identification of these employees is part of the practical implementation of the eQ Group's remuneration principles.

If the variable remuneration of such persons mentioned above exceeds EUR 50 000 at annual level, at least 50 per cent of the variable remuneration will be deferred so that it is paid during the following three (3) years (even payments each year). 50 per cent of the deferred remuneration is linked to the development of eQ Plc's share price during the deferral period. eQ Plc's Board shall annually decide on the interest possibly payable to the remaining part of the deferred remunaration. If the variable remuneration does not exceed EUR 50 000 at annual level, payment shall not, in principle, be deferred. The Board may decide that the variable remuneration of other employees (other than such employees whose professional conduct has a significant impact on the risk profile of the eQ Group) can also be deferred.

Remuneration and other financial benefits of the CEO

The Board of Directors appoints the CEO and decides on the CEO's salary, benefits and other terms related to the CEO's service. The terms of the CEO's service have been specified in writing in the CEO's service contract approved by the Board. Both parties may give notice on this contract with a period of notice of two (2) months. When notice is given by the company for whatever reason or if the contract is terminated through mutual agreement by the company and the CEO, the CEO is entitled to a severance pay corresponding to his or her overall remuneration for six (6) months preceding the termination of the contract, which is paid on the day when the contract is terminated.

The remuneration of the CEO consists of a fixed monthly salary in cash (monthly salary and fringe benefits) and an annual performance bonus. It is important for the company that the salary of the CEO is competitive, as the commitment of the CEO and sufficient incentives are central with regard to the company's success. The Board of Directors decides on the CEO's remuneration. The retirement age and pension of the CEO are determined in accordance with the Finnish Employees Pensions Act. The CEO does not have a supplementary pension scheme.

In 2018, the CEO was paid an overall remuneration of EUR 622 314 (2017: EUR 450 037), the share of variable remuneration being EUR 262 007 (2017: EUR 202 947).

Remuneration and other financial benefits of the other executives

The Board of Directors decides on the remuneration system of the Management Team based on the CEO's proposal. The remuneration system consists of a fixed salary in cash (monthly salary and fringe benefits) and an annual performance bonus. Management Team members do not receive remuneration when acting as Board members in the subsidiaries of eQ Plc. The notice period of Management Team members varies between 1 to 3 months. In addition to eQ Plc's CEO, only the CEO of eQ Asset Management Ltd has the right to a severance pay corresponding to six (6) months' overall salary. The other members of the Management Team do not have severance pays decided on in advance. The retirement age and pension of the Management Team members are determined in accordance with the Finnish Employees Pensions Act. The Management Team members do not have supplementary pension schemes.

In 2018, the other Management Team members than the CEO were paid an overall remuneration of EUR 1 291 714 (2017: EUR 946 138), the share of the variable remuneration being EUR 634 827 (2017: EUR 363 736).

Other relevant persons

In 2018, other relevant persons (Finnish Act on Credit Institutions 610/2014, Chapter 8) than the Management Team members were paid an overall remuneration of EUR 623 974 (2017: EUR 240 599), the share of the variable remuneration being EUR 182 479 (2017: EUR 45 194).

Option schemes

eQ Group has three option schemes, option schemes 2010, 2015 and 2018, based on which eQ Group has issued option rights and option subscription rights to key persons. The aim is long-term commitment to the company. In connection with the issue of option rights, the Board of Directors defines, in the terms and conditions of each option scheme, the principles that will be applied to their ownership. The terms and conditions of option schemes 2010, 2015 and 2018 contain no special terms related to ownership.

Option scheme 2010

Based on option scheme 2010, Janne Larma, CEO, has been granted, as part of the engagement system, 450 000 option rights. All of the options granted had been exercised by the end of 2018.

Mikko Koskimies, member of the Management Team, has been granted, as part of the engagement system, 200 000 option rights and Staffan Jåfs, member of the Management Team, 250 000 option rights. Of the options granted, altogether 425 000 had been exercised by the end of 2018.

Option scheme 2015

Based on option scheme 2015, the CEO and other members of the Management Team have been granted option rights as part of the engagement system as follows:

NAME	TASK IN THE ORGANISATION	NUMBER OF OPTIONS
Janne Larma	CEO, eQ Plc	100 000
Staffan Jåfs	Head of Private Equity, eQ Asset Management Ltd	100 000
Mikko Koskimies	CEO, eQ Asset Management Ltd	100 000
Antti Lyytikäinen	CFO, eQ Plc	75 000
Juha Surve	Group General Counsel, eQ Asset Management Ltd	75 000

Option scheme 2018

Based on option scheme 2018, the CEO and other members of the Management Team have been granted option subscription rights as part of the engagement system as follows:

NAME	TASK IN THE ORGANISATION	NUMBER OF OPTIONS
Janne Larma	CEO, eQ Plc	100 000
Staffan Jåfs	Head of Private Equity, eQ Asset Management Ltd	100 000
Mikko Koskimies	CEO, eQ Asset Management Ltd	100 000
Antti Lyytikäinen	CFO, eQ Plc	75 000
Juha Surve	Group General Counsel, eQ Asset Management Ltd	75 000

In accordance with the terms of the option program 2018, the Board of Directors decides in March 2019 upon the confirmation of the subscriptions made in connection with the issuance of options.

Board authorisations regarding remuneration

The AGM of 2018 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, comprising a maximum total of 5 000 000 new shares to be used for the company's incentive schemes, for instance. The authorisation comprises the Board's right to decide on all matters related to the issuance of shares or option rights, including the recipients of the shares or option rights and the amount of the consideration to be paid. The authorisation also covers the right to issue shares and options to selected persons or without consideration.

CORPORATE RESPONSIBILITY REVIEW 2018

1 PRESENTATION

1.1 Purpose

eQ Group is a Finnish group of companies that concentrates on asset management and corporate finance business. The parent company eQ Plc's shares are listed on Nasdaq Helsinki. eQ offers its clients services related to mutual, real estate and private equity funds, discretionary asset management, structured investment products, investments insurance policies and a wide range of mutual funds offered by international partners. The asset management clients are institutional investors and private individuals. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

The purpose of this document is to describe eQ Group's role as a responsible company in relation to its close stakeholders and society at large. Even though eQ, based on the size of the Group and its operations, is not obliged to draw up a corporate responsibility review, the Board of Directors of eQ Plc has decided to voluntarily report on responsibility issues to investors and stakeholders. eQ Group's Corporate Responsibility Review 2018 has been approved by eQ Plc's Board of Directors and will be published as part of the Annual Report 2018.

This review follows Nasdaq's ESG* reporting guidelines for Nordic and Baltic countries (ESG Reporting Guide – A Support Program for Nasdaq Issuers, Focus Area: Nordic & Baltic Markets) for the parts that are relevant to eQ's operations. The titles of the areas presented in the report follow the order in Nasdaq's guidelines, and under each heading, there is a reference to the items in the Guide that the paragraph gives answers to. More information on Nasdaq's guidelines can be found on Nasdaq's website.

*ESG, program on Environmental, Social and Governance disclosure

1.2 Responsible business and responsible investment

One of the Group's central business areas is asset management, in which area eQ has for several years acted as an active forerunner for responsible investments. There is more information on responsible investment operations on eQ's website, which also contains eQ Asset Management Lt's Principles of Responsible Investments and eQ Fund Management Company Ltd's Aims and Methods of Corporate Governance (https://www.eq.fi/fi/funds/responsible-investment). eQ encourages the companies that it invests in to transparent stakeholder information and the development of responsibility reporting, regardless of the size of the company or regulatory requirements.

eQ's approach to responsible investments is the systematic ESG-process integrated to all investment processes (including the selection of investment objects, owner practices/portfolio management and reporting). The Principles of Responsible Investments cover all of eQ's investment areas: traditional asset management, real estate asset management and private equity asset management, taking into account their special features.

The responsible investments approach is regarded as a continuous development process by eQ. Among the latest concrete ESG activities within traditional asset management can be mentioned the introduction of ISS Ethix' norm-based fund assessment for equity and bond investments. The clients receive regular reports on how responsibility has been carried out, such as the carbon footprint of funds, the results of the follow-up on norm infringements introduced in 2018, and the discussions on responsibility between portfolio managers and investment objects.

In 2018, eQ also entered into a partnership with the Baltic Sea Action Group (BSAG), where 85% of the management fee for the BSAG share series of the eQ Blue Planet fund is allocated directly to supporting rescue actions for the Baltic Sea. The co-operation with BSAG represents innovative social responsibility that combines responsible investments and charity in a totally new manner. Within the co-operation, eQ Group offers major resources of its own to the long-term support of BSAG's operations.

Taking into account and assessing responsibility is also regarded as important in real estate asset management processes. When property is acquired, due diligence reports are prepared for assessing the building, land, real estate company and main tenants. During the ownership period, measures are taken in the objects and portfolio to promote responsible operations. Central impact and measure areas are energy efficiency, the attraction that the objects hold in the rental market, their functionality, heath and security. Object-related environmental certifications systems, such as BREEAM In Use, are used when analysing the performance of the objects and for planning future measures. In 2018, we began using "Green electricity", obtained from renewable energy sources, in the properties of the real estate funds, and wind power was selected as the renewable source of energy. The use of solar and geothermal energy has also been expanded. At fund level, we will introduce the international GRESB responsibility reporting and assessment system in 2019.

As part of the due diligence process for investments, private equity asset management always studies the target fund management company's policy on responsible investment. In addition, it is important to understand how responsible investing is carried out in the portfolio management of the target fund, how the responsibility for ESG matters is assigned and how these questions are monitored and reported. When making an investment in the selected private equity fund, a management company statement on the fact that the party managing the fund is aware of eQ's commitment to UNPRI principles is included in the establishment documents of the target fund in question. In addition, the aim is to include in the establishment documents a description of the management company's responsible investment policy and as detailed a description as possible on how ESG matters are reported to investors. We also assess and monitor continuously how the responsibility of private equity investments is fulfilled with, e.g. a regular inquiry sent to the target funds and during discussions with the target funds. In connection with each quarterly report sent to investors, eQ produces an assessment of the state of each target fund regarding responsible investment as well as of the ESG events related to the fund.

2 ENVIRONMENTAL RESPONSIBILITY

(Nasdaq ESG Reporting Guideline: E1. Direct & Indirect GhG Emissions, E2. Carbon Intensity, E3. Direct & Indirect Energy Consumption, E4. Energy Intensity, E5. Primary Energy Source, E6. Renewable Energy Intensity, E7. Water Management, E8. Waste Management, E9. Environmental Policy, E10. Environmental Impacts)

The business operations of eQ Group have relatively low environmental impacts. Energy consumption is mainly related to the energy consumption of the premises. From the beginning of 2018, companies in eQ Group began to use only renewable energy in their own electricity consumption. eQ's premises are modern and exploit technological solutions that promote energy efficiency. The premises have been rented. Consequently, the heat and water consumption as well as the air conditioning (district cooling) is included in the rent, and consumption data regarding them are not available from the lessor.

eQ encourages its employees to use public transport. The employees are offered a travel ticket as employee benefit, and when travelling to clients in the near-by area, the employees have access to public transport travel cards. The company prefers direct flights, and when possible, negotiations are conducted with remote negotiation technologies.

The lessor of the premises used by eQ is responsible for waste management. eQ takes care of the sorting and recycling of the office waste produced on its premises.

eQ Group does not publish a separate Environmental Policy. eQ has not been engaged in legal proceedings or claims concerning environmental accidents.

ENERGY CONSUMPTION	2018	2017
Electricity consumption, kwh	107 235	106 527
Origin of electricity:		
Share of renewable energy, %	100%	25%
Share of nuclear power, %	0%	42%
Share of fossil fuels, %	0%	33%
Specific carbon dioxide emissions of electricity, g/kwh	0	198
Nuclear fuel used in electricity, mg/kwh	0.0	1.2
Carbon dioxide emissions of electricity, total, kg	0	21 092
Carbon dioxide emissions of electricity per net revenue, g/EUR	0.00	0.52
Electricity consumption per rented office square metre, kwh	64	64
Electricity consumption per person, kwh	1 254	1 268

3 SOCIAL RESPONSIBILITY

3.1 eQ as employer

(S3. Employee Turnover Ratio, S4. Gender Diversity, S5. Temporary Worker Ratio, S7. Injury Rate)

The aim of eQ Group is to act as a responsible employer. The personnel is eQ's most important resource, as professional and committed employees are the key to good customer services, investment operations, and counselling.

The Group personnel's commitment and satisfaction are at an excellent level. The results of the annually conducted study on well-being at work were excellent in 2018 as well. The study deals with the personnel's commitment, well-being at work, satisfaction with the work community and the work of the superior, for instance. On a scale from 1 to 5, job satisfaction and well-being at work received the score 4.3 (2017: 4.3) and the likelihood that the employee would recommend eQ Group as employer 4.4 (2017: 4.4). The response rate was high at 88%. The personnel study is one of eQ's most important tools for developing internal working methods and the quality of managerial work.

eQ invests in the well-being of its personnel by offering extensive occupational health care, employee benefit vouchers and other welfare services, for instance. The emphasis of occupational health care lies strongly on preventive measures.

Development discussions are conducted with the entire personnel in all Group companies. The discussions are conducted at least once a year and they assess the performance of the previous period and set targets for the following one, as well as assess, e.g. the need to develop the employee, managerial work and the work community.

eQ's employees may participate in training offered by the employer and partners or study independently. The Group is favourably disposed to studies at the employees' own initiative. Study leaves are granted and studies are supported with different work arrangements.

Calculated as full-time resources, eQ Group had 86 employees at the end of 2018 (2017: 84). When calculating full-time resources, part-time employees and those on parental and study leave have been included. Altogether 91 persons had an employment relationship with eQ (2017: 89), and six of them worked part-time (2017: 6). Part-time employees are used for seasonal tasks or projects.

Of the personnel, 38% were women (2017: 36%) and 62% men (2017: 64%). The average age of the personnel was 40.9 years (2017: 39.8), and the employee turnover rate in 2018 was 8.8% (2017: 8.4%). In 2018, the average sick leave was 1.9 days per person (2017: 2.3) and there were 2 occupational accidents (2017: 1).

PERSONNEL	2018	2017
Personnel as full-time resources	86	84
Permanent employment relationship	85	83
Temporary employment relationship	6	6
Employment relationship, total	91	89
Share of temporary employees, %	6.6 %	6.7 %
Full-time, total	86	83
Part-time, total	5	6
Age and gender distribution, no.		
18–30 years total, (F/M)	17 (6/11)	19 (4/15)
31–40 years total, (F/M)	31 (10/21)	30 (11/19)
41–50 years total, (F/M)	19 (8/11)	18 (8/10)
51–60 years total, (F/M)	22 (11/11)	20 (9/11)
61– years total, (F/M)	2 (/2)	2 (/2)
Total	91 (35/56)	89 (32/57)
Average age of employees, years	40.9	39.8

PERSONNEL	2018	2017
Employment relationships based on gender, no. and %		
Women	35, 38%	32, 36%
Men	56, 62%	57, 64%
Employee turnover (%)	8.8 %	8.4 %
Sick leaves during the year, day per person	1.9	2.3
Registered accidents	2	1

3.2 Equal pay between genders

(S2. Gender Pay Ratio)

eQ Group pays the same salary to employees for the same or similar work regardless of gender. Similar in this respect means that the central requirements, expertise, responsibility, work load and working conditions are at the same level. The job title is not decisive. Instead, the remuneration system is based on how demanding the work is.

3.3 Equality

(S6. Non-Discrimination Policy)

Equality, justice, and non-discrimination are important principles for eQ Group. eQ has drawn up an equality plan, which comprises the measures for promoting equality and the agreed follow-up measures. The plan is assessed and updated on a regular basis and covers all Group companies. The plan is available to all employees of eQ Group in the Group's intranet.

3.4 Health and Safety Policy

(S8. Global Health & Safety Policy)

eQ Group has drawn up a policy for promoting health and safety at work and for maintaining the working capacity of the employees. It covers the needs to develop working conditions as well as the impacts and development needs of factors related to the work environment. The policy is available to all employees of eQ Group in the Group's intranet.

3.5 Principles related to human rights violation and child labour

(S9. Child & Forced Labor Policy, S10. Human Rights Policy, S11. Human Rights Violations)

eQ Group has not drawn up separate principles related to human rights violations or child labour. All operations of the Group are located in Finland, at one single office. Therefore, the Group can monitor operating practices related to the employees in a reliable manner.

3.6 Board diversity

(S12. Board – Diversity)

The Board's aim is to promote the diversity of the Board's composition for its part. When assessing diversity, the Board takes into consideration, for instance the age and gender of the directors, their education and professional experience, individual characteristics and experience that is essential with regard to the task and the company operations. eQ Plc has defined as goal regarding the equal representation of gender on the Board that there should always be representatives of both genders on eQ Plc's Board of Directors. The Board aims at reaching this goal and maintaining it primarily by informing eQ Plc's owners actively about the goal.

During the financial period 2018, eQ Plc's Board met the preconditions set for the company diversity, including the goal of having representatives of both genders on the Board. The following persons were on eQ Plc's Board of Directors during the financial period 2018: Georg Ehrnrooth (Chairman), Nicholas Berner, Carl Haglund, Timo Kokkila and Annika Poutiainen. The directors have versatile experience from sectors that are of importance to the company, such as the investment and finance sector and the real estate sector. In addition, the diverse work experience and education of the directors as well as their international experience complement each other. eQ Plc's Annual General Meeting elects the directors.

The Board of Directors of the company has monitored the company's diversity during the financial period 2018.

DIVERSITY OF THE BOARD OF DIRECTORS IN 2018:

Directors, total	5	100 %
Women	1	20 %
Men	4	80 %
Board members who are independent of the company	5	100 %
Board members who are independent of the major shareholders	4	80 %

4 GOVERNANCE

4.1 Board – separation of powers and transparent practices

(G1 Board – Separation of Powers, G2. Board – Transparent Practices)

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association on 1 January 2016. The entire Code is publicly available on the website of the Securities Market Association at (www.cgfinland.fi). eQ Plc draws up annually a Corporate Governance Statement required by the Corporate Governance Code separately from the report by the Board of Directors. The Corporate Governance Statement and other information that shall be disclosed in accordance with the Corporate Governance Code as well as the company's financial statements, report by the Board of Directors and auditors' report are available on eQ Plc's website (https://www.eq.fi/fi/about-eq-group).

According to the Board of Directors' charter, the CEO of the company or other persons employed by the company may not be elected to eQ Plc's Board.

The Board's charter, the minutes of meetings and other documents on Board operations are not publicly available. The company discloses information about events that concern the Group in accordance with valid legislation and the company's disclosure policy. The company's disclosure policy is available on eQ's website.

4.2 Remuneration

(G3. Incentivized Pay)

eQ's remuneration system is based on the strategy and long-term goals defined by the Board, and it is one of the major tools used for reaching the Group's long-term and short-term strategic goals. The remuneration system contributes to good, efficient and comprehensive risk management within eQ Group and prevents above all detrimental risk-taking. The aim of comprehensive risk management is to take into consideration the goals, values and interests of the Group companies, funds under management and the investors, for instance. The remuneration of the company management is not separately dependent on meeting the ESG criteria.

eQ Group's remuneration principles can be found on eQ's website (https://www.eq.fi/fi/about-eq-group/hallinnointi/palkitsemis-periaatteet). eQ Plc publishes a Remuneration Statement annually at the same time as the Annual Report. The Remuneration Statement for 2018 has been drawn up in accordance of the Corporate Governance Code for listed companies that entered into force on 1 January 2016, and the Board of Directors has reviewed it on 6 February 2019. eQ Plc's Remuneration Statement is available on eQ's website (https://www.eq.fi/fi/about-eq-group/hallinnointi/palkka-ja-palkkioselvitys).

4.3 Application of collective labour market agreements

(G4. Fair Labor Practices)

No collective agreements are applicable to eQ Group's employees, nor are they covered by the universally applicable collective agreement in Finland.

4.4 Code of Conduct

(G5. Supplier Code of Conduct, G6. Ethics Code of Conduct, G7. Bribery/ Anti-Corruption Code)

eQ has drawn up a Code of Conduct for the Group. eQ Plc's Board of Directors has reviewed and approved the Code, which defines eQ's common principles for ethical operations. eQ Group has deemed that it does not need a separate supplier code of conduct due to the low number of suppliers and their insignificance. Guide-lines on bribery and anti-corruption are included in eQ Group's Code of Conduct, which states that it is prohibited to issue any improper payments or advantages in business operations. According to eQ's Code of Conduct, all operations that encourage to improper acts or the misuse of a person's position are regarding as giving or taking of bribes. In addition to monetary bribes, gifts, hospitality, credits, discounts, trips, personal advantages, accommodation, and services may be regarded unreasonable or improper advantages.

In addition to offering gifts, the reception or acceptance or unreasonable or improper advantages is forbidden at eQ. It is also forbidden to strive for personal advantage through customer relations. A customer relation has been established between eQ and the customer.

When giving gifts, remembering anniversaries and offering hospitability, the Group takes into account the guidelines on bribery and anti-corruption and in addition, the restrictions and principles for bribery of the receiving person or organisation and respects them. Additionally, the person's superior must always accept the giving and receiving of any gifts and hospitability.

The Group's Code of Conduct is available to the employees in the Group's intranet.

4.5 Tax transparency

(G8. Tax Transparency)

As part of this Responsibility Review, eQ reports its financial impact on society in form of taxes and charges of tax-like nature. Transparent reporting is part of responsible operations and governance. eQ Group does not have a separate tax strategy approved by the Board. The Group pays its taxes to Finland.

eQ Group is a major tax payer. In 2018, the income tax for eQ's taxable profit paid in Finland totalled EUR 4.7 million (2017: EUR 4.2 million). The Group's effective tax rate was 20.8% (2017: 20.9%).

As employer, eQ pays charges related to pension, unemployment and social security and remits the withholding made from the salaries to tax authorities. The charges of tax-like nature related to the personnel that eQ Group paid in 2018 totalled EUR 2.8 million (2017: EUR 2.5 million). The withholdings that eQ made from the salaries amounted to EUR 5.3 million (2017: EUR 4.5 million) and the other tax-like charges totalled EUR 1.1 million (2017: EUR 0.9 million).

The value-added tax remitted by eQ Group in 2018 totalled EUR 0.8 million (2017: EUR 0.9 million). In addition, part of the value-added tax included in purchases is paid by eQ, as the operations are partly exempted from VAT.

The taxes withdrawn from the dividend and equity repayment that eQ Plc paid in 2018 totalled EUR 1.0 million (2017: EUR 1.0 million). eQ has not received any public subsidies for its operations.

TAXES, EUR 1 000	2018	2017
Taxes paid		
Income tax, Finland	4 679	4 220
Effective tax rate	20.8 %	20.9 %
Charges of tax-like nature payable by the employer (employee pension, social security and unemployment charges)	2 770	2 451
Taxes remitted		
Withdrawal from salaries, Finland	5 267	4 507
Charges of tax-like nature payable by the employee (employee pension, unemployment charges)	1 106	884
Value-added tax paid, Finland	768	871
Tax withdrawn from dividend and equity repayment, Finland	976	994

4.6 Responsibility Review and other responsibility reporting

(G9. Sustainability Report; G10. Other Framework Disclosures)

This review has been prepared in accordance with Nasdaq's ESG reporting guidelines for Nordic and Baltic countries published in March 2017 (ESG Reporting Guide – A Support Program for Nasdaq Issuers, Focus Area: Nordic & Baltic Markets http://business.nasdaq.com/media/ESG-Reporting-Guide_tcm5044-41395.pdf).

In addition, eQ Plc's subsidiary eQ Asset Management Ltd has prepared a separate annual report on responsible investment. The report is available on eQ's website.

eQ Asset Management Ltd has signed the United Nations' Principles for Responsible Investment (UNPRI). The Group reports to UNPRI regularly, and UNPRI assesses the responsibility of eQ's investment operations annually. eQ's latest ESG report (RI Transparency Report 2018) is available on eQ's website (https://www.eq.fi/fi/funds/responsible-investment).

4.7 External validation of the review

(G11. External Validation Assurance)

This review has not been validated by an external party.

The Firm of Authorised Public Accountants KPMG Oy Ab has audited eQ Plc's financial statements for the financial period 1 January to 31 December 2018. eQ Plc's Board and CEO are responsible for the other information in the Annual Report. This review is included in eQ's Annual Report and treated as "other information", as defined in the Auditors' Report. Even though the auditors do not audit other information, they have in their report assessed whether the other information essentially conflicts with the financial statements and information obtained by the auditors or if it otherwise seems to be incorrect for essential parts.

BOARD OF DIRECTORS

eQ Plc Board of Directors since 28 March 2018:

Timo Kokkila

Member of the Board since 2016
Born: 1979

Education:
M.Sc. (Eng.)

Primary working experience:
2016- Pontos Group, CEO
2011-2015 Pontos Group, Investment Director
2008-2011 SRV Group Plc, Manager, Project Development
2006-2008 SRV Group Plc, Project Development Engineer
2004-2006 Kampin Keskus Oy, Development Engineer

Primary positions of trust:
Ilmarinen Mutual Pension Insurance Company, Member of the Board; Valmet Automotive Ltd, Member of the Board; SRV Group Plc, Member of the Board; Pontos Ltd, Member of the Board; LAK Real Estate Ltd, Member of the Board.

Independent of the company and significant shareholders.

Georg Ehrnrooth

Chairman of the Board
Member of the Board since 2011
Born: 1966

Education:
Studies in agriculture and forestry, Högre Svenska Läroverket, Åbo

Primary working experience:
2005 eQ Corporation and eQ Bank Ltd, Chief Executive Officer

Primary positions of trust:
Paavo Nurmi Foundation, Member of the Board; Anders Wall Foundation, Member of the Board; Louise and Göran Ehrnrooth Foundation, Chairman of the Board; Corbis S.A, Chairman of the Board; Fennogens Investments S.A, Chairman of the Board.

Independent of the company, but not independent of its significant shareholders.

Nicolas Berner

Member of the Board since 2013
Born: 1972

Education:
LL.B, University of Helsinki

Primary working experience:
2011- Berner Ltd, Chief Financial Officer,
1998-2011 Hannes Snellman Attorneys Ltd, as a partner 2006-2011

Primary positions of trust:
Berner Ltd, Member of the Board.

Independent of the company and significant shareholders.

Annika Poutiainen

Member of the Board since 2015
Born: 1970

Education:
LL.B, University of Helsinki
LL.M., King's College, London

Primary working experience:
2018- Council for Swedish Financial Reporting Supervision, Chairman
2014-2017 JKL Group, Industrial Advisor
2009-2014 NASDAQ OMX Stockholm, Head of Market Surveillance Nordics
2006-2009 Swedish Financial Regulatory Authority, Head of Unit
2000-2006 law firm Linklaters London
1999 Hannes Snellman Attorneys Ltd

Primary positions of trust:
Swedbank AB, Member of the Board.

Independent of the company and significant shareholders.

Carl Haglund

Member of the Board since 2017
Born: 1979

Education:
M.Sc.(Econ),
Hanken Scool of Economics

Primary working experience:
2018- Accenture, Managing Director
2016- 2018 Sunshine Kaidi (Finland) New Energy Group, CEO
2016- 2018 Sunshine Kaidi New Energy Group, Vice president, Europe and Strategy
2015-2016 Parliament of Finland, Member
2014-2015 Minister for Sports
2012-2015 Minister of Defence
2009-2012 European Parliament, Member

Primary positions of trust:
Institute of Finnish Economy ETLA, Chairman of the Board; Finnish Business and Policy Forum EVA, Chairman of the Board; Finnish Swedish Chamber of Commerce, Member of the Board; Baltic Sea Action Group, Member of the Board.

Independent of the company and significant shareholders.

MANAGEMENT TEAM

eQ Group's Management Team:

Juha Surve

Juha Surve, LL.M and M.Sc. (Econ.), (born 1980) is Group General Counsel of eQ Plc, and he also acts as a secretary of the Board of eQ Plc. Juha has worked among financial sector and capital markets since 2003 and with eQ Plc since the beginning of year 2012. From 2008 to 2012 he worked at Castrén & Snellman Attorneys Ltd expertising in M&A transactions, capital markets and corporate law. Prior to that he gained over five years' experience in various asset management related duties e.g. in OP-Pohjola Group and Nordea Bank.

Mikko Koskimies

Mikko Koskimies, M.Sc. (Econ), (born 1967) is CEO of eQ Asset Management Ltd. He previously worked as a Managing Director of Pohjola Asset Management Ltd and was a member of the Executive Committee of Pohjola Bank. Mikko Koskimies also worked from 1998 to 2005 as a Managing Director of Alfred Berg Asset Management Ltd. During the years from 1989 to 1997 he worked within the current Nordea Group. From 1993 to 1997 Mikko worked in Private Banking for Merita Bank Luxembourg S.A. in Luxembourg.

Janne Larma, puheenjohtaja

Janne Larma, M.Sc. (Econ), (born 1965) is CEO of eQ Plc. Janne founded Advium Corporate Finance Ltd in 2000, prior to which he had gained more than ten years of experience within investment banking. In addition, he has experience in the asset management business, as Board member of the parent company of eQ Asset Management Group and as member of eQ Bank's management team from 2004 to 2009.

Staffan Jåfs

Staffan Jåfs, M.Sc. (Econ), (born 1974) is responsible for the private equity asset management and group's own private equity investment operations. Staffan has worked in the private equity business since 2000 and with eQ Plc since 2007. Previously in 2000-2007 he worked at Proventure Ltd as CFO, responsible for the group's financial administration and previous to this as Financial Manager at Kantarellis, a hotel and restaurant chain.

Antti Lyytikäinen

Antti Lyytikäinen, M.Sc. (Econ.), (born 1981) is CFO of eQ Group. Antti has worked among financial sector since 2004 and with eQ Plc since 2011. From 2008 to 2011 he worked at Aberdeen Asset Management and was responsible for the financial management of group's property funds. Prior to that he worked as an Auditor e.g. in the Financial Services -division of KPMG.

INVESTMENTS FROM OWN BALANCE SHEET

eQ's own Fund of Funds

EQ PE X NORTH

Vintage Year	2018
Management company	eQ Private Equity GP Ltd
Total size of the Fund	175.0 MEUR
eQ's commitment	1.0 MEUR
Financing stage	Buyout
Geographical focus	Northern Europe
Target funds	No sector preference
www pages	www.eQ.fi

EQ PE IX US

Vintage Year	2017
Management company	eQ Private Equity GP Ltd
Total size of the Fund	105.0 MUSD
eQ's commitment	1.1 MUSD
Financing stage	Buyout
Geographical focus	Northern America
Target funds	No sector preference
www pages	www.eQ.fi

EQ PE VIII NORTH

Vintage Year	2016
Management company	eQ Private Equity GP Ltd
Total size of the Fund	160.0 MEUR
eQ's commitment	3.0 MEUR
Financing stage	Buyout
Geographical focus	Northern Europe
Target funds	No sector preference
www pages	www.eQ.fi

EQ PE VII US

Vintage Year	2015
Management company	eQ Private Equity GP Ltd
Total size of the Fund	80.2 MUSD
eQ's commitment	3.0 MUSD
Financing stage	Buyout
Geographical focus	Northern America
Target funds	No sector preference
www pages	www.eQ.fi

EQ PE VI NORTH

Vintage Year	2013
Management company	eQ Private Equity GP Ltd
Total size of the Fund	100.0 MEUR
eQ's commitment	3.0 MEUR
Financing stage	Buyout
Geographical focus	Northern Europe
Target funds	No sector preference
www pages	www.eQ.fi

AMANDA V EAST

Vintage Year	2008
Management company	eQ Private Equity GP Ltd
Total size of the Fund	50.0 MEUR
eQ's commitment	5.0 MEUR
Financing stage	Buyout
Geographical focus	Russia, East Europe
Target funds	No sector preference
www pages	www.eQ.fi

eQ's own Fund of Funds

AMANDA IV WEST

Vintage Year	2007
Management company	eQ Private Equity GP Ltd
Total size of the Fund	90.0 MEUR
eQ's commitment	5.0 MEUR
Financing stage	Buyout
Geographical focus	Western Europe
Target funds	No sector preference
www pages	www.eQ.fi

AMANDA III EASTERN PRIVATE EQUITY

Vintage Year	2006
Management company	eQ Private Equity GP Ltd
Total size of the Fund	110.2 MEUR
eQ's commitment	10.0 MEUR
Financing stage	Buyout
Geographical focus	Russia, East Europe
Target funds	No sector preference
www pages	www.eQ.fi

EUROPEAN FUND INVESTMENTS (EFI II)

Vintage Year	2001
Management company	Nordic Venture Managers Ltd
Total size of the Fund	88.4 MEUR
eQ's commitment	0.88 MEUR
Financing stage	Buyout
Geographical focus	Europe
Target funds	No sector preference
www pages	www.eQ.fi

Funds managed by others than eQ

EQT V

Vintage Year	2006
Management company	EQT Partners
Total size of the Fund	4 250.0 MEUR
eQ's commitment	5.0 MEUR
Financing stage	Buyout
Geographical focus	Northern Europe
Target funds	Middle-sized and large companies
www pages	www.eqtpartners.com

PERMIRA EUROPE IV

Vintage Year	2006
Management company	Permira Advisers Limited
Total size of the Fund	9 411.2 MEUR
eQ's commitment	4.0 MEUR
Financing stage	Buyout
Geographical focus	Europe, USA and Asia
Target funds	Large companies
www pages	www.permira.com

TRITON FUND II

Vintage Year	2006
Management company	Triton Advisers Limited
Total size of the Fund	1 126.0 MEUR
eQ's commitment	5.0 MEUR
Financing stage	Midmarket Buyout
Geographical focus	Europe
Target funds	Middle-sized companies
www pages	www.triton-partners.com

GRESHAM FUND IV

Vintage Year	2006
Management company	Gresham LLP
Total size of the Fund	346.7 MGBP
eQ's commitment	3.0 MGBP
Financing stage	Midmarket Buyout
Geographical focus	UK
Target funds	Small and middle-sized companies
www pages	www.greshampe.com

MONTAGU III

Vintage Year	2005
Management company	Montagu Private Equity LLP
Total size of the Fund	2 260.6 MEUR
eQ's commitment	5.0 MEUR
Financing stage	Midmarket Buyout
Geographical focus	Europe
Target funds	Middle-sized companies
www pages	www.montagu.com

PAI EUROPE IV

Vintage Year	2005
Management company	PAI Partners
Total size of the Fund	2 697.1 MEUR
eQ's commitment	5.0 MEUR
Financing stage	Large Buyout
Geographical focus	Europe
Target funds	Middle-sized and large companies
www pages	www.paipartners.com

Funds managed by others than eQ

PERMIRA EUROPE III

Vintage Year	2003
Management company	Permira Advisers Limited
Total size of the Fund	4 955.3 MEUR
eQ's commitment	3.0 MEUR
Financing stage	Mega Buyout
Geographical focus	Europe
Target funds	Middle-sized and large companies
www pages	www.permira.com

ATLAS VENTURE VI

Vintage Year	2001
Management company	Atlas Venture Advisors Inc.
Total size of the Fund	599.7 MUSD
eQ's commitment	1.9 MUSD
Financing stage	Venture Capital
Geographical focus	Europe, USA
Target funds	Information technology, life science
www pages	www.atlasventure.com

BALDERTON CAPITAL I

Vintage Year	2000
Management company	Balderton Capital Partners
Total size of the Fund	500.0 MUSD
eQ's commitment	2.0 MUSD
Financing stage	Venture Capital
Geographical focus	Europe
Target funds	Software, internet, media and telecom
www pages	www.balderton.com

INNOVACOM 4 FCPR

Vintage Year	2000
Management company	Innovacom s.a
Total size of the Fund	200.7 MEUR
eQ's commitment	5.0 MEUR
Financing stage	Venture Capital
Geographical focus	France, Germany, U.S., United Kingdom
Target funds	Communications, computer related, computer software, electronic related
www pages	www.innovacom.com

PERMIRA EUROPE II

Vintage Year	2000
Management company	Permira Advisers Limited
Total size of the Fund	3 300.0 MEUR
eQ's commitment	4.2 MEUR
Financing stage	Buyout
Geographical focus	Europe
Target funds	Middle-sized and large companies
www pages	www.permira.com

NEXIT INFOCOM 2000 FUND

Vintage Year	2000
Management company	Nexit Ventures
Total size of the Fund	66.3 MEUR
eQ's commitment	3.2 MEUR
Financing stage	Venture Capital
Geographical focus	Nordic countries and USA
Target funds	Mobile, wireless internet infrastructure, mobile internet
www pages	www.nexitventures.com

INFORMATION ABOUT CAPITAL ADEQUACY

eQ Group comprises a fully-owned subsidiary of eQ Plc, eQ Asset Management Ltd, which an investment firm. eQ Asset Management Ltd, as investment firm, and eQ Plc as the holding company, apply the Basel III/CRD IV regulations. This section presents information about the capital adequacy calculations of eQ Group (Pillar III). There is also more information about capital adequacy management in the Notes to the Financial Statements.

The goals and practises of risk management at eQ Group have been presented in the Notes to the Financial Statements. Information about corporate governance and remuneration in eQ Group can be found as part of the Annual Report and on eQ's website.

CAPITAL ADEQUACY, EUR 1 000	CRR 31 DEC. 2018 EQ GROUP	CRR 31 DEC. 2017 EQ GROUP
Equity	62 249	62 661
Common equity tier 1 (CET 1) before deductions	62 249	62 661
Deductions from CET 1		
Intangible assets	-29 446	-29 431
Unconfirmed profit for the period	-17 799	-15 922
Dividend proposal by the Board*	-2 563	-2 831
Common equity tier 1 (CET1)	12 441	14 477
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	12 441	14 477
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	12 441	14 477
Risk-weights, total	128 956	121 253
of which credit risk	48 464	49 147
of which market risk - currency risk	4 576	5 469
of which operational risk	75 916	66 636
Common equity tier 1 (CET1) / risk-weights, %	9.6 %	11.9 %
Tier 1 (T1) / risk-weights, %	9.6 %	11.9 %
Total capital (TC) / risk weights, %	9.6 %	11.9 %
Leverage ratio, %	22.0 %	25.7 %
Tier 1	12 441	14 477
Total amount of exposure	56 556	56 296
Total amount of exposure:		
Balance sheet items excl. intangible assets	48 765	47 380
Off-balance sheet items	7 791	8 917
Excess of total capital compared with the minimum level (8% solvency ratio)	2 125	4 777
Total capital compared with the target level (10% solvency ratio)	-454	2 351

The leverage ratio has been calculated based on information at the end of the year by dividing the tier 1 capital according to the capital requirement regulation (CRR) with the total amount of exposures. The total amount of exposures is the total amount of the exposure values and the off-balance sheet items that have not been deducted when defining tier 1 capital.

*Dividend and equity repayment proposed by the Board exceeding the profit for the financial year.

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

Capital instruments' main features:

CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE	CET 1
1. Issuer	eQ Plc
2. Unique identifier	ISIN: FI0009009617
3. Governing law(s) of the instrument	Finnish law, EU's CRR regulation 575/2013
Regulatory treatment	
4. Transitional CRR rules	Common equity tier 1 (CET1)
5. Post-transitional CRR rules	Common equity tier 1 (CET1)
6. Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Consolidated
7. Instrument type	CET1 as published in EBA's Annex (article 26(3))
8. Amount recognised in regulatory capital, MEUR	12.4
9. Nominal amount of instrument	N/A
9a. Issue price	N/A
9b. Redemption price	N/A
10. Accounting classification	Shareholders' equity
11. Original issue date	1.11.2000
12. Perpetual or dated	Perpetual
13. Original maturity date	No maturity
14. Issuer call subject to prior supervisory approval	N/A
15. Optional call date, contingent call dates and redemption amount	N/A
16. Subsequent call dates, if applicable	N/A
Dividends/coupons	
17. Fixed or floating dividend/coupon	Floating
18. Coupon rate and any related index	N/A
19. Existence of a dividend stopper	No

CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE	CET 1
20a. Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b. Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21. Existence of step-up or other incentive to redeem	No
22. Cumulative or non-cumulative	Non-cumulative
23. Convertible or non-convertible	Non-convertible
24. If convertible, conversion trigger(s)	N/A
25. If convertible, fully or partially	N/A
26. If convertible, conversion rate	N/A
27. If convertible, mandatory or optional conversion	N/A
28. If convertible, instrument type convertible into	N/A
29. If convertible, issuer of instrument it converts to	N/A
30. Write-down features	N/A
31. If write-down, write-down trigger(s)	N/A
32. If write-down, full or partial	N/A
33. If write-down, permanent or temporary	N/A
34. If temporary write-down, description of write-up mechanism	N/A
35. Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument)	N/A
36. Non-compliant transitioned features	No
37. If yes, non-compliant features	N/A

Total capital based on transitional provisions, EUR 1 000

31 DEC. 2018	AMOUNT AT DISCLOSURE DATE	RELEVANT ARTICLE IN REGULATION (EU) NO 575/2013	AMOUNTS SUBJECT TO PRE-REGULATION (EU) N:O 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF SAID REGULATION
Common equity tier (CET1): capital instruments and funds			
1. Capital instruments and related share premium accounts	11 384	Article 26(1), articles 27, 28 and 29	-
2. Retained earnings	6 032	Article 26(1)(c)	-
3. Accumulated other comprehensive income and other funds	27 034	Article 26(1)	-
5a. Independently reviewed interim profits net of any foreseeable charge or dividend	-2 563	Article 26(2)	-
6. Common equity tier 1 (CET 1) capital before regulatory adjustments	41 887		-
Common equity tier 1 (CET 1) capital: regulatory adjustments			
8. Intangible assets (net of related tax liability) (negative amount)	-29 446	Article 36(1)(b), article 37	-
28. Total regulatory adjustments to common equity tier 1 (CET 1)	-29 446		-
29. Common equity tier 1 (CET1)	12 441		-
59. Total capital (TC = T1 + T2)	12 441		-
60. Total risk-weighted assets	128 956		-
61. Common equity tier 1 (CET1) (as percentage of risk exposure amount)	9.6 %	Article 92(2)(a)	
62. Tier 1 (T1) (as percentage of risk exposure amount)	9.6 %	Article 92(2)(b)	
63. Total capital (as percentage of risk exposure amount)	9.6 %	Article 92(2)(c)	

INFORMATION TO THE SHAREHOLDERS

eQ Plc's share

eQ Plc's share is traded on Nasdaq Helsinki. At the end of 2018, the company had had 5 451 shareholders (5 048 shareholders on 31 Dec. 2017). The largest shareholders have been presented in the notes of the financial statements.

- Symbol: EQV1V
- Sector: Financial Services
- Market capitalisation classification: Mid Cap companies

Annual General Meeting

eQ Plc's Annual General Meeting (AGM) will be held on Monday 25 March 2019 in Helsinki. Detailed information and instructions for participation can be found on the company website at www.eQ.fi.

Dividend distribution

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.47 per share be paid out. Additionally, the Board proposes to the AGM that an equity repayment of EUR 0.07 per share be paid out from the reserve of invested unrestricted equity.

- Record date of the dividend and equity repayment 27 March 2019
- Payment date of the dividend and equity repayment 3 April 2019

Financial information in 2019

In 2019, the financial reports of eQ Plc will be published as follows:

- Interim report 1 Jan. to 31 March 2019: Friday 26 April 2019
- Half year report 1 Jan. to 30 June 2019: Tuesday 13 August 2019
- Interim report 1 Jan. to 30 Sept. 2019: Thursday 24 October 2019

In connection with the publication of the financial reports, eQ will arrange a result presentation for investors, analysts and representatives of the media at its offices in Helsinki. The interim and half year reports will be available on eQ's website at www.eQ.fi.

Analysts following eQ Plc

The analysts mentioned below follow eQ Plc. eQ is not responsible for their comments or assessments.

- Inderes Oy, Sauli Vilén, +358 44 025 8908, sauli.vilen@inderes.com
- OP Corporate Bank Plc, Antti Saari, +358 10 252 4359, antti.saari@op.fi

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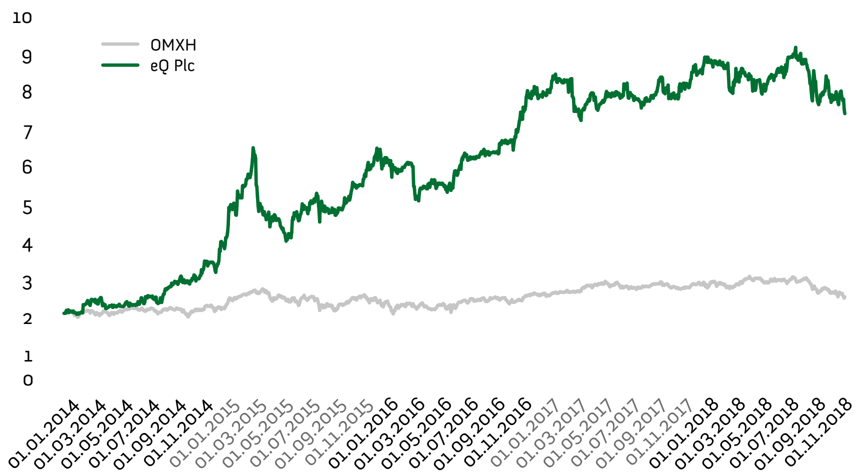
Share price development 2014 to 2018



Number of shareholders