ANNUAL REPORT 2017

eQ – ANNUAL REPORT 2017

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*Best quality of the services in the Finnish market for institutional asset management**

*Second most used asset management house in the Finnish institutional market**

*Advium – #1 real estate investment bank in Finland***

* SFR research 2017
** Euromoney 2017

eQ IN 2017

- Net revenue EUR 40.7 million
- Operating profit EUR 20.1 million
- Dividend and repayment of equity per share EUR 0.50
- Effective dividend and equity repayment yield 6.0%
- Market cap EUR 311.3 million
- Number of shareholders 5,048
- Number of personnel 84
- Assets under management EUR 8.4 billion

0.43 EUR

EARNINGS PER SHARE

50.5 %

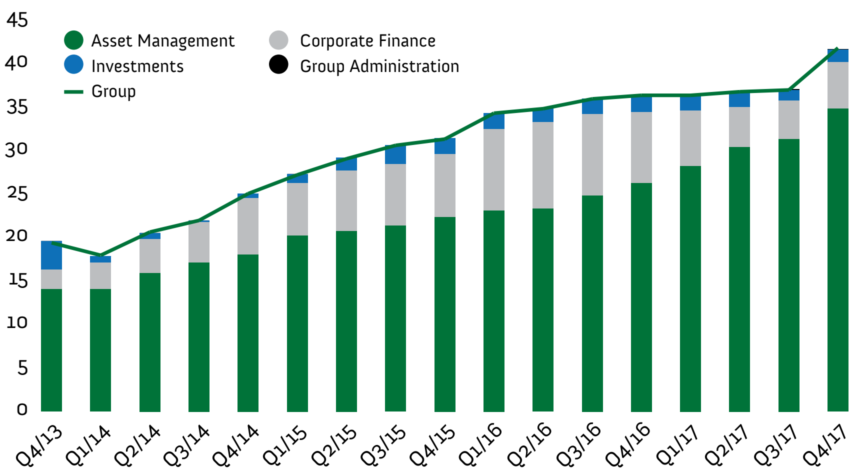
COST/INCOME RATIO

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.

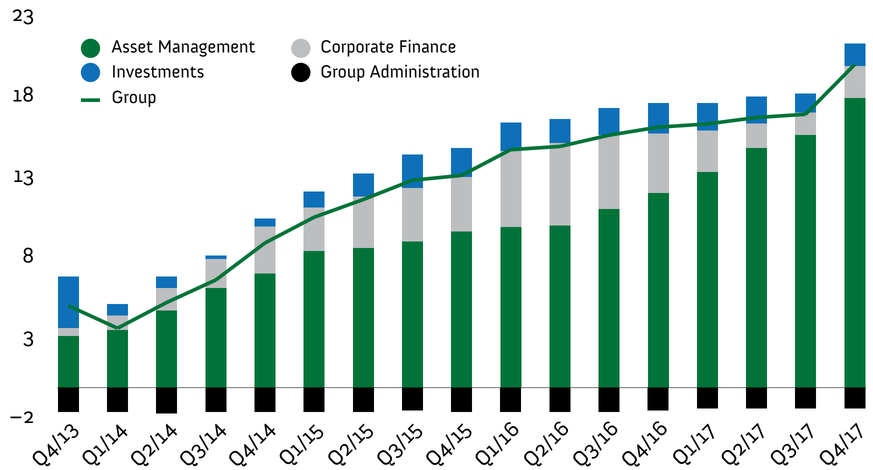
The Group offers its clients services related to mutual and private equity funds, discretionary asset management, structured investment products, investment insurance policies, and a large range of mutual funds offered by international partners.

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)



EBIT development, rolling 12 months (€'m)



CEO'S REVIEW

eQ Asset Management had a very successful year

eQ Asset Management has improved its market position year after year to become one of the leading institutional asset managers in Finland. According to a study by SFR, we were the second most used institutional asset manager in Finland, and it was especially gratifying that the investors regarded eQ as the best company in the market in their quality assessments.

The net subscriptions in our two real estate funds reached a record level of EUR 269 million last year, and the capital in the funds amounted to almost EUR 1 billion. The capital has been gathered in just over five years. In addition, both funds have given excellent returns to the investors, last year more than 10 per cent.

The private equity asset management also grew and gained plenty of new capital. Last year, we established three new funds and raised more than EUR 320 million of capital to them. We established the first eQ Private Credit fund (EUR 92 million), our first secondary market fund eQ PE SF (EUR 138 million) and raised USD 105 million to the eQ PE IX US Fund.

Traditional asset management also posted high growth, and eQ´s equity and fixed-income funds as well as asset management portfolios gave the clients excellent returns. During the past three years, 86 per cent of eQ's funds registered in Finland that it manages itself have surpassed their benchmark indices. Last year we established a new eQ Emerging Markets Small Cap Fund, which makes investments in smaller emerging market companies. At the close of the year, its size was already EUR 56 million, and the number of unit holders was approximately 280.

Making investments in a responsible manner is an ever more important consideration for us. For several years now, we have followed the UN's Principles for Responsible Investment, which we signed in 2010. We strongly believe that the choice of the best investment objects and responsible investment go hand in hand. Taking the responsibility aspect into consideration in investment operations is part of the day-to-day work of our portfolio managers. At Group level, we participate in Nasdaq's pilot project on responsibility reporting together with 36 other listed companies in Scandinavia and the Baltic countries. eQ Plc has decided to voluntarily report on responsibility issues to investors and stakeholders, even though the size of the Group and its operations does not make responsibility reporting mandatory. Our Responsibility Review can be found on page 90 of the Annual Report.

Advium holds a good market position as advisor in large real estate transactions

The value of the transactions in the Finnish real estate market was EUR 10.2 billion, which is the all-time high and more than 40 per cent higher than the year before. In 2017, Advium acted as advisor in eight real estate transactions and was chosen the best Finnish investment bank in the real estate sector in an enquiry by the distinguished Euromoney magazine already for the 11th time. Advium acted as advisor to, e.g. Sanoma as it agreed on the sale of an office property in the city centre of Helsinki to a fund managed by Aberdeen Standard Investments. Advium acted as advisor to Kesko, the Rakauskas family and Zabolis Partners, as they sold real estate in the Baltic countries to a U.S. fund for EUR 174 million.
The activity in mergers and acquisitions was also high last year. We acted as advisor as Finnpos Oy, a company specialising in solutions for payment, was sold to the Swedish OS Group AB, which is owned by IK Investment Partners. In addition, Advium issued a fairness opinion to the Board of Ilmarinen on the joining of the two occupational pension insurance companies Ilmarinen and Etera.

eQ's result was excellent

Our net revenue increased by 15 per to EUR 40.7 million and our operating profit to EUR 20.1 million. The Group's profit for the financial period increased by 24 per cent to EUR 15.9 million, i.e. to 43 cents per share.

eQ Asset Management's profitability improved markedly, and its operating profit grew by 50 per cent to EUR 18.0 million. The operating profit of Advium fell to EUR 2.0 million and the operating profit of the Investments segment was EUR 1.4 million. Our balance sheet continues to be very strong.

The improved result and strong cash flow allow the Board to propose a dividend of 43 cents and an equity repayment of 7 cents per share for the year 2017, i.e. in total the same as the year before.

Thanks to our clients, partners and personnel

Last year was excellent for eQ, and my sincere thanks go to all our clients and partners for it. I greatly appreciate the fact that you have trusted in us and hope that we will be worthy of your trust this year as well.

I would also like to thank the entire personnel of eQ for their great and rigorous work in 2017. I am very pleased that job satisfaction at eQ improved last year and was at an excellent level. We wish to be a desired employer, and satisfied personnel gives us the competitive edge we need for becoming even more successful.

About the year 2018

The equity market year began in a positive tone, but at the end of January, share prices fell rather strongly within a short period of time. The main reasons for this were the higher interest rates and brisker inflation in the U.S. The price fall was, however, short-lived and at the end of February, the Helsinki Stock Exchange index already exceeded the year-end level, for instance.

Our year has had a good start, and I believe that the preconditions for our success are excellent this year as well. At the beginning of February, the eQ PE X North private equity fund raised EUR 83 million in its first closing, and we also established our second secondary market fund eQ PE SF II. The first close of the fund will amount to EUR 65 million. We expect the net revenue and operating profit of the Asset Management segment to grow in 2018. At the moment, Advium's order base is slightly lower than at the beginning of 2017, but it is too early to assess if this will influence the number of finalised transactions during the entire year.

Helsinki, 28 February 2018
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.

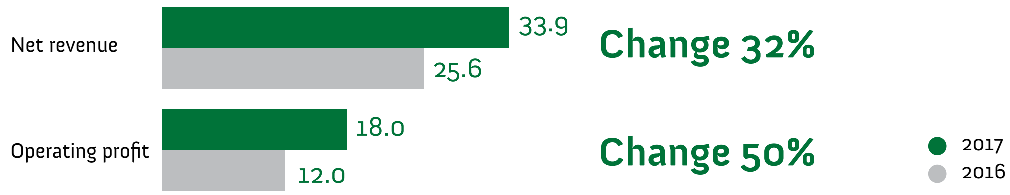
The aim of eQ Asset Management is to offer its clients good investment returns, innovative investment solutions and excellent customer service. Through its own organisation and international partners, eQ can offer its clients an extensive and international range of investment solutions. eQ Asset Management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

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.

Key Figures: Asset Management

Net revenue and Operating profit, M€



Fee and commission income, M€	2017	2016	Change, %
Management fees from traditional asset management	8.9	7.7	15
Real estate and private equity management fees	18.4	13.8	33
Other fee and commission income	0.3	0.3	71
Performance fees	6.4	3.9	64
Total	34.3	25.8	33

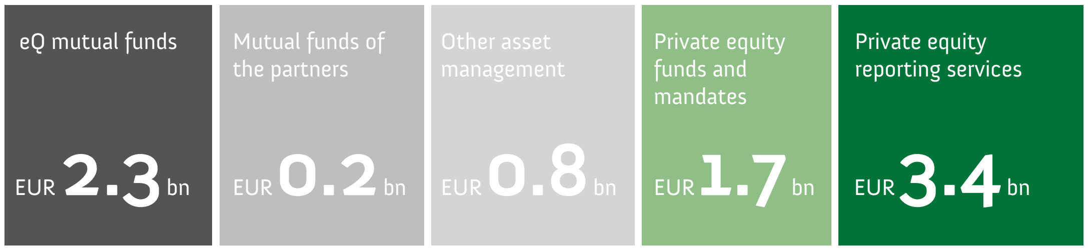
	2017	2016	Change, %
Assets under management, € billion	8.4	8.8	−4
Cost/income ratio, %	46.8	51.6	−9
Personnel as full-time resources	64	62	3

The assets managed by the Group totalled EUR 8.4 billion at the end of 2017. 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 2017 in the so-called SFR study, which covers approximately the 100 largest institutional investors in Finland. According to the study, about 55% of them use eQ's services, and in their quality assessments, the investors deemed eQ to be the best in the entire market.

In 2017, eQ Asset Management's net fee and commission income increased by 32% to EUR 33.9 million. The Asset Management segment's profitability improved markedly, and the operating profit grew by 50% to EUR 18.0 million. Above all real estate and private equity asset management continued to grow strongly. The fund assets of eQ's real estate funds totalled EUR 968 million at the close of the year, and the funds raised a record amount of net subscriptions at an annual level. The annual returns of both funds were the highest in their history. Private equity asset management also grew and gained plenty of new capital. We established the first eQ Private Credit fund (EUR 92 million) and our first secondary market fund eQ PE SF (EUR 138 million) and raised USD 105 million to the eQ PE IX US Fund. In addition, we obtained several new asset management clients to private equity asset management. Traditional asset management also posted high growth, and eQ´s equity and fixed-income funds as well as asset management portfolios gave the clients excellent returns. During the past three years, 86% of eQ's funds registered in Finland that it manages itself have surpassed their benchmark indices.

eQ's assets under management

Total EUR 8.4 bn



Institutional investors use eQ – and are extremely satisfied

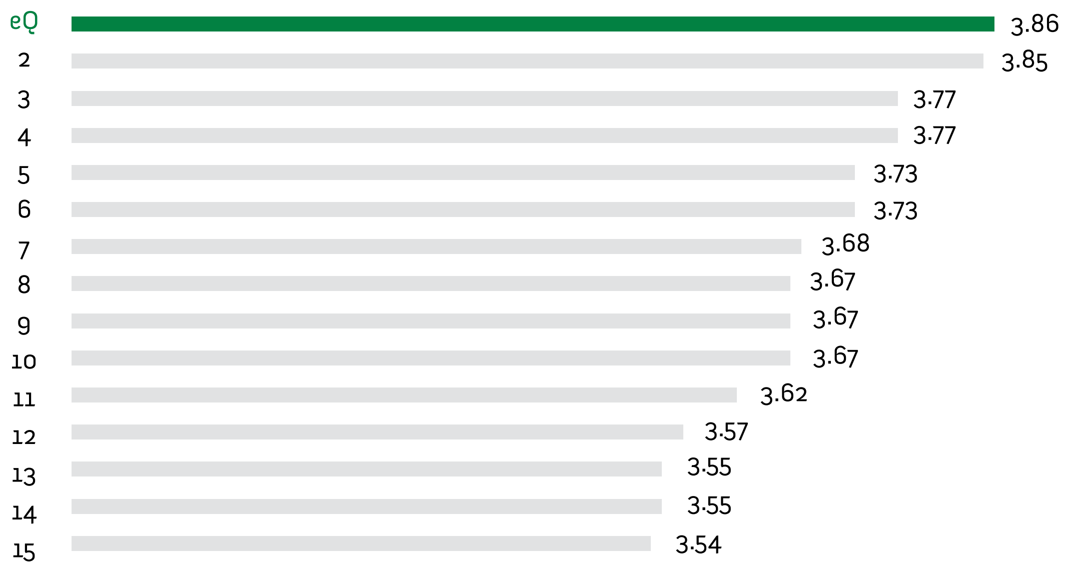
eQ Asset Management was also successful in the 2017 SFR study, in which the approximately 100 largest institutional investors in Finland are interviewed annually. In the quality assessments, which evaluate investment return, customer services and asset management resources, the investors deemed eQ to be the best company in the entire market.

The interviewed, best professional investors in Finland also use eQ's services more than before. In the 2017 study, eQ was already the second most used asset manager in the market, and the interviewed investors anticipated that they would further increase their use of eQ's services.

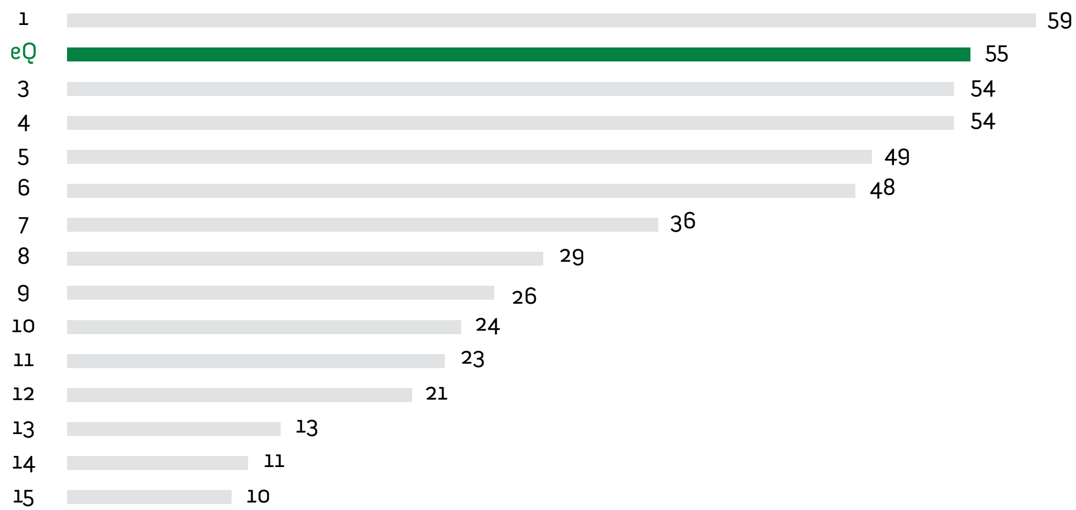
In the quality assessments the investors deemed eQ to be the best company in the entire market

SFR
SCANDINAVIAN FINANCIAL RESEARCH LTD.
Excellence in Investment Services 2017
Institutional Investors
Platinum Award

SFR: Quality assessments 2017



SFR research: Most used institutional asset managers 2017, %

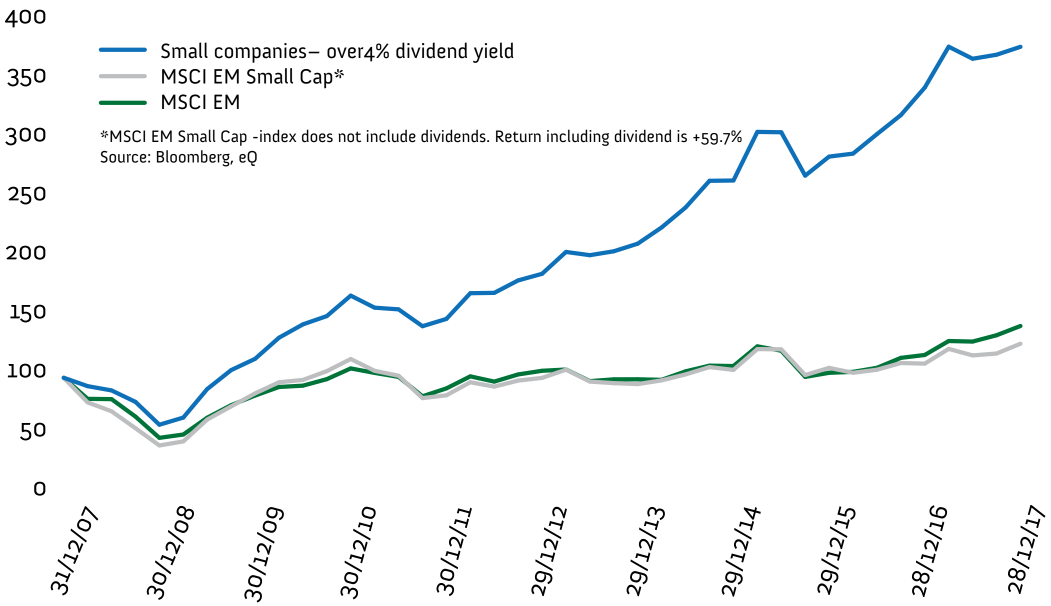


eQ Emerging Markets Small Cap Fund – small dividend companies have given a good return in emerging markets

The eQ Emerging Markets Small Cap Fund, a Non-UCITS fund launched in May 2017, is an equity fund actively managed by eQ that makes investments in shares of small and mid-sized companies in emerging markets. The investment objects are companies that pay out a good and stable dividend but expand their business at the same time. The expected dividend yield of the shares in the portfolio is 5.7% on an average and the P/E ratio 9.2. In addition, many of the companies in the portfolio have no net debt. In the country selection of the fund, eQ emphasises emerging economies and tries to avoid investments in countries with an especially risk-associated currency, for instance.

Small companies have historically given higher returns than large cap companies, and above all small dividend companies (dividend yield exceeding 4%) have been an investment object that has offered a good return in emerging markets.

Development of small dividend companies in the emerging markets



eQ has grown into a major real estate investor

eQ Asset Management's real estate funds have grown strongly, and the real estate assets of the funds already exceed EUR 1 270 million. Our clients have invested EUR 968 million in the funds, which use a moderate leverage. eQ Asset Management manages two non-UCITS real estate funds, eQ Care and eQ Finnish Real Estate. The real estate funds accept subscriptions four times a year and redemptions twice a year.

The average annual return of the eQ Care Fund since establishment has been 9.0% and that of the eQ Finnish Real Estate Fund 10.4%.

The eQ Care and eQ Finnish Real Estate funds are managed by a professional investment team consisting of eight persons. In addition, there are several professionals supporting the operations of the real estate funds in eQ's administration.

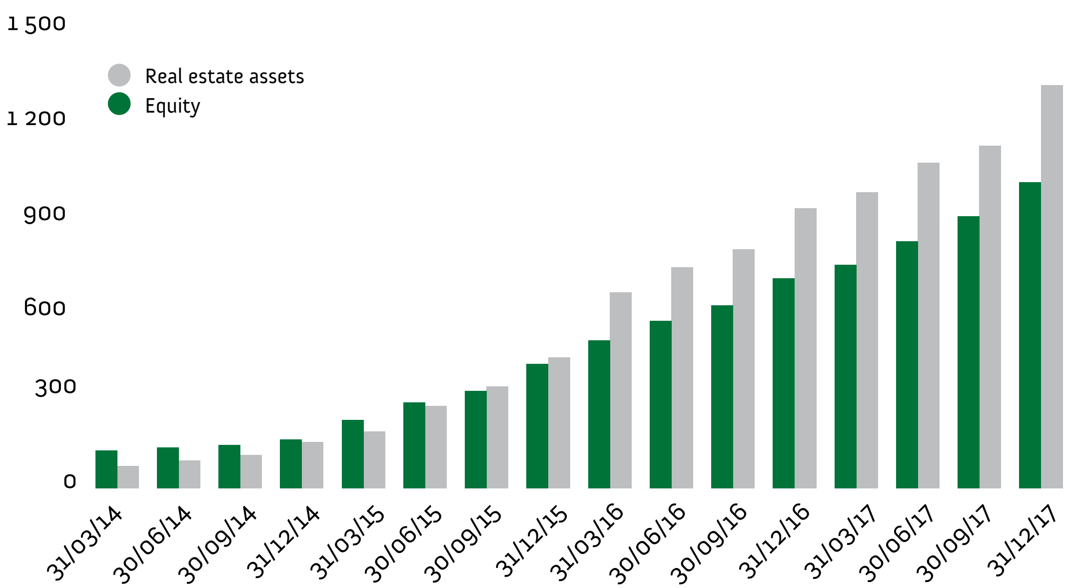
9.0%

eQ Care – return p.a. since establishment

10.4%

eQ Finnish Real Estate – return p.a. since establishment

Real estate assets and equity of eQ Real Estate Funds, M€



eQ established its first private credit fund

In 2017, eQ established its first private credit fund. In a closing held on 31 March 2017, EUR 92 million was raised to the fund, and the number of investors is altogether 38.

The eQ Private Credit Fund makes investments in debt capital instruments issued by European unlisted companies, mostly in connection with mergers and acquisitions. At least 75% of the investments are made in so-called senior loans with the best priority on collateral alongside bank loans. In addition, a maximum of 25% of the investments can be made in junior loans. The portfolio is diversified between 25 to 40 floating rate loans, and the net target return of the fund is 6 to 7% p.a. eQ implements the fund together with a highly experienced London-based private credit investor, MV Credit Partners. eQ's aim is to establish its second private credit fund in 2018.

eQ Asset Management's private equity team was chosen the best European regional investor

eQ Asset Management's private equity team was awarded the title "Best Regional LP" at the 2017 Private Equity Exchange & Awards Gala held in Paris. eQ has a long and successful track record of investments in Northern European lower midmarket funds. eQ began to fund-raise a new Northern European fund in January 2018.

eQ's private equity team is one of the most senior private equity fund teams in Northern Europe

PRIVATE EQUITY EXCHANGE & AWARDS
2017 WINNER

Responsible investments at eQ

The aim of eQ Asset Management's investment operations is an excellent long-term return. The state of the environment, climate change, the social change factors in society and the governance of companies all have an impact on the success of the investment objects.

eQ has signed the UN's Principles for Responsible Investment (UNPRI) in 2010. We are also an active member of Finland's Sustainable Investment Forum (Finsif), and we continuously participate in the development of practices for sustainable investment in Finland and internationally. Responsible investment operations are a central part of eQ's day-to-day business, and they cover our entire investment operations, i.e. portfolio management of fixed-income and equity funds, real estate investments, the operations of the private equity funds, and the choice of partners.

eQ CO2 – towards a smaller carbon footprint

The eQ CO2 Fund invests globally in companies that take advantage of the transition of the energy system towards a smaller carbon footprint. The fund aims to benefit from global climate trends and technological development.

The investment operations of the eQ CO2 Fund have been extremely successful, and the strategy emphasising sustainable technology has functioned well. In 2017, the fund gave a 14.3% return, while the return of the benchmark index was 7.5% during the same period.

Signatory of:

PRI Principles for Responsible Investment

FINSIF

CDP DRIVING SUSTAINABLE ECONOMIES

14.3%

eQ CO2 – return in 2017

CORPORATE FINANCE

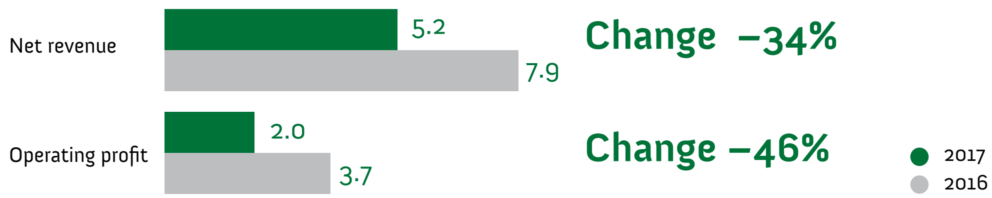
eQ's corporate finance services are offered by eQ Plc's subsidiary Advium Corporate Finance Ltd. The services cover mergers and acquisitions, large real estate transactions, equity capital markets, and advisory services in general.

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 more than 170 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 exceeded EUR 13 billion.

Key figures: Corporate Finance

Net revenue and Operating profit, M€



	2017	2016	Change, %
Cost/income ratio, %	61.7	52.7	17
Personnel as full-time resources	15	13	15

OVER 170 COMPLETED M & A AND REAL ESTATE TRANSACTIONS – VALUE MORE THAN

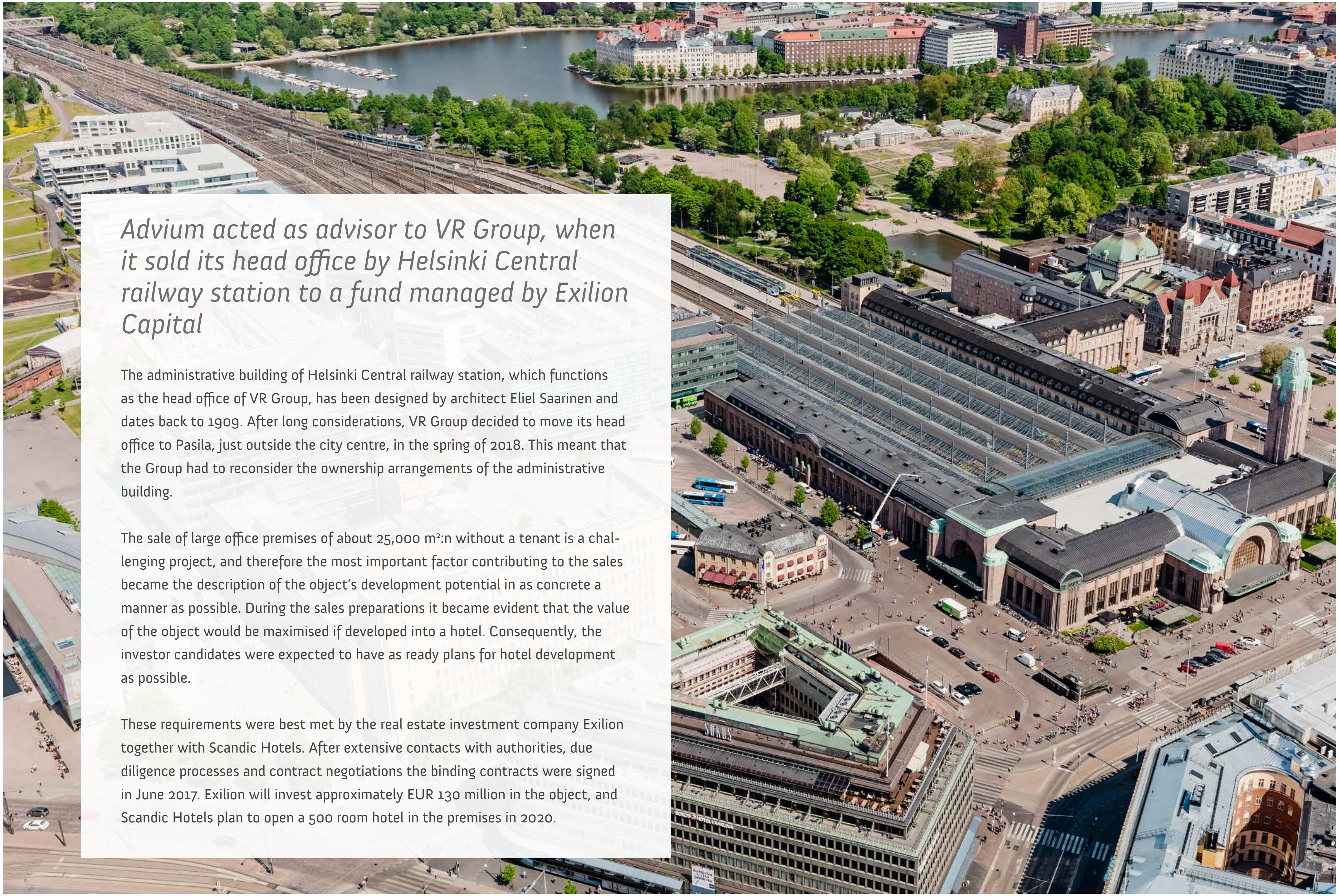
€ 13 BN

Advium had a successful year in 2017 above all as advisor in major real estate transactions. The company acted as advisor in twelve finalised transactions, eight of which were real estate transactions. Advium maintained its market leading position in large real estate transactions and was chosen the best Finnish investment bank in the real estate sector, already for the eleventh time, in an enquiry by the distinguished Euromoney magazine.

Advium acted as advisor to, e.g. Sanoma, as it agreed on the sale of an office property in the city centre of Helsinki to a fund managed by Aberdeen Standard Investments. Advium acted as advisor to Kesko, the Rakauskas family and Zabolis Partners, as they sold real estate in the Baltic countries to a U.S. fund for EUR 174 million. Advium also acted as advisor to the sellers in separate transactions, when a property owned by Fennia in the centre of Helsinki was sold to Varma and properties owned by Otava were sold to YIT. Within mergers and acquisitions, Advium acted as advisor to the seller at the end of the year, as Piinom Oy sold Finnpos Oy, a company specialising in solutions for payment, to the Swedish OS Group AB, which is owned by IK Investment Partners. In addition, Advium issued a fairness opinion to the Board of Ilmarinen on the joining of the two occupational pension insurance companies Ilmarinen and Etera.

It is typical of the 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 – #1 real estate investment bank in Finland (Euromoney 2017)



Advium acted as advisor to VR Group, when it sold its head office by Helsinki Central railway station to a fund managed by Exilion Capital

The administrative building of Helsinki Central railway station, which functions as the head office of VR Group, has been designed by architect Eliel Saarinen and dates back to 1909. After long considerations, VR Group decided to move its head office to Pasila, just outside the city centre, in the spring of 2018. This meant that the Group had to reconsider the ownership arrangements of the administrative building.

The sale of large office premises of about 25,000 m^2:n without a tenant is a challenging project, and therefore the most important factor contributing to the sales became the description of the object's development potential in as concrete a manner as possible. During the sales preparations it became evident that the value of the object would be maximised if developed into a hotel. Consequently, the investor candidates were expected to have as ready plans for hotel development as possible.

These requirements were best met by the real estate investment company Exilion together with Scandic Hotels. After extensive contacts with authorities, due diligence processes and contract negotiations the binding contracts were signed in June 2017. Exilion will invest approximately EUR 130 million in the object, and Scandic Hotels plan to open a 500 room hotel in the premises in 2020.

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 2017, the operating profit of the Investments segment totalled EUR 1.4 million, and at the end of the period, the fair value of private equity investments was EUR 18.8 million. Of the market value, 76% has been invested in private equity funds managed by eQ. The amount of the remaining investment commitments was EUR 8.9.

During the financial period 2017, the investment objects returned capital for EUR 3.3 million and distributed a profit of EUR 1.7 million. Capital calls totalled EUR 3.2 million. The net cash flow from the investments during the period was EUR 1.9 million. The aggregate return of private equity investments since the beginning of investment operations has been 21.2% p.a. (IRR).

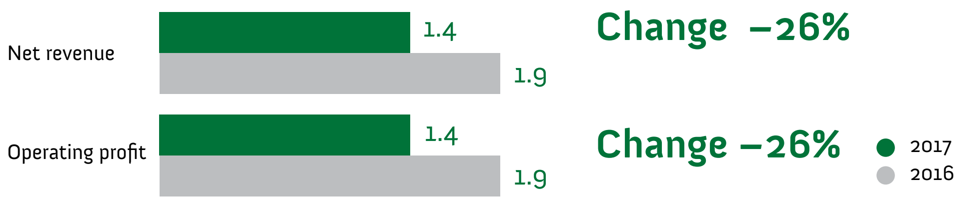
During the financial period, eQ Plc made a USD 1.1 million investment commitment in the eQ PE IX US private equity fund. The eQ PE IX US Fund makes investments in private equity funds that make equity investments in unlisted small and mid-sized companies in the US and Canada.

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 on page 99 of the Annual Report.

Key figures: Investments

	2017	2016	Change, %
Fair value of investments, M€	18.8	19.2	−2
Investment commitments, M€	8.9	11.2	−20
Net cash flow of investments, M€	1.9	4.4	−57

Net revenue and Operating profit, M€



21% p.a.

RETURN SINCE THE BEGINNING OF INVESTMENT OPERATIONS

FINANCIAL STATEMENTS AND REPORT BY THE BOARD OF DIRECTORS 2017

REPORT BY THE BOARD OF DIRECTORS 1 JANUARY TO 31 DECEMBER 2017

Operating environment

The year 2017 was a period of increasing economic growth, and the global economy is estimated to have grown by approximately 3.6%. The strongest growth was still seen in China, where the GNP is expected to have grown by no less than 6.8%. The greatest surprise came from Europe, which, despite the stronger euro, reached a growth of about 2.4%, which probably somewhat surpassed the U.S. In Europe, the growth of even the previously weaker regions grew stronger. The estimate for Finland of 2.8% is a good example of this. In the U.S., the GNP is estimated to have grown by 2.3% and in Japan by 1.7%.

The year 2017 was eventful as regards politics and economic policy, above all in Europe and the U.S. After the Brexit decision in 2016, the Conservative Party in the UK suffered a major loss in the spring election, and the elections in the Netherlands, France and Germany consolidated the trust in the stability of the euro zone. In the U.S., president Trump's tax reform advanced, and the Fed raised its policy rates three times during the year. In Europe, it was announced towards the end of the year that the bond purchase programmes would be cut down, but the interest rates were still left unaltered.

Equity investors obtained a good return in 2017, but regional differences were once again large. The best returns came from emerging market equities, which gave a return of 20.6% at index level. The return came mostly from Asia, as the return of the Russian equity index was –7.7%, for instance. The U.S. stock exchange gave a 21.1% return in dollars measured with the S&P 500 Index, but the euro strengthened markedly during the year, and calculated in euros the return remained at 6.4%. Like the year before, the Finnish stock exchange gave a better return that the extensive European equity market. The return of the Finnish stock exchange was 11.5%, while that of Europe was 10.2%.

The fall of bond returns, which had already been anticipated a few years, started to become visible in 2017. The return of the euro government bond index remained at 0.1%. The return of investment grade loans was 2.4%. Credit risk continued to yield a return – the euro denominated High Yield gave a 6.2% return and the euro-hedged emerging corporate loan index a 5.0% return.

Major events

On 2 January 2017, eQ Plc was transferred from Small Cap companies to Mid Cap companies in the annual market capitalisation classification of Nasdaq Helsinki.

The annual general meeting of eQ Plc was held on 29 March 2017. Carl Haglund (M.Sc. (Econ), born 1979) was elected new member of the Board of Directors. Jussi Seppälä, who has been on eQ Plc's Board since 2011, left the Board. Georg Ehrnrooth will continue as Chairman of the Board.

The number of eQ Plc's shares increased by 530 000 on 31 May 2017 due to new shares subscribed for with option rights.

The number of eQ Plc's shareholders exceeded 5 000 for the first time during the financial period and totalled 5 048 at the end of the period (4 668 shareholders on 31 December 2016).

Group net revenue and result development

During the financial period, the Group's net revenue totalled EUR 40.7 million (EUR 35.4 million from 1 Jan. to 31 Dec. 2016). The Group's net fee and commission income increased to EUR 38.9 million (EUR 33.2 million). The Group's net investment income from own investment operations was EUR 1.7 million (EUR 2.2 million).

The Group's expenses and depreciation totalled EUR 20.6 million (EUR 19.1 million). Personnel expenses were EUR 16.1 million (EUR 14.6 million), other administrative expenses totalled EUR 2.3 million (EUR 2.0 million), and the other operating expenses were EUR 1.9 million (EUR 1.9 million). The personnel expenses grew on the previous year due to result-related remuneration. Depreciation was EUR 0.3 million (EUR 0.6 million).

The Group's operating profit was EUR 20.1 million (EUR 16.2 million) and the profit for the period was EUR 15.9 million (EUR 12.8 million).

Business areas

Asset Management

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

Mutual funds and asset management

At the end of May, eQ established a new eQ Emerging Markets Small Cap Fund, which makes investments in smaller emerging market companies. At the close of the year, its size was already EUR 56 million. The eQ LCR Income Fund was wound up during the last quarter. At the end of the financial period, eQ had 26 mutual funds registered in Finland.

During the financial period, eQ's fixed-income funds gave very good returns with the exception of the eQ Euro Government Bond Fund and eQ Money Market Fund. The eQ High Yield and eQ Emerging Markets Corporate Bond and eQ Investment Grade funds were the best fixed-income funds in 2017 with returns of approximately 5%. All of eQ's fixed-income funds except for eQ High Yield exceeded their benchmark indices clearly, and eQ has no less than three fixed-income funds with a five-star Morningstar rating.

The returns of the equity funds were excellent in 2017. The best development was seen in the eQ Emerging Asia, eQ Emerging Dividend and eQ CO2 funds. The returns of the best equity funds exceeded 15% during the year. The best returns as compared with benchmark indices came from the eQ Russia, eQ CO2 and eQ Europe Property funds. Of the funds managed by eQ, 50% surpassed their benchmark indices in 2017, and in the past three years, 86% 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 financial period. The returns of the discretionary asset management portfolios that eQ manages varied between 3 and 10% in 2017 based on the allocation of the investment portfolio.

Private Equity

The eQ PE IX US private equity fund held its first close at USD 45 million at the end of January. The second close of the fund took place in April at almost USD 82 million, and the final close at more than USD 105 million. At the end of the first quarter, eQ also established a new eQ Private Credit Fund, which gathered more than EUR 90 million in one single closing. eQ Private Credit is a fund that mainly makes investments in European senior loans, and it is implemented together with MV Credit, an experienced private credit actor. At the end of the second quarter, eQ established a new eQ PE SF private equity fund for the management of a secondary market transaction of EUR 137.5 million. The assets managed under private equity operations grew and amounted to EUR 5 156 million at the end of the financial period (EUR 4 319 million on 31 Dec. 2016).

Real estate investments

The strong growth of the eQ Finnish Real Estate Fund continued, and at the end of the fourth quarter, new subscriptions for EUR 42 million were made in the fund. At the end of the financial period, the size of the fund was EUR 448 million, and its real estate property was almost EUR 570 million. The investment operations of the fund have been extremely successful, and the return since establishment is 10.4 per cent p.a. The fund already has approximately 2 150 unit holders.

The eQ Care Fund was temporarily closed for new subscriptions during the first quarter in order to safeguard the success of the fund's investment operations. At the end of the fourth quarter, new subscriptions for EUR 38 million were made in the fund. At the end of the quarter, the size of the fund was EUR 520 million and its real estate property was almost EUR 710 million. The return of the fund since establishment is excellent at 9.0% p.a., and the fund already has approximately 2 800 unit holders.

Overall, eQ's real estate funds had real estate assets exceeding EUR 1 270 million at the end of the financial period, and eQ has become a major Finnish real estate investor. Consequently, the real estate team has been expanded to eight persons.

Towards the end of 2016, eQ also established a new non-UCITS fund especially designed for institutions, eQ Forest. eQ Forest made investments in Finnish forests, and owned forests worth almost EUR 10 million. Due to the strong increase in the prices of good forest property and the thinness of the market, eQ sold the acquired property during the fourth quarter, however, and returned most of the assets to investors. The eQ Forest Fund will be finally wound up during the year 2018.

Assets under management and clients

At the end of the financial period, the assets managed by eQ Asset Management totalled EUR 8 432 million. The assets decreased by EUR 343 million from the close of the previous year (EUR 8 775 million on 31 Dec. 2016). This was mainly due to the fact that one large institutional client went over to a centralised fund service, due to which the assets of the partner funds decreased by EUR 1 446 million at the beginning of the third quarter. The transfer only has a minor impact on the result. At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 2 304 million (EUR 1 936 million), and the assets increased by EUR 368 million. Mutual funds managed by international partners and assets covered by other asset management operations totalled EUR 972 million (EUR 2 520 million). The assets managed under private equity funds and asset management totalled EUR 5 156 million (EUR 4 319 million). EUR 3 412 million (EUR 2 890 million) of these assets were covered by the reporting service.

Result of the Asset Management segment

The net revenue of the Asset Management segment increased by 32% and the operating profit by 50% to EUR 18.0 million (EUR 12.0 million from 1 Jan. to 31 Dec. 2016) during the financial period, while the fee and commission income of the segment increased by 33%. The fee and commission income grew strongly in all areas. Expenses increased mainly due to result-based salary items. The cost/income ratio fell below 50% to 46.8% during the financial period. Calculated as full-time resources, the Asset Management segment had 64 employees at the end of the year.

ASSET MANAGEMENT	1–12/2017	1–12/2016	CHANGE
Net revenue, M€	33.9	25.6	32%
Operating profit, M€	18.0	12.0	50%
Assets under management, € billion	8.4	8.8	–4%
Cost/income ratio, %	46.8	51.6	–9%
Personnel as full-time resources	64	62	3%

FEE AND COMMISSION INCOME, ASSET MANAGEMENT, M€	1–12/2017	1–12/2016	CHANGE
Management fees from traditional asset management	8.9	7.7	15%
Real estate and private equity management fees	18.4	13.8	33%
Other fee and commission income	0.6	0.3	71%
Performance fees	6.4	3.9	64%
Total	34.3	25.8	33%

Corporate Finance

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

The low interest rates and good availability of financing have continued to contribute to a high activity in corporate and real estate transactions.

eQ's corporate finance unit Advium had a successful year above all as advisor in major real estate transactions. Advium acted as advisor in twelve finalised transactions, eight of which were real estate transactions. Advium maintained its market leading position in large real estate transactions and was chosen the best Finnish investment bank in the real estate sector, already for the eleventh time, in an enquiry by the distinguished Euromoney magazine.

Advium acted as advisor to, e.g. Sanoma, as it agreed on the sale of an office property in the city centre of Helsinki to a fund managed by Aberdeen Standard Investments. Advium acted as advisor to Kesko, the Rakauskas family and Zabolis Partners, as they sold real estate in the Baltic countries to a U.S. fund for EUR 174 million. Advium also acted as advisor to the sellers in separate transactions, when a property owned by Fennia in the centre of Helsinki was sold to Varma and properties owned by Otava were sold to YIT. Within mergers and acquisitions, Advium acted as advisor to the seller at the end of the year, as Piinom Oy sold Finnpos Oy, a company specialising in solutions for payment, to the Swedish OS Group AB, which is owned by IK Investment Partners. In addition, Advium issued a fairness opinion to the Board of Ilmarinen on the joining of the two occupational pension insurance companies Ilmarinen and Etera.

Result of the Corporate Finance segment

Advium's net revenue during the financial period was EUR 5.2 million (EUR 7.9 million from 1 Jan. to 31 Dec. 2016). The operating profit was EUR 2.0 million (EUR 3.7 million). The segment had 15 employees at the end of the period.

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	1–12/2017	1–12/2016	CHANGE
Net revenue, M€	5.2	7.9	–34%
Operating profit, M€	2.0	3.7	–46%
Cost/income ratio, %	61.7	52.7	17%
Personnel as full-time resources	15	13	15%

Investments

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

During the financial period, the operating profit of the Investments segment was EUR 1.4 million (EUR 1.9 million from 1 Jan. to 31 Dec. 2016). At the end of the period, the fair value of the private equity fund investments was EUR 18.8 million (EUR 19.2 million on 31 Dec. 2016) and the amount of the remaining investment commitments was EUR 8.9 million (EUR 11.2 million). Of the market value, 76% per cent has been invested in private equity funds managed by eQ. The breakdown of the market value and investment commitments of private equity fund investments per fund are presented in the Notes to the Financial Statements.

During the period, the investment objects returned capital for EUR 3.3 million (EUR 4.3 million from 1 Jan. to 31 Dec. 2016) and distributed a profit of EUR 1.7 million (EUR 2.5 million). Capital calls totalled EUR 3.2 million (EUR 2.4 million). The net cash flow from investments during the period was EUR 1.9 million (EUR 4.4 million). The Group's internal management fee expenses, which are included in the result of the Investments segment, totalled EUR 0.2 million (EUR 0.3 million). The write-downs recognised through profit and loss during the period totalled EUR 0.1 million (EUR 0.3 million from 1 Jan. to 31 Dec. 2016).

The value change of investments in the fair value reserve before taxes was EUR –0.1 million (EUR –1.0 million). The unrealised value changes of investments in the fair value reserve after taxes were EUR –0.2 million (EUR –0.1 million on 31 Dec. 2016) at the end of the period. The return of eQ's own investment operations since the beginning of operations has been 21% p.a. (IRR).

During the financial period, eQ Plc made a USD 1.1 million investment commitment in the eQ PE IX US private equity fund. The eQ PE IX US Fund makes investments in private equity funds that make equity investments in unlisted small and mid-sized companies in the U.S. and Canada.

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

INVESTMENTS	1–12/2017	1–12/2016	CHANGE
Net revenue, M€	1.4	1.9	–26%
Operating profit, M€	1.4	1.9	–26%
Fair value of investments, M€	18.8	19.2	–2%
Investment commitments, M€	8.9	11 2	–20%

Balance sheet, financial position and solvency

At the end of the financial period, the consolidated balance sheet total was EUR 76.8 million (EUR 76.2 million on 31 Dec. 2016) and the shareholders' equity was EUR 62.7 million (EUR 64.5 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 15.9 million, the change in the fair value reserve of EUR –0.1 million, the dividend distribution of EUR –12.9 million, the repayment of equity of EUR –5.5 million from the reserve for invested unrestricted equity, the subscription of new shares with option rights of EUR 3.0 million and the accrued expense of EUR 0.5 million related to an option scheme and entered in the shareholders' equity.

At the end of the period, liquid assets totalled EUR 14.6 million (EUR 6.6 million) and liquid investments in mutual funds EUR 10.0 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 3.3 million (EUR 10.2 million). The Group had no interest-bearing liabilities (EUR 0.0 million). Interest-free long-term debt, which consists of the deferred tax liability, at the end of the period was EUR 0.3 million (EUR 0.4 million) and interest-free short-term debt EUR 13.8 million (EUR 11.3 million). eQ's equity to assets ratio was 81.6% (84.7%).

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 11.9% (13.9% on 31 Dec. 2016) at the end of the period. The minimum requirement for own funds is 8%. At the end of the period, the Group's own funds based on solvency calculations totalled EUR 14.5 million (EUR 16.6 million on 31 Dec. 2014), and the risk-weighted items were EUR 121.3 million (EUR 119.3 million).

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 on the development of the capital market. The realisation of the performance fee income that is dependent on the success of the investment operations also influences result development. On the other hand, the management fees of private equity funds are based on long-term agreements that produce a stable cash flow.

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 29 March 2017 re-elected the following persons to the Board: Nicolas Berner, Georg Ehrnrooth. Timo Kokkila and Annika Poutiainen. Carl Haglund was elected as new member. The Board elected Georg Ehrnrooth Chairman of the Board at its constituent meeting. eQ Plc's Board had ten meetings during the financial period 2017, average attendance being 96%.

During the financial period 2017, eQ Group's Management Team consisted of the following persons:

Janne Larma, eQ Plc, CEO
Staffan Jåfs, eQ Asset Management Ltd, 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 84 (80 persons on 31 Dec. 2016). Calculated as full-time resources, the Asset Management segment had 64 (62) employees and the Corporate Finance segment 15 (13) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 16.1 million (EUR 14.6 million from 1 Jan. to 31 Dec. 2016). The personnel expenses grew on the previous year 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

The AGM held on 29 March 2017 authorised the Board of Directors to decide on the repurchase of the company's own shares in one or several transactions on the following terms: the Board of Directors was authorised to decide on the repurchase of no more than 1 000 000 own shares, which corresponded to approximately 2.70 per cent of all the shares in the company on the date of the notice of the AGM. The shares will be repurchased with assets from the company's unrestricted equity, which means that any repurchases will reduce the distributable assets of the company. Shares may be repurchases otherwise than in proportion to the shareholdings of the shareholders with assets from the company's unrestricted equity at the market price of the shares in public trading on Nasdaq Helsinki Ltd at the time of purchase or at a lower price. Own shares may be repurchased in order to develop the company's capital structure, to finance corporate acquisitions or other business transactions, to finance or carry out investments or other arrangements pertaining to the company operations, or they may be used as part of the company's incentive schemes. For said purposes, the repurchased shares may be held, transferred further or cancelled. The Board of Directors shall decide on other matters related to the repurchase of own shares. The authorisation cancels all previous authorisations to repurchase the company's own shares and is effective until the next AGM, no longer than 18 months, however.

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

Shares and share capital

At the end of the period on 31 December 2017, the number of eQ Plc's shares was 37 507 198 and the share capital was EUR 11 383 873.

The number of eQ Plc's shares increased by 530 000 on 31 May 2017 due to new shares subscribed for with options from the 2010 scheme. The subscription price of the new shares totalled EUR 323 300.00. 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 2017 was EUR 8.30 (EUR 8.11 on 31 Dec. 2016). The market capitalisation of the company was thus EUR 311.3 million (EUR 299.9 million) at the end of the financial period. During the financial period, 1 950 715 shares were traded on Nasdaq Helsinki (7 224 258 shares from 1 Jan. to 31 Dec. 2016).

Option rights

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 1 150 000 had been exercised by the end of the period. The number of outstanding options was 550 000 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.

Own shares

At the end of the financial period, on 31 December 2017, 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 2017 totalled EUR 44 548 028.23. The sum consisted of retained earnings of EUR 16 764 526.27 and the means in the reserve of invested unrestricted equity of EUR 27 783 501.96.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.43 per share be paid out. The proposal corresponds to a dividend totalling EUR 16 128 095.14 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 2 625 503.86 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 3 April 2018. The Board proposes 10 April 2018 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 first close of the eQ PE X North private equity fund was held in January 2018 at EUR 83 million. eQ Plc gave an investment commitment of EUR 1.0 million to the fund.

In addition, eQ established its second secondary market fund eQ PE SF II. The first close was held at EUR 65 million.

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 28 March 2018 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 Nicholas Berner, Georg Ehrnrooth, Carl Haglund, Timo Kokkila and Annika Poutiainen be re-elected to the Board for a term of office that will end at the close of the next Annual General Meeting.

Outlook

The success of the asset management business in 2017 offers an excellent starting point for the year 2018. We expect the net revenue and operating profit of the Asset Management segment to grow in 2018. 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 on factors that are not dependent on the company. Consequently, the operating profit of these segments may vary considerably and is difficult to foresee.

Helsinki, 2 February 2018

eQ Plc
Board of Directors

CONSOLIDATED KEY RATIOS

EUR 1 000	2017	2016	2015	2014	2013
INCOME STATEMENT					
Fee and commission income, net	38 938	33 221	28 472	22 903	15 401
Net income from available-for-sale financial assets	1 738	2 194	2 061	834	3 430
Net revenue	40 680	35 418	30 520	24 438	18 767
Operating profit (loss)	20 121	16 227	13 225	9 040	4 929
% of net revenue	49.5	45.8	43.3	37.0	26.3
Profit (loss) before taxes	20 121	16 227	13 225	9 040	4 857
% of net revenue	49.5	45.8	43.3	37.0	25.9
Profit (loss) for the period	15 922	12 832	10 470	7 118	3 414
BALANCE SHEET					
Claims on credit institutions and liquid assets	14 629	6 626	16 623	17 283	9 982
Available-for-sale financial assets	28 857	29 286	27 498	31 311	30 652
Intangible and tangible assets	29 740	29 823	30 354	30 898	31 236
Other assets and receivables	3 584	10 443	6 421	7 160	5 783
Total assets	76 810	76 177	80 896	86 652	77 653
Total equity	62 661	64 511	70 001	77 469	71 790
Interest-free liabilities	14 149	11 666	10 895	9 183	5 863
Total liabilities and equity	76 810	76 177	80 896	86 652	77 653

EUR 1 000	2017	2016	2015	2014	2013
PROFITABILITY AND OTHER KEY RATIOS					
Return on investment, ROI % p.a.	25.0	19.1	14.2	9.6	4.7
Return on equity, ROE % p.a.	25.0	19.1	14.2	9.5	4.7
Equity to assets ratio, %	81.6	84.7	86.5	89.4	92.4
Gearing, %	−39.4	−25.9	−31.0	−27.6	−14.0
Cost/income ratio, %					
Group	50.5	53.0	55.1	60.9	67.9
Asset Management	46.8	51.6	53.5	57.0	68.9
Corporate Finance	61.7	52.7	51.8	52.9	82.0
Private equity fund investments to equity ratio, %	30.0	29.8	32.1	35.2	42.6
Private equity fund investments and remaining commitments to equity ratio, %	44.2	47.1	46.8	49.3	58.2
Number of personnel as full-time resources at the end of the period	84	80	76	77	77
Number of personnel as full-time resources, average	81	79	76	76	77

EUR 1 000	2017	2016	2015	2014	2013
SHARE-RELATED KEY RATIOS					
Earnings per average share, EUR	0.43	0.35	0.29	0.20	0.10
Diluted earnings per average share, EUR	0.40	0.33	0.28	0.19	0.09
Equity per share, EUR	1.67	1.75	1.91	2.13	1.97
Equity per average share, EUR [1]	1.68	1.75	1.91	2.13	1.97
Dividend, EUR 1 000 [2]	16 128	12 942	11 018	7 345	5 466
Dividend per share [2]	0.43	0.35	0.30	0.20	0.15
Dividend per earnings, % [2]	100.0	100.0	103.4	100.0	150.0
Repayment of equity, EUR 1 000 [3]	2 626	5 547	7 345	11 018	–
Repayment of equity per share [3]	0.07	0.15	0.20	0.30	–
Dividend and repayment of equity, total, EUR 1 000	18 754	18 489	18 364	18 364	5 466
Dividend and repayment of equity, total per share	0.50	0.50	0.50	0.50	0.15
Effective dividend and equity repayment yield, %	6.0	6.2	7.7	12.5	6.6
Price/earnings ratio, P/E	19.3	23.2	22.4	20.0	22.9
Adjusted share price development, EUR					
Average price	8.12	6.38	5.19	2.81	2.25
Highest price	8.65	8.21	6.69	4.00	2.51
Lowest price	7.42	5.28	3.94	2.26	1.98
Closing price	8.30	8.11	6.50	4.00	2.29
Market capitalisation, EUR 1 000	311 310	299 885	238 727	146 909	83 453
Share turnover, 1 000 shares	1 951	7 224	8 744	2 479	2 031
% of total number of shares	5.2	19.6	23.8	6.8	5.6
Share turnover, EUR 1 000	15 836	43 816	45 833	7 066	4 575
Adjusted number of shares, 1 000 shares					
Average during the year	37 289	36 798	36 727	36 397	36 419
At the end of the year	37 507	36 977	36 727	36 727	36 442

[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 (%)

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

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 (%

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

CONSOLIDATED INCOME STATEMENT

EUR 1 000	NOTE NO.	2017	2016
Fee and commission income	6	39 292	33 434
Interest income	7	4	4
Net income from available-for-sale financial assets	8	1 738	2 194
Operating income, total		41 035	35 633
Fee and commission expenses	9	−354	−213
Interest expenses	10	−1	−1
NET REVENUE		40 680	35 418
Administrative expenses	11		
Personnel expenses		−16 075	−14 572
Other administrative expenses		−2 269	−2 012
Depreciation on tangible and intangible assets	12	−282	−644
Other operating expenses	13	−1 928	−1 914
Impairment losses of other financial assets		−5	−50
OPERATING PROFIT (LOSS)		20 121	16 227
PROFIT (LOSS) BEFORE TAXES		20 121	16 227
Income tax	14	−4 198	−3 395
PROFIT (LOSS) FOR THE PERIOD		15 922	12 832

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	NOTE NO.	2017	2016
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Available-for-sale financial assets, net		−132	−761
Translation differences		–	–
Other comprehensive income after taxes		−132	−761
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		15 790	12 071
Profit for the period attributable to:			
Equity holders of the parent company		15 922	12 832
Non-controlling interest		–	–
Comprehensive income for the period attributable to:			
Equity holders of the parent company		15 790	12 071
Non-controlling interest		–	–
Earnings per share calculated from the profit of equity holders of the parent company:	15		
Earnings per average share, EUR		0.43	0.35
Diluted earnings per average share, EUR		0.40	0.33

CONSOLIDATE BALANCE SHEET

EUR 1 000	NOTE NO.	31 DEC. 2017	31 DEC. 2016
ASSETS			
Liquid assets		30	47
Claims on credit institutions	16	14 599	6 579
Available-for sale fixed assets	17, 25–28		
Financial securities		10 066	10 076
Private equity fund investments		18 792	19 209
Intangible assets	18	29 431	29 455
Tangible assets	18	309	368
Other assets	19	2 673	8 946
Accruals and prepaid expenditure	20	607	1 006
Income tax receivables		33	254
Deferred tax assets	21	271	237
TOTAL ASSETS		76 810	76 177
LIABILITIES AND EQUITY			
LIABILITIES			
Other liabilities	22	3 919	3 369
Accruals and deferred income	23	9 108	7 607
Income tax liabilities		774	316
Deferred tax liability	21	348	374
TOTAL LIABILITIES		14 149	11 666
EQUITY	29		
Attributable to equity holders of the parent company:			
Share capital		11 384	11 384
Fair value reserve		−193	−61
Reserve for invested unrestricted equity		29 638	34 861
Retained earnings		5 910	5 495
Profit (loss) for the period		15 922	12 832
TOTAL EQUITY		62 661	64 511
TOTAL LIABILITIES AND EQUITY		76 810	76 177

CONSOLIDATED CASH FLOW STATEMENT

EUR 1 000	2017	2016
Cash flow from operations		
Operating profit	20 121	16 227
Depreciation and impairment	387	999
Interest income and expenses	–4	–3
Transactions with no related payment transactions	552	525
Available-for-sale investments – private equity funds	176	1 914
Change in working capital		
Business receivables, increase (–) / decrease (+)	6 920	–3 752
Interest-free debt, increase (+) / decrease (–)	1 739	738
Change in working capital, total	8 659	–3 013
Cash flow from operations before financial items and taxes	29 892	16 648
Interests received	4	4
Interests paid	–1	–1
Income taxes	–3 484	–3 422
Cash flow from operations	26 411	13 229
Cash flow from investments		
Investments in tangible and intangible assets	–199	–113
Investments in other investments – liquid mutual funds	–44	–5 027
Cash flow from investments	–243	–5 140
Cash flow from financing		
Dividends paid	–18 489	–18 364
Income from share issue	323	278
Cash flow from financing	–18 165	–18 086
Increase/decrease in liquid assets	8 003	–9 998
Liquid assets on 1 Jan.	6 626	16 623
Liquid assets on 31 Dec.	14 629	6 626

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

EUR 1 000

	Equity attributable to equity holders of the parent company					
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Retained earnings	Total	Total equity
Shareholders' equity on 1 Jan. 2017	11 384	34 861	−61	18 326	64 511	64 511
Comprehensive income						
Profit (loss) for the period				15 922	15 922	15 922
Other comprehensive income						
Available-for-sale 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
Shareholders' equity on 1 Jan. 2016	11 384	41 929	700	15 988	70 001	70 001
Comprehensive income						
Profit (loss) for the period				12 832	12 832	12 832
Other comprehensive income						
Available-for-sale financial assets			−761		−761	−761
Total comprehensive income			−761	12 832	12 071	12 071
Dividend distribution		−7 345		−11 018	−18 364	−18 364
Share issue		278			278	278
Options granted				525	525	525
Shareholders' equity on 31 Dec. 2016	11 384	34 861	−61	18 326	64 511	64 511

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 2017. The Board of Directors of eQ Plc has approved the consolidated financial statements for publication on 2 February 2018. 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 2017 have been applied when preparing the statements.

The Group has applied the following new and amended standards and interpretations from 1 January 2017:

- IAS 7 – Statement of Cash Flows (amendments). An entity shall present information that allows users of the financial statements to assess changes in liabilities arising from financing, including both changes arising from cash flows and changes with no related cash flow. The liabilities arising from financing are liabilities the cash flows of which are classified or the future cash flows of which will be classified as cash flows from financing in the cash flow statement. The amendment of the standard has not had any impact on the Group's financial statements.
- IAS 12 Income Tax (amendments) – Recognition of deferred tax assets for unrealised losses. The amendments to IAS 12 clarified the recognition of deferred taxes, when an asset item is valued at fair value and said fair value is lower than the taxation value of the asset item. The amendment of the standard has not had any impact on the Group's financial statements.
- IFRS 12 Disclosures of interests in other entities (amendments). The amendments are part of the annual improvements of the IFRS standards. The amendment of the standard has not had any impact on the 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 9 Financial Instruments – effective for financial periods beginning on or after 1 January 2018: The new IFRS 9 standard replaces the present IAS 39 Financial Instruments standard. The standard became effective on 1 January 2018. IFRS 9 will change the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment on financial assets. The rules regarding hedge accounting will also change. IFRS 9 has three classification groups: a) amortised cost, b) fair value through other comprehensive income and c) fair value through profit and loss. The regulations on classification in the IFRS 9 standard also differ from the IAS 39 standard. The classification is based on the business model defined by the company and the contractual cash flows of financial assets. According to the IAS 39 standard, the private equity and mutual fund investments made from eQ Group's own balance sheet have been classified as available-for-sale investments. This classification no longer exists in the new standard. When applying the IAS 39 standard, eQ Group has entered the profit distribution from private equity fund investments among the net income from available-for-sale financial assets. The unrealised changes in value arising from valuation at fair value are included in the shareholders' equity under the fair value reserve through other items of comprehensive income. If available-for-sale financial assets are sold or if their value has deceased permanently and significantly, the profit and loss has been entered in the income statement as net income from available-for-sale financial assets. According to IFRS 9, eQ Group's own private equity fund investments are classified as financial assets at fair value through profit and 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 recognised at fair value through profit and loss according to IFRS 9. Entering the value change in the income statement will increase the volatility of the profit. The changes will have no impact on the consolidated shareholders' equity. During the financial period 1 Jan. to 31 Dec. 2017, the change in value of the private equity fund investments made from eQ Plc's own balance sheet was EUR –1,0 million (EUR –0.1 million from 1 Jan. to 31. Dec 2016).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. When the Group begins to apply the IFRS 9 standard, the cumulative changes in value adjusted with tax will be transferred within equity from the fair value reserve to retained earnings. The new model for assessing the impairment of financial assets based on expected credit losses according to the IFRS 9 standard is not deemed to have an essential impact on eQ Group. eQ Group does not give credits and it mostly has short-term sales receivables. The Group has no derivative instruments, which means that the changes in hedge accounting will have no impact on eQ Group. eQ Group will apply the IFRS 9 standard from 1 January 2018 and plans to take advantage of the exemption allowing it not to restate comparative information.

- IFRS 15 Revenue from Contracts with Customers – effective from 1 January 2018 or from financial periods beginning after said date. The new IFRS 15 will replace the present IAS 18 and IAS 11 standards and the interpretations related to them. The standard will become 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, with the central criterion being the transfer of control. The standard will also expand the notes presented with financial statements. The new standard is not expected to change the revenue recognition practice of eQ Group. The stages of the five-step model included in the IFRS 15 standard regarding the identification of contracts or separate performance obligations will not lead to any significant changes to the former revenue recognition practice. In its present practice, eQ Group already takes 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 expected 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 will apply the IFRS 15 standard from 1 January 2018 and will apply it retrospectively.

- 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 are recognised. The only exceptions are short-term and low-value leases. The major leases concluded by eQ Group concern rented premises.

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's 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 invest-ments 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 amounts of the cashgenerating units have been defined based on value in use. The preparation of these calculations requires the use of estimates (note 18 Intangible assets).

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 by using the acquisition method. Acquired subsidiaries are consolidated from the moment the Group has gained control and transferred subsidiaries until control is terminated. The subsidiaries have been consolidated with the parent company by using the acquisition method. 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. 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 comprises 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.

The realised foreign currency translation gains and losses from available-for-sale investments are included in the net income from available-for-sale financial assets. Unrealised foreign currency translation gains and losses from available-for-sale investments are included in the investments available for sale and the fair value reserve.

Revenue recognition

The fee and commission income for asset management, included in operating income, is amortised per month and mainly invoiced afterwards in periods of one, three, six or twelve months. The performance fees, which depend on the success of investment operations, are also included in the fee and commission income from asset management. These performance fees 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. 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 assesses that no major annulments will have to be made afterwards in the accumulated recognised returns of the real estate funds for each quarter. As for the profit share paid by private equity funds to management companies, the possible risk of default is calculated, and, if necessary, part of the income is left unrecognised.

The fee income related to projects within corporate finance operations is entered as income for the period during which the result of the project can be assessed in a reliable manner. The expenses arising from a project are expensed immediately.

The net income from available-for-sale financial assets included the operating income includes the profit distributions and sales profits from private equity fund investments made from the Group's own balance sheet as well as realised losses or losses assessed as permanent. Profit distributions are recognised in accounting only when the realisation of the target funds has taken place or later, when the target funds have obtained the necessary permits from authorities. Sales profits and losses from direct investments are also included in the net income from available-for-sales financial assets.

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

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 BlackScholes 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 generated from valuing the available-for-sale financial assets at fair value and the valuation of the acquired companies' net assets at fair value.

Financial assets and liabilities

The Group's financial assets and liabilities are classified into the following groups in accordance with the IAS 39 standard: financial assets and liabilities at fair value through profit and loss, available-for-sale financial assets, loans and other receivables and other financial liabilities. The classification is made in connection with the original acquisition of the financial instruments.

The available-for-sale financial assets are assets not belonging to derivative assets that have specifically been classified into this group or that have not been classified into any other group. eQ Group's private equity fund investments and investments in mutual funds are classified as available-for-sale investments. Mutual fund investments available for sale are valued at fair value using quoted market prices and rates. Private equity fund investments are valued using the practice generally used in the sector, i.e. the fair value of the private equity fund 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. The changes in the fair value of investments available for sale are entered into comprehensive income and presented in shareholders' equity under the fair value reserve. When an investment available for sale is realised, the accumulated changes in fair value are booked from shareholders' equity to earnings.

Loans and other receivables are assets not belonging to derivative assets with fees that are fixed or that can be defined and that are not quoted in functioning markets, nor does the Group hold them for trading purposes or classify them, in connection with the first entry, specifically as available for sale. Their valuation principle is amortised cost, using the effective interest rate method.

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 either as financial liabilities at fair value through profit and loss or as liabilities valued at amortised acquisition cost. Interest-bearing liabilities are classified as other financial liabilities. Other financial liabilities are valued at amortised acquisition cost and entered into the balance sheet and from the balance sheet on the clearing date.

Financial liabilities or their part are 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 on each closing date of a reporting period whether there is objective proof of the impairment of a single item or a group of items included in financial assets. An impairment is made if there is objective proof of the impairment of value of said item.

As for available-for-sale investments, the loss in the fair value reserve is transferred to the profit and loss, if there is proof of the impairment. The impairment losses from eQ Group's private equity fund investments are recognised through profit and loss. When assessing the impairment losses, e.g. the following factors are taken into account: the life cycle of the private equity fund, does the private equity fund have uncalled investment commitments and the evaluation of the private equity fund's management company on the permanence of the fair value and acquisition price.

An impairment loss on receivables is recorded, when there is reliable proof that the company cannot re-cover its receivables according to the original terms.

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 reporting 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 fund 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 fund investment 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. 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			

				DECREASE IN VALUE AGAINST THE EURO	
31 DEC. 2016	CURRENCY	EURO	%	10%	20%
EUR million	17.5	17.5	90.9%		
GBP million	0.4	0.5	2.7%	−0.1	−0.1
USD million	1.3	1.2	6.3%	−0.1	−0.2
		19.2			

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 fund 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 2017, there were altogether more than 430 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 fund portfolio on 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. At the end of 2016, a 10% change in the market value of the private equity fund portfolio corresponded to a change of EUR 1 536.7 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. 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

31 DEC. 2016	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Loans from financial institutions	–	–	–	–
Accounts payable and other liabilities	643	–	–	643
Total	643	–	–	643

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 fund investment operations by diversifying the private equity fund 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 fund 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. Consequently, 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, long-term 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 2017, the shareholders' equity amounted to EUR 62.7 million and the equity to assets ratio was 81.6%. 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

	2017	2016
Interest-bearing financial liabilities	0	0
Financial securities	10 066	10 076
Liquid assets	14 629	6 626
Net debt	−24 695	−16 702
Total shareholders' equity	62 661	64 511
Net gearing, %	−39.4%	−25.9%

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 is 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 internal 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.

Capital adequacy, EUR 1 000

	CRR 31 DEC. 2017 eQ GROUP	CRR 31 DEC. 2016 eQ GROUP
Equity	62 661	64 511
Common equity tier 1 (CET 1) before deductions	62 661	64 511
Deductions from CET 1		
Intangible assets	–29 431	–29 451
Unconfirmed profit for the period	–15 922	–12 832
Dividend proposal by the Board*	–2 831	–5 657
Common equity tier 1 (CET1)	14 477	16 571
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	14 477	16 571
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	14 477	16 571
Risk-weights, total	121 253	119 286
of which credit risk	49 147	57 713
of which market risk - currency risk	5 469	5 088
of which operational risk	66 636	56 485

	CRR 31 DEC. 2017 eQ GROUP	CRR 31 DEC. 2016 eQ GROUP
Common equity tier 1 (CET1) / risk-weights, %	11.9%	13.9%
Tier 1 (T1) / risk-weights, %	11.9%	13.9%
Total capital (TC) / risk-weights, %	11.9%	13.9%
Leverage ratio, %	25.7%	28.6%
Tier 1	14 477	16 571
Total amount of exposure	56 296	57 903
Total amount of exposure:		
Balance sheet items excl. intangible assets	47 380	46 723
Off-balance sheet items	8 917	11 180
Excess of total capital compared with the minimum level (8% solvency ratio)	4 777	7 028
Excess of total capital compared with the target level (10% solvency ratio)	2 351	4 642

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.

Total capital based on transitional provisions, EUR 1 000

31 DEC. 2017	AMOUNT AT DISCLOSURE DATE	RELEVANT ARTICLE IN REGULATION (EU) NO 575/2013	AMOUNTS SUBJECT TO PRE-REGULATION (EU) NO 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	5 910	Article 26(1)(c)	–
3. Accumulated other comprehensive income (and other funds)	29 445	Article 26(1)	–
5a. Independently reviewed interim profits net of any foreseeable charge or dividend	−2 831	Article 26(2)	–
6. Common equity tier 1 (CET 1) capital before regulatory adjustments	43 907		–
Common equity tier 1 (CET 1) capital: regulatory adjustments			
8. Intangible assets (net of related tax liability) (negative amount)	−29 431	Article 36(1)(b), article 37	–
28. Total regulatory adjustments to common equity tier 1 (CET 1)	−29 431		–
29. Common equity tier 1 (CET1) capital	14 477		–
59. Total capital (TC = T1 + T2)	14 477		–
60. Total risk-weighted assets	121 253		–
61. Common equity tier 1 (CET1) (as percentage of risk exposure amount)	11.9%	Article 92(2)(a)	
62. Tier 1 (T1) (as percentage of risk exposure amount)	11.9%	Article 92(2)(b)	
63. Total capital (as percentage of risk exposure amount)	11.9%	Article 92(2)(c)	

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
5. Post-transitional CRR rules	Common equity tier 1
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	14.5
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 Nov. 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

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 comprises 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.

EUR 1 000

1 JAN. TO 31 DEC. 2017	ASSET MAN.	CORPORATE FINANCE	INVEST-MENTS	OTHER	ELIMIN-ATIONS	GROUP TOTAL
Fee and commission income	34 060	5 232	–	–		39 292
From other segments	200	–	–	–	−200	–
Net income from foreign exchange dealing	–	–	–	–		–
Interest income	–	–	–	4		4
Net income from available-for-sale financial assets	–	–	1 594	144		1 738
Other operating income	–	–	–	–		–
From other segments	–	–	–	77	−77	–
Operating income, total	34 260	5 232	1 594	225	−277	41 035
Fee and commission expenses	−346	0	–	−8		−354
To other segments	–	–	−200	–	200	–
Interest expenses	–	–	–	−1		−1
NET REVENUE	33 914	5 232	1 394	217	−77	40 680
Administrative expenses						
Personnel expenses	−12 587	−2 526	–	−962		−16 075
Other administrative expenses	−1 744	−402	–	−200	77	−2 269
Depreciation on tangible and intangible assets	−237	−22	–	−23		−282
Other operating expenses	−1 321	−276	–	−331		−1 928
Impairment losses of other financial assets	–	−5	–	–		−5
OPERATING PROFIT (LOSS)	18 026	2 000	1 394	−1 299	0	20 121
Income tax				−4 198		−4 198
PROFIT (LOSS) FOR THE PERIOD				−5 498		15 922

EUR 1 000

1 JAN. TO 31 DEC. 2016	ASSET MAN.	CORPORATE FINANCE	INVEST-MENTS	OTHER	ELIMIN-ATIONS	GROUP TOTAL
Fee and commission income	25 530	7 905	–	–		33 434
From other segments	300	–	–	–	−300	0
Net income from foreign exchange dealing	–	–	–	–		0
Interest income	–	–	–	4		4
Net income from available-for-sale financial assets	–	–	2 194	–		2 194
Other operating income	–	–	–	–		–
From other segments	–	–	–	77	−77	0
Operating income, total	25 830	7 905	2 194	81	−377	35 633
Fee and commission expenses	−203	–	–	−10		−213
To other segments	–	–	−300	–	300	0
Interest expenses	–	–	–	−1		−1
NET REVENUE	25 626	7 905	1 894	70	−77	35 418
Administrative expenses						
Personnel expenses	−10 192	−3 513	–	−868		−14 572
Other administrative expenses	−1 517	−348	–	−223	77	−2 012
Depreciation on tangible and intangible assets	−592	−24	–	−28		−644
Other operating expenses	−1 287	−283	–	−343		−1 914
Impairment losses of other financial assets	–	−50				−50
OPERATING PROFIT (LOSS)	12 039	3 686	1 894	−1 392	0	16 227
Income tax				−3 395		−3 395
PROFIT (LOSS) FOR THE PERIOD				−4 787		12 832

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	2017	2016
Finland	40 597	35 187
Other countries	83	231
Total	40 680	35 418

The other countries comprise Guernsey.

External net revenue is presented based on domicile.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

EUR 1 000	2017	2016
6 Fee and commission income		
Asset management fees		
Management fees from traditional asset management	8 860	7 732
Real estate and private equity management fees	18 183	13 545
Other fee and commission income	587	344
Performance fees	6 430	3 909
Total	34 060	25 530
Corporate finance fees	5 232	7 905
Total	39 292	33 434
7 Interest income		
From credit institutions	–	0
Other interest income	4	4
Total	4	4
8 Net income from available-for-sales financial assets		
Profit distribution from private equity funds	1 694	2 526
Impairment losses	–100	–305
Sales gains and losses	144	–27
Total	1 738	2 194
9 Fee and commission expenses		
Custody fees	–346	–203
Other fees	–8	–10
Total	–354	–213

EUR 1 000	2017	2016
10 Interest expenses		
To credit institutions	0	–
Other interest expenses	–1	–1
Total	–1	–1
11 Administrative expenses		
Expenses related to employee benefits		
Short-term employee benefits		
Salaries and remuneration	–12 701	–11 417
Other indirect employee costs	–781	–754
Share-related payments	–522	–525
Benefits after end of employment		
Pension costs – defined contribution plans	–2 071	–1 877
Total	–16 075	–14 572
Other administrative expenses		
Other personnel expenses	–403	–371
IT and connection expenses	–1 042	–812
Other administrative expenses	–824	–829
Total	–2 269	–2 012
Total	–18 344	–16 584
12 Depreciation		
Depreciation on tangible assets	–98	–117
Depreciation on intangible assets		
Customer agreements	–15	–375
Other intangible assets	–168	–152
Total	–282	–644

13 Other operating expenses

EUR 1 000	2017	2016
Expert fees	−59	−13
Audit fees	−107	−100
Audit fees	−97	−92
Certificates and statements	–	−1
Tax consulting	0	–
Other services	−10	−8
Other expenses	−1 762	−1 800
Premises	−946	−939
Other expenses	−816	−861
Total	−1 928	−1 914

14 Income tax

EUR 1 000	2017	2016
Direct taxes for the financial period	−4 220	−3 465
Changes in deferred taxes	21	70
Total	−4 198	−3 395
Deferred tax related to items entered directly into equity	48	15
Tax reconciliation		
Profit (loss) before taxes	20 121	16 227
Taxes calculated with the parent company's tax rate	−4 024	−3 245
Income not subject to tax	1	0
Non-deductible expenses	−25	−31
Taxes for previous financial periods	−34	−11
Consolidations and eliminations	−116	−108
Taxes in income statement	−4 198	−3 395

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

15 Earnings per share

EUR 1 000	2017	2016
Earnings per share attributable to equity holders of the parent company	15 922	12 832
Shares, 1 000 shares *)	37 289	36 798
Earnings per share calculated from the profit of equity holders of the parent company:		
Earnings per share, EUR	0.43	0.35
Diluted earnings per share, EUR	0.40	0.33

*) Calculated using the weighted average number of shares.

NOTES TO THE CONSOLIDATED BALANCE SHEET

EUR 1 000	2017	2016
16 Claims on credit institutions		
Repayable on demand		
From domestic credit institutions	14 241	6 271
From foreign credit institutions	358	308
Total	14 599	6 579
17 Shares and participations		
Investments available for sale		
Private equity fund investments		
Book value on 1 Jan.	19 209	22 456
Increases	3 151	2 414
Decreases	−3 327	−4 328
Value adjustment	−141	−1 028
Permanent impairment	−100	−305
Book value on 31. Dec.	18 792	19 209
Financial securities		
Book value on 1 Jan.	10 076	5 042
Increases	17 921	9 220
Decreases	−18 021	−4 236
Value adjustment	−55	77
Sales profit (loss)	144	−27
Book value on 31 Dec.	10 066	10 076
18 Intangible and tangible assets		
Tangible assets		
Machinery and equipment, acquisition cost on 1 Jan.	942	850
Increases	39	92
Decreases	–	–
Machinery and equipment, acquisition cost on 31 Dec.	981	942
Accumulated depreciation and impairment on 1 Jan.	−582	−465
Depreciation for the period	−98	−117
Accumulated depreciation and impairment on 31 Dec.	−681	−582
Tangible assets on 31 Dec.	301	360

EUR 1 000	2017	2016
Other tangible assets on 1 Jan.	8	8
Other tangible assets on 31 Dec.	8	8
Intangible assets		
Other intangible assets		
Intangible assets, acquisition cost on 1 Jan.	1 696	1 675
Increases	160	21
Decreases	–	–
Intangible assets, acquisition cost on 31 Dec.	1 856	1 696
Accumulated depreciation and impairment on 1 Jan.	−1 469	−1 317
Depreciation for the period	−168	−152
Accumulated depreciation and impairment on 31 Dec.	−1 637	−1 469
Other intangible assets on 31. Dec.	218	227
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.	−6 697	−6 323
Depreciation for the period	−15	−375
Accumulated depreciation and impairment on 31 Dec.	−6 713	−6 697
Customer agreements on 31 Dec.	0	15
Intangible assets on 31. Dec.	218	242
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.	29 431	29 455

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 Manage-ment 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. 2017	31 DEC. 2016
Asset Management	17.9	17.9
Corporate Finance	7.3	7.3

Additionally, a total of EUR 4.0 million concerning asset manage-ment 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. 2017	31 DEC. 2016
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 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.

Cash flow that extends beyond the five-year prognosis period has been calculated by using the socalled 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 2017, the discount rate was 8.3% (7.7% in 2016).

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 im-pairment 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 66% lower than in 2017 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 2017 goodwill test by EUR 28.3 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	2017	2016

19 Other assets

	2017	2016
Sales receivables	852	1 517
Management fee receivables	1 418	7 209
Other receivables	403	219
Total	2 673	8 946

Sales Receivables EUR 852 thousand, age distribution: due for less than 30 days.

20 Accruals and prepaid expenditure

	2017	2016
Other accruals	607	1 006
Total	607	1 006

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

21 Deferred tax assets and liabilities

	2017	2016
Deferred tax assets		
Changes in fair value	271	237
Deferred tax assets	271	237
Deferred tax liabilities		
Agreements	–	3
Changes in fair value	229	259
Other differences	119	113
Deferred tax liabilities	348	374
Deferred tax assets (–) / tax liabilities (+), net	77	137

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	2017	2016

22 Other liabilities

	2017	2016
Accounts payable	355	643
Fee repayment liabilities	2 979	2 229
Other liabilities	586	497
Total	3 919	3 369

23 Accruals and deferred income

	2017	2016
Holiday pay	949	902
Other accruals	8 159	6 706
Total	9 108	7 607

24 Balance sheet items denominated in domestic and foreign currencies

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

31 DEC. 2016	OTHER THAN EUR	EUR	TOTAL
Balance sheet items			
Claims on credit institutions	–	6 579	6 579
Other assets	1 742	67 856	69 599
Total	1 742	74 435	76 177
Other liabilities	–	11 666	11 666
Total	–	11 666	11 666

25 Financial assets and liabilities

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	–	–	–

EUR 1 000	BOOK VALUE	INTEREST INCOME AND EXPENSES	2016 PROFITS AND LOSSES	IMPAIRMENT LOSS	DIVIDEND INCOME
Financial assets					
Available-for-sale financial assets	29 286	2	2 499	–305	–
Sales receivables and other receivables	1 517	–	–	–	–
Liquid assets	6 626	0	–	–	–
Total	37 429	2	2 499	–305	–
Financial liabilities					
Accounts payable and other liabilities	643	1	–	–	–
Total	643	1	–	–	–

A credit limit or EUR 4 million is available to eQ Group, EUR 0 of which had been drawn at the end of the financial year 2017.

26 Fair values

	2017		2016	
EUR 1 000	FAIR VALUE	BOOK VALUE	FAIR VALUE	BOOK VALUE
Financial assets				
Available-for-sales financial assets				
Private equity fund investments	18 792	18 792	19 209	19 209
Financial securities	10 066	10 066	10 076	10 076
Sales receivables and other receivables	852	852	1 517	1 517
Liquid assets	14 629	14 629	6 626	6 626
Total	44 339	44 339	37 429	37 429
Financial liabilities				
Accounts payable and other liabilities	355	355	643	643
Total	355	355	643	643

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

	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

	31 DEC. 2016 LEVEL 1	LEVEL 3
Available-for-sale financial assets		
Private equity fund investments	–	19 209
Financial securities	10 076	–
Total	10 076	19 209

Level 3 reconciliation:
Available-for-sale financial assets

	PRIVATE EQUITY FUND INVESTMENTS
Opening balance	22 456
Calls	2 414
Returns	−4 328
Impairment loss	−305
Change in fair value	−1 028
Closing balance	19 209

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.

The impairment losses of private equity fund investments are based on the management's assessments, as described in the principles for preparing the financial statements.

During the period under review, no transfers took place between the levels of the fair value hierarchy.

28 Private equity fund investments

	MARKET VALUE		ACQUISITION COST		UNREALISED VALUE CHANGE*	
EUR 1 000	2017	2016	2017	2016	2017	2016
Funds managed by eQ:						
Funds of funds:						
eQ PE IX US LP	0	–	0	–	0	–
eQ PE VIII North LP	858	182	892	208	−34	−26
eQ PE VII US LP	853	219	968	269	−115	−50
eQ PE VI North LP	1 186	818	1 220	909	−34	−91
Amanda V East LP	3 670	2 730	3 978	3 187	−308	−457
Amanda IV West LP	2 626	3 020	2 098	2 515	528	505
Amanda III Eastern PE LP	5 079	6 115	5 022	5 748	57	368
European Fund Inv. LP (EFI II)	74	197	175	337	−101	−140
Total	14 346	13 281	14 353	13 172	−7	110
Funds managed by others:						
Large buyout funds	2 202	2 945	1 947	2 907	255	38
Midmarket funds	1 300	1 879	1 839	2 195	−539	−315
Venture funds	944	1 104	894	1 066	50	37
Total	18 792	19 209	19 033	19 340	−242	−131

*Unrealised value change before taxes

EUR 1 000

REMAINING INVESTMENT COMMITMENT	2017	2016
Funds managed by eQ:		
Funds of funds:		
eQ PE IX US LP	916	–
eQ PE VIII North LP	2 012	2 792
eQ PE VII US LP	1 573	2 558
eQ PE VI North LP	1 407	1 860
Amanda V East LP	669	1 460
Amanda IV West LP	614	603
Amanda III Eastern PE LP	350	316
Eur Fund Inv. LP (EFI II)	35	35
Total	7 576	9 624
Funds managed by others:		
Large buyout funds	234	224
Midmarket funds	1 096	1 217
Venture funds	11	115
Total	8 917	11 180

MARKET VALUE BASED ON THE YEAR OF ESTABLISHMENT	2017	2016
–2000	450	530
2001–2005	1 194	1 527
2006–2010	10 581	15 934
2011–	6 567	1 219
Total	18 792	19 209

EUR 1 000

REMAINING INVESTMENT COMMITMENT BASED ON THE YEAR OF ESTABLISHMENT	2017	2016
–2000	12	115
2001–2005	742	742
2006–2010	1 585	3 113
2011–	6 578	7 210
Total	8 917	11 180

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 available-for-sale financial assets and the deferred taxes related to these changes.

30 Contingent liabilities and securities

	2017	2016
Remaining investment commitments in private equity funds	8 917	11 180
Lease and rental agreements less than one year	731	731
Lease and rental agreements exceeding one year but less than five years	704	1 394
Total	10 352	13 305

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 available-for-sale 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	2017	2016
Salary and remuneration of the CEO	450	359
Salary and remuneration of other Management Team members	946	759

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	2017	2016
Statutory pensions of the CEO	84	67
Statutory pensions of other members of the Management Team	178	143

The Group executives have been granted 900 000 option rights under the 2010 option scheme, of which 450 000 option rights to the CEO. Of the option rights under option scheme 2010 granted to the Group executives a total of 875 000 had been exercised by the end of the financial period 2017.

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

The AGM held on 29 March 2017 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 in which they participate.

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

OTHER TRANSACTIONS WITH RELATED PARTIES:*	2017	2016
Sales	253	212
Receivables	0	0

* eQ Group has offered persons regarded as related parties and the entities that they control asset management services. Normal market terms are applied to transactions with related parties.

Holdings of the Board and Management Team in eQ Plc on 31 Dec. 2017:

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*	7 048 137	18.79%
Berner, Nicolas	40 000	0.11%
Kokkila, Timo	10 000	0.03%
Poutiainen, Annika	1 100	0.00%
Larma, Janne	5 652 635	15.07%
Jåfs, Staffan	6 778	0.02%
Koskimies, Mikko	3 850 000	10.26%
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 14.3 million on 31 December 2017 (EUR 13.3 million on 31 Dec. 2016). In 2017, the Group received from said funds management fees totalling EUR 4.7 million (EUR 4.3 million 1 Jan. to 31 Dec. 2016) and a profit distribution from own investments totalling EUR 0.6 million (EUR 1.0 million). In 2017, eQ Plc made an investment commitment of USD 1.1 million in the eQ PE IX US 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 available-for-sale investments on the balance sheet

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. 2017	SIZE OF THE FUND	eQ'S ORIGINAL COMMITMENT	MARKET VALUE OF eQ'S INVESTMENT	ACQUISITION COST OF eQ'S INVESTMENT	eQ'S REMAINING COMMITMENT
eQ PE IX US LP	88 400	916	0	0	916
eQ PE VIII North LP	160 000	3 000	858	892	2 012
eQ PE VII US LP	67 400	2 549	853	968	1 573
eQ PE VI North LP	100 000	3 000	1 186	1 220	1 407
Amanda V East LP	50 000	5 000	3 670	3 978	669
Amanda IV West LP	90 000	5 000	2 626	2 098	614
Amanda III Eastern PE LP	110 200	10 000	5 079	5 022	350
Eur. Fund Inv. LP (EFI II)	88 000	880	74	175	35
Total	754 000	30 345	14 346	14 353	7 576

31 DEC. 2016	SIZE OF THE FUND	eQ'S ORIGINAL COMMITMENT	MARKET VALUE OF eQ'S INVESTMENT	ACQUISITION COST OF eQ'S INVESTMENT	eQ'S REMAINING COMMITMENT
eQ PE VIII North LP	160 000	3 000	182	208	2 792
eQ PE VII US LP	79 495	2 749	219	269	2 558
eQ PE VI North LP	100 000	3 000	818	909	1 860
Amanda V East LP	50 000	5 000	2 730	3 187	1 460
Amanda IV West LP	90 000	5 000	3 020	2 515	603
Amanda III Eastern PE LP	110 200	10 000	6 115	5 748	316
Eur. Fund Inv. LP (EFI II)	88 000	880	197	337	35
Total	677 695	29 629	13 281	13 172	9 624

SHARES AND SHAREHOLDINGS

Major shareholders

	NUMBER OF SHARES	SHARE OF SHARES AND VOTES, %
Fennogens Investments S.A.	6 973 137	18.59%
Chilla Capital S.A.	5 652 635	15.07%
Anchor Oy Ab	3 883 677	10.35%
Teamet Oy	3 850 000	10.26%
Umo Capital Oy	3 786 620	10.10%
Oy Cevante Ab	1 419 063	3.78%
Fazer Jan Peter	1 288 306	3.43%
Linnalex Ab	681 652	1.82%
Lavventura Oy	550 000	1.47%
Pinomonte Ab	529 981	1.41%
Procurator-Holding Oy	354 023	0.94%
Leenos Oy	330 201	0.88%
Louko Antti Jaakko	312 229	0.83%
Leppä Jukka-Pekka	225 000	0.60%
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	6 701 589	17.87%
Total	37 507 198	100.00%

The information is based on the situation in the shareholders' register kept by Euroclear Finland Ltd on 31 December 2017.

Ownership structure by sector on 31 Dec. 2017

	NUMBER OF SHARES	SHARE OF SHARES AND VOTES, %
Corporations	16 267 303	43.37%
Financial and insurance institutions	626 751	1.67%
Public sector entities	60 037	0.16%
Households	7 498 832	19.99%
Foreign	12 676 860	33.80%
Others [1]	377 415	1.01%
Total	37 507 198	100.00%

[1] The item Others comprises non-profit organisations.

Ownership structure according to number of shares held

SHARES NO. PER SHAREHOLDER	NO. OF SHAREHOLDERS	SHARE OF SHAREHOLDERS, %
1 – 100	1 675	33.18%
101 – 500	1 786	35.38%
501 – 1 000	694	13.75%
1 001 – 5 000	687	13.61%
5 001 – 10 000	96	1.90%
10 001 – 50 000	69	1.37%
50 001 – 100 000	17	0.34%
100 001 – 500 000	14	0.28%
500 001 –	10	0.20%
Total	5 048	100.00%

SHARES NO. PER SHAREHOLDER	NO. OF SHAREHOLDERS	SHARE OF SHAREHOLDERS, %
1 – 100	75 881	0.20%
101 – 500	502 831	1.34%
501 – 1 000	555 897	1.48%
1 001 – 5 000	1 526 088	4.07%
5 001 – 10 000	688 824	1.84%
10 001 – 50 000	1 458 468	3.89%
50 001 – 100 000	1 306 589	3.48%
100 001 – 500 000	2 777 549	7.41%
500 001 –	28 615 071	76.29%
Total	37 507 198	100.00%

Nominee-registered shares

Of the company shares, 341 003 were nominee-registered, representing 0.91% of the votes and shares.

SHARES AND SHARE CAPITAL	NUMBER OF SHARES	SHARE CAPITAL
1 Jan. 2017	36 977 198	11 383 873
Decreases	–	–
Increases	530 000	–
31 Dec. 2017	37 507 198	11 383 873

The number of eQ Plc's shares increased by 530 000 on 31 May 2017 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 2017.

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
Number of options	2 000 000
Share subscription period begins	1 April 2012–2016
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 2017 was EUR 0.61.

	2017	2016
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	1 150 000	620 000
Number of outstanding options	550 000	1 080 000
Exercisable options at the end of the period	550 000	1 080 000

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 2017 was EUR 4.15.

	2017	2016
Number of issued options at the beginning of the period	1 575 000	1 775 000
Options granted during the period	–	–
Options returned during the period	–	200 000
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

PARENT COMPANY INCOME STATEMENT (FAS)

EUR	NOTE NO.	2017	2016
Fee and commission income	2	76 800 00	76 800 00
Income from equity investments			
From Group undertakings	3	498 732 00	217 660 00
Interest income	4	1 698 39	1 579 21
Net income from available-for-sale financial assets	5	1 738 417 46	2 156 717 35
INVESTMENT FIRM INCOME		2 315 647 85	2 452 756 56
Fee and commission expenses	6	−208 001 40	−309 999 96
Interest expenses	7	−6 565 20	−7 409 04
Administrative expenses		−1 103 653 75	−1 030 249 75
Personnel expenses	8	−903 894 87	−807 409 05
Salaries and remuneration		−753 037 12	−687 507 62
Indirect employee costs		−150 857 75	−119 901 43
Pension costs		−132 428 22	−118 107 24
Other indirect employee costs		−18 429 53	−1 794 19
Other administrative expenses	9	−199 758 88	−222 840 70
Depreciation and impairment on tangible and intangible assets	10	−22 957 20	−28 312 99
Other operating expenses	11	−331 139 49	−341 264 82
Impairment losses of other financial assets	12	–	−182 799 96
OPERATING PROFIT (LOSS)		643 330 81	552 720 04
Appropriations	13	19 100 000 00	15 455 000 00
Income tax	14	−3 885 709 92	−3 206 004 20
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		15 857 620 89	12 801 715 84

PARENT COMPANY BALANCE SHEET (FAS)

EUR	NOTE NO.	31 DEC. 2017	31 DEC. 2016
ASSETS			
Liquid assets		6 240 00	–
Claims on credit institutions			
Repayable on demand	15	2 920 020 09	1 400 287 95
Shares and participations	16, 25	28 771 162 93	29 076 068 43
Shares and participations in Group undertakings	16	27 159 555 41	27 157 055 41
Intangible assets	17	17 380 64	19 238 92
Tangible assets			
Other tangible assets	17	47 681 99	58 507 79
Other assets	18	5 585 96	1 854 999 99
Accruals and prepaid expenditure	19	42 583 83	34 493 81
Deferred tax assets	20	223 448 67	206 784 96
TOTAL ASSETS		59 193 659 52	59 807 437 26

EUR	NOTE NO.	31 DEC. 2017	31 DEC. 2016
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to the public and public sector entities			
Other		700 000 00	700 000 00
Other liabilities			
Other liabilities	21	722 121 11	433 511 44
Accruals and deferred income	22	1 721 848 21	124 055 90
Deferred tax liabilities	20	229 160 59	258 749 23
TOTAL LIABILITIES		3 373 129 91	1 516 316 57
EQUITY	26		
Share capital		11 383 873 00	11 383 873 00
Restricted equity			
Fair value reserve		–111 371 62	51 544 65
Unrestricted equity			
Reserve for invested unrestricted equity		27 783 501 96	33 006 781 66
Retained earnings		906 905 38	1 047 205 54
Profit (loss) for the period		15 857 620 89	12 801 715 84
TOTAL EQUITY		55 820 529 61	58 291 120 69
TOTAL LIABILITIES AND EQUITY		59 193 659 52	59 807 437 26

PARENT COMPANY CASH FLOW STATEMENT (FAS)

EUR 1 000	2017	2016
Cash flow from operations		
Operating profit	19 743	16 008
Adjustments:		
Depreciation and impairment	123	559
Interests received	−2	−2
Interests paid	7	7
Dividends received	−499	−218
Transactions with no related payment transactions	0	0
Available-for-sale investments – private equity funds	45	1 900
Change in working capital		
Business receivables, increase (–) decrease (+)	1 841	3 688
Interest-free liabilities, increase (+) decrease (–)	1 279	−1 265
Total change in working capital	3 120	2 423
Cash flow from operations before financial items and taxes	22 538	20 678
Interests received	2	2
Interests paid	−7	−7
Dividends received	499	218
Taxes	−3 284	−2 917
Cash flow from operations	19 748	17 973
Cash flow from investments		
Investing activities in tangible and intangible assets	−10	−3
Investing activities in investments	−3	–
Investing activities in other investments – liquid mutual funds	−44	−5 000
Cash flow from investments	−57	−5 003
Cash flow from financing		
Dividends paid	−18 489	−18 364
Share issue	323	278
Cash flow from financing	−18 165	−18 086
Increase/decrease in liquid assets	1 526	−5 116
Liquid assets on 1 Jan.	1 400	6 516
Liquid assets on 31 Dec.	2 926	1 400

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 periodisation 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 of the private equity fund investments made by eQ Plc is recorded among the net income from available-for-sale financial assets.

The financial assets are classified into the following categories in accordance with IAS 39 Financial instruments, recognition and measurement: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets have been acquired and they are classified in connection with the original acquisition. All purchases and sales of financial assets are recorded on the transaction day.

The available-for-sale financial assets are valued at acquisition price. Later valuation is made at fair value. The unrealised value adjustments arising from valuation at fair value are included in the shareholders' equity under the fair value reserve. If available-for-sale financial assets are sold or if their value has deceased permanently and significantly, the profit and loss is recorded in the income statement as net income from available-for-sale financial assets. eQ Plc's private equity investments are classified as available-for-sale financial assets.

Loans and other receivables are financial assets where the related payments are fixed or can be defined. They are valued at the periodised acquisition cost using the effective interest method. Impairment is recorded through profit and loss when there is reliable proof that the company cannot recover its receivables according to the original terms.

On 1 January 2018, eQ Plc begins to apply the requirements of the IFRS 9 Financial instruments standard in the classification and valuation of financial instruments. An account of the changes arising from said standard has been presented in the principles for preparing the consolidated financial statements.

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	2017	2016
2 Fee and commission income		
From other operations	77	77
3 Income from equity investments		
Dividend income from Group undertakings	499	218
4 Interest income		
Other interest income	2	2
Total	2	2
5 Net income from available-for-sale financial assets		
Transfers of financial assets	1 694	2 489
Sales gains/losses	144	−27
Impairment	−100	−305
Total	1 738	2 157
6 Fee and commission expenses		
Other fees – management of investments eQ Asset Management	−200	−300
Limit fees	−8	−10
Total	−208	−310
7 Interest expenses		
To Group undertakings	−6	−7
To credit institutions	0	–
Other interest expenses	0	0
Total	−7	−7

EUR 1 000	2017	2016
8 Personnel expenses		
Salaries and remuneration	−753	−688
Pension costs	−132	−118
Other indirect employee costs	−18	−2
Total	−904	−807
Average number of personnel during the period – permanent	5	5
Change during the financial period	–	−1
9 Other administrative expenses		
Other personnel expenses	−22	−35
IT and connection costs	−50	−76
Other administrative expenses	−128	−112
Total	−200	−223
10 Depreciation and impairment		
Depreciation on tangible and intangible assets	−23	−28
A depreciation specification per balance sheet item is presented under intangible and tangible assets.		
11 Other operating expenses		
Expert fees	−15	−4
Fees to the auditor	−27	−18
Audit fees	−27	−17
Tax consulting	0	–
Other fees	–	−1
Leases on premises and other rental expenses	−96	−111
Other expenses	−193	−208
Total	−331	−341

EUR 1 000	2017	2016
12 Impairment losses from other financial assets		
Group shares	–	–183
13 Appropriations		
Group subsidies received	19 100	15 455
14 Income tax		
Income tax for the period		
Income tax for operations	–3 284	–2 917
Deferred taxes	–602	–289
Total	–3 886	–3 206

NOTES TO PARENT COMPANY BALANCE SHEET (FAS)

EUR 1 000	2017	2016
15 Claims on credit institutions		
Repayable on demand		
From domestic credit institutions	2 920	1 400
16 Shares and participations		
Shares and participations		
Available-for-sale: Private equity fund investments	18 718	19 012
Available-for-sale: Units in mutual funds	10 021	10 032
Other participations	32	32
Shares and participations in Group undertakings	27 160	27 157
Total	55 931	56 233
– of which at acquisition cost	27 192	27 189

EUR 1 000	2017	2016
17 Intangible and tangible assets		
Other intangible assets		
Acquisition cost on 1 Jan.	159	159
Increases	8	1
Acquisition cost on 31 Dec.	167	159
Accumulated depreciation on 1 Jan.	–140	–128
Depreciation for the period	–10	–12
Accumulated depreciation on 31 Dec.	–150	–140
Book value on 31 Dec.	17	19
Other tangible assets		
Acquisition cost on 1 Jan.	232	230
Increases	2	2
Acquisition cost on 31 Dec.	235	232
Accumulated depreciation on 1 Jan.	–174	–157
Depreciation for the period	–13	–17
Accumulated depreciation on 31 Dec.	–187	–174
Book value on 31 Dec.	48	59
18 Other assets		
Receivables from Group undertakings	6	1 855
Other receivables	0	–
Total	6	1 855

EUR 1 000	2017	2016
19 Accruals and prepaid expenditure		
Other accruals	43	34
Total	43	34
20 Deferred tax assets and liabilities		
Deferred tax assets		
Changes in fair value	223	207
Deferred tax assets	223	207
Deferred tax liabilities		
Changes in fair value	229	259
Deferred tax liabilities	229	259
Deferred tax assets (–) / tax liabilities (+), net	6	52
21 Other liabilities		
Accounts payable	21	23
Liabilities to Group undertakings	71	101
Income tax liabilities	608	309
Other liabilities	23	–
Total	722	434
22 Accruals		
Other accruals	1 722	124

23 Items denominated in domestic and foreign currencies and Group items

31 DEC. 2017	EUR	OTHER THAN EUR	TOTAL	FROM GROUP UNDER-TAKINGS
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

31 DEC. 2016	EUR	OTHER THAN EUR	TOTAL	FROM GROUP UNDER-TAKINGS
Balance sheet items				
Claims on credit institutions	1 400	–	1 400	–
Other assets	56 665	1 742	58 407	28 742
Total	58 065	1 742	59 807	28 742
Liabilities to the public and public sector entities	700	–	700	700
Other liabilities	816	–	816	102
Total	1 516	–	1 516	802

24 Fair values of financial assets and liabilities

EUR 1 000	2017 FAIR VALUE	2017 BOOK VALUE	2016 FAIR VALUE	2016 BOOK VALUE
Financial assets				
Claims on credit institutions	2 920	2 920	1 400	1 400
Shares and participations	28 771	28 771	29 076	29 076
Shares and participations in Group undertakings	27 160	27 160	27 157	27 157
Total	58 851	58 851	57 633	57 633
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.

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

EUR 1 000	31 DEC, 2017 LEVEL 1	31 DEC, 2017 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

	31 DEC, 2016 LEVEL 1	31 DEC, 2016 LEVEL 3
Available-for-sale financial assets		
Private equity fund investments	–	19 012
Financial securities	10 064	–
Total	10 064	19 012

Level 3 – Reconciliation – Available-for-sale financial assets

	PRIVATE EQUITY FUND INVESTMENTS
Opening balance	22 199
Calls and returns	-1 900
Impairment loss	-305
Change in fair value	-982
Closing balance	19 012

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. The impairment losses of private equity fund investments are based on the management's assessment.

26 Equity

EUR 1 000	2017	2016
Share capital on 1 Jan.	11 384	11 384
Share capital on 31 Dec.	11 384	11 384
Fair value reserve on 1 Jan.	52	775
Increases/decreases	–163	–724
Fair value reserve on 31 Dec.	–111	52
Restricted equity, total	11 273	11 435
Reserve for invested unrestricted equity on 1 Jan.	33 007	40 075
Increases/decreases	–5 223	–7 068
Reserve for invested unrestricted equity on 31 Dec.	27 784	33 007
Retained earnings		
Retained earnings on 1 Jan.	13 849	12 065
Dividend	–12 942	–11 018
Other changes	0	0
Retained earnings on 31 Dec.	907	1 047
Profit (loss) for the period	15 858	12 802
Non-restricted equity, total	44 548	46 856
Equity on 31 Dec.	55 821	58 291
Calculation of distributable assets on 31 Dec.		
Retained earnings	907	1 047
Profit for the period	15 858	12 802
Reserve for invested unrestricted equity	27 784	33 007
Distributable assets	44 548	46 856

The share capital of the company consists of 37 507 198 shares. All shares carry one vote.

Other notes

27 Pledges, mortgages and obligations, EUR 1 000

EUR 1 000	2017	2016
eQ Plc's investment commitments in private equity funds, remaining commitment	8 882	11 145
Lease and rental agreements less than one year	704	695
Lease and rental agreements exceeding one year but less than five years	646	1 332
Total	10 231	13 171

PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable means of the parent company on 31 December 2017 totalled EUR 44 548 028.23. The sum consisted of retained earnings of EUR 16 764 526.27 and the means in the reserve of invested unrestricted equity of EUR 27 783 501.96.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.43 per share be paid out. The proposal corresponds to a dividend totalling EUR 16 128 095.14 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 2 625 503.86 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 3 April 2018. The Board proposes 10 April 2018 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 FINANCIAL STATEMENTS AND REPORT BY THE BOARD OF DIRECTORS

Helsinki, 2 February 2018

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, 2 February 2018

KPMG Oy Ab
Firm of Authorised Public Accountants

Raija-Leena Hankonen
APA

AUDITOR'S REPORT

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

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, 2017. 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 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 page 37 and Note 6 page 50)	
— 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. – Performance fees and fees from the corporate finance segment also make up a substantial part of the Group's result, and may vary considerably from year to year. — 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. — 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 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. — 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. — We inspected the calculation model of performance fees and compared the parameters used to individual fund agreements.
Impairment of goodwill (Principles for preparing the consolidated financial statements page 38 and Note 18 page 52)	
— 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. — 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. — 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.	— 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. — 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 the consolidated financial statements and considered the appropriateness of the Group's notes in respect of goodwill and impairment testing.

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 39 and Notes 17, 25–28 pages 52, 55–59)	
— 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. Potential impairments require management judgement. — 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.	— We assessed eQ Group's valuation process as well as the compliance with the principles for preparing the consolidated financial statements. In addition, we considered the valuation procedure of the funds managed by eQ Group and performed procedures to establish whether or not there was a need for an impairment loss on individual investments. — 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 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 Financial Statements

Our objectives are to obtain reasonable assurance on 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 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 scepticism 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 4 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 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 2 February 2018
KPMG Oy Ab

Raija-Leena Hankonen
Authorised Public Accountant, KHT

CORPORATE GOVERNANCE STATEMENT 2017

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 2 February 2018. 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 2017, 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 29 March 2017.

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 29 March 2017 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, 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: 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–; Miltton Group Oy, member of the Board, 2015–; 9Lives Group Oy, member of the Board, 2016–; PAF, member of the Board, 2016–; Sunshine Kaidi (Finland) New Energy Group, member of the Board, 2016–; Finnish-Swedish Chamber of Commerce FINSVE, member of the Board, 2016–.
Primary work experience: Sunshine Kaidi (Finland) New Energy Group, CEO, 2016–; Sunshine Kaidi New Energy Group, Vice President, European Functions and Strategy, 2016–; 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–; Saferoad AS, member of the Board, 2015.
Primary work experience: JKL Group, Industrial Advisor, 2014–; 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 2017:

MEMBER OF THE BOARD	SECURITY	HOLDING
Nicolas Berner	Share	40 000
Georg Ehrnrooth	Share	7 048 137
Carl Haglund		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 2017, the Board of Directors of eQ Plc convened ten (10) times, average attendance being 96%.

ATTENDANCE AT THE BOARD MEETINGS 2017:	
Nicolas Berner	10/10
Georg Ehrnrooth	10/10
Carl Haglund	8/8
Timo Kokkila	9/10
Annika Poutiainen	9/10
Jussi Seppälä	2/2

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 2017, 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 2017.

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 2017:

NAME	TASK IN THE ORGANISATION	SECURITY	HOLDING
Janne Larma	CEO	2015 Option right	100 000
		Share	5 652 635

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 2017:

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 2017:

NAME	TASK IN THE ORGANISATION	SECURITY	HOLDING
Staffan Jåfs	Director, Private Equity, eQ Asset Management Ltd	2010 Option right 2015 Option right Share	25 000 100 000 6 778
Mikko Koskimies	CEO, eQ Asset Management Ltd	2015 Option right Share	100 000 3 850 000
Antti Lyytikäinen	CFO, eQ Plc	2015 Option right	75 000
Juha Surve	Group General Counsel, eQ Asset Management Ltd	2015 Option right Share	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. Information about the public insider register, in accordance with previous legislation, is available in the insider register of Euroclear Finland Ltd on the company website in the manner required by the transitional provisions of the Securities Markets Act.

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 2017, 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 amounts for the services related to the audit and for other services: fees for the audit and closely related fees in 2017 totalled EUR 96 712 (2016: EUR 92 241). The other services in 2017 amounted to EUR 9 898 (2016: 8 212).

REMUNERATION STATEMENT 2017

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 2 February 2018.

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 2017 decided that the directors would receive remuneration according to following: Chairman of the Board EUR 3 500 per month (2016: EUR 3 300) and the directors EUR 2 000 per month (2016: EUR 1 800). 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 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.

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, 50 per cent of the variable remuneration will be deferred so that it is paid during the following three 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 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 2017, the CEO was paid an overall remuneration of EUR 450 037 (2016: EUR 359 459), the share of variable remuneration being EUR 202 947 (2016: EUR 123 668).

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 2017, the other Management Team members than the CEO were paid an overall remuneration of EUR 946 138 (2016: EUR 759 450), the share of the variable remuneration being EUR 363 736 (2016: EUR 226 962).

Other relevant persons

In 2017, other relevant persons (Finnish Act on Credit Institutions 610/2014, Chapter 8) than the Management Team members were paid an overall remuneration of EUR 240 599 (2016: 215 249), the share of the variable remuneration being EUR 45 194 (2016: 40 691).

Option schemes

Based on option schemes 2010 and 2015, eQ Group has issued option 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 and 2015 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 (90 000 2010A options, 90 000 2010B options, 90 000 2010C options, 90 000 2010D options and 90 000 2010E options). All of the options granted had been exercised by the end of 2017.

Mikko Koskimies, member of the Management Team, has been granted, as part of the engagement system, 200 000 option rights (50 000 2010B options, 50 000 2010C options, 50 000 2010D options and 50 000 2010E options) and Staffan Jåfs, member of the Management Team, 250 000 option rights (50 000 2010A options, 50 000 2010B options, 50 000 2010C options, 50 000

2010D options and 50 000 2010E options). Of the options granted, altogether 425 000 had been exercised by the end of 2017.

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

Board authorisations regarding remuneration

The AGM of 2017 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

1 PRESENTATION

1.1 Purpose

eQ Group is a Finnish group of companies that specialises in asset management and corporate finance business. The parent company eQ Plc's share is listed on Nasdaq Helsinki. The Group offers its clients 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 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. The review has been drawn up for the first time regarding the year 2017. 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 2017 has been approved by eQ Plc's Board of Directors and will be published as part of the Annual Report 2017.

eQ Group participates in a pilot project for responsibility reporting that Nasdaq launched in 2017. 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: http://business.nasdaq.com/media/ESG-Reporting-Guide_tcm5044-41395.pdf) 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.

1.2 Responsible business and responsible investment

One of the Group's 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, e.g. eQ Asset Management Lt's Principles for Responsible Investments and eQ Fund Management Company Ltd's Aims and Methods of Corporate Governance. 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.

The Principles of Responsible Investment cover all of eQ's investment areas: traditional asset management, real estate asset management, and private equity asset management. When selecting equity and fixed-income investments for traditional asset management, the portfolio manager takes into account not only financial aspects but also questions related to the environment, social responsibility and governance, including the quality and extent of the investment object companies' responsibility reporting. The investment operations of the real estate asset management segment always consider the responsibility of the operations, in addition to financial aspects. When property is acquired, due diligence reports are prepared for assessing the building, land, real estate company and main tenants. The assessment and development measures comprise, e.g. the energy efficiency and water consumption of the property. 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. eQ continuously assesses responsibility aspects related to its private equity investments. 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.

More information on eQ Asset Management's responsible investments can be found on eQ's website (https://www.eq.fi/fi/funds/responsible-investment)

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. eQ monitors the consumption of electricity and assesses together with the electricity producer the share of the consumed electricity that is produced with renewable energy, for instance. 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	2017	2016
Electricity consumption, kwh	106 527	105 975
Origin of electricity: *		
Share of renewable energy, %	25%	25%
Share of nuclear power, %	42%	42%
Share of fossil fuels, %	33%	33%
Specific carbon dioxide emissions of electricity, g/kwh, *	198	198
Nuclear fuel used in electricity, mg/kwh, *	1.2	1.2
Carbon dioxide emissions of electricity, total, kg *	21 092	20 983
Carbon dioxide emissions of electricity per net revenue, g/EUR	0.52	0.59
Electricity consumption per rented office square metre, kwh	64	64
Electricity consumption per person, kwh	1 268	1 325

* Estimate for 2017

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 2017. The study deals with the personnel's commitment, well-being at work, satisfaction with the work community and the work of the superior. On a scale from 1 to 5, job satisfaction and well-being at work received the score 4.3 and the likelihood that the employee would recommend eQ Group as employer 4.4. The response rate was high at 81%. The personnel study is one of eQ's most important tools for developing internal working methods and the quality of managerial work.

eQ wishes to invest in the well-being of its personnel. The Group offers its personnel 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 the studies are supported with different work arrangements.

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

Of the personnel, 36% were women and 64% men. The average age of the personnel was 39.8, and the employee turnover rate was 8.4%. In 2017, the average sick leave of the personnel was 2.3 days per person and there was one occupational accident.

PERSONNEL	2017	2016
Personnel as full-time resources	84	80
Permanent employment relationship	83	80
Temporary employment relationship	6	4
Employment relationship, total	89	84
Share of temporary employees, %	6.7%	4.8%
Full-time, total	83	80
Part-time, total	6	4
Age and gender distribution, no.		
18–30 years total, (F/M)	19 (4/15)	13 (3/10)
31–40 years total, (F/M)	30 (11/19)	29 (9/20)
41–50 years total, (F/M)	18 (8/10)	23 (9/14)
51–60 years total, (F/M)	20 (9/11)	18 (9/9)
61– years total, (F/M)	2 (/2)	1 (-/1)
Total	89 (32/57)	84 (30/54)
Average age of employees, years	39.8	41.5
Employment relationships based on gender, no. and %		
Women	32, 36%	30, 36%
Men	57, 64%	54, 64%
Employee turnover (%)	8.4%	6.3%
Sick leaves during the year, day per person	2.3	3.4
Registered accidents	1	3

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 on 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 conducted in Finland, in 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 2017, eQ Plc's Board met the preconditions set for 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 2017 as from the Annual General Meeting (AGM): 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 2017.

DIVERSITY OF THE BOARD OF DIRECTORS IN 2017 (BOARD ELECTED BY THE AGM HELD ON 29 MARCH 2017):

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 Group'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 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 2017 has been drawn up in accordance with the Corporate Governance Code for listed companies that entered into force on 1 January 2016, and the Board of Directors has reviewed it on 2 February 2018. 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. Guidelines 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 give improper 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 bribes. In addition to monetary bribes, gifts, hospitality, credits, discounts, trips, personal advantages, accommodation and services may be regarded as 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 hospitality, 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 hospitality.

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 good 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 2017, the income tax for eQ's taxable profit paid in Finland totalled EUR 4.2 million. The Group's effective tax rate was 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 2017 totalled EUR 2.5 million. The withholdings that eQ made from the salaries amounted to EUR 4.5 million.

The value-added tax remitted by eQ Group in 2017 totalled 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.

eQ has not received any public subsidies for its operations.

TAXES, EUR 1 000	2017	2016
Taxes paid		
Income tax, Finland	4 220	3 465
Effective tax rate	20.9%	20.9%
Charges of tax-like nature payable by the employer (employee pension, social security and unemployment charges)	2 451	2 358
Taxes remitted		
Withdrawals from salaries, Finland	4 507	4 085
Value-added tax paid, Finland	871	2 031

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 its first report on responsible investment for the year 2016. The report is available to clients and other stakeholders at request.

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 2017) 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 2017. 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 statement or 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 29 March 2017:

Timo Kokkila

Member of the Board since 2016
Born: 1979

Education:
M.Sc. (Eng.), Helsinki

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

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; LAK Real Estate Ltd, Member of the Board; Pontos Ltd, Member of the Board

Independent of the company and significant shareholders.

Georg Ehrnrooth

Member of the Board since 2011
Chairman of the Board
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:
2014– 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; Saferoad AS, 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:
2016- Sunshine Kaidi (Finland) New Energy Group, CEO, 2016– 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:
Research Institute of Finnish Economy ETLA, Chairman of the Board; Finnish Business and Policy Forum EVA, Chairman of the Board; Miltton Group Oy, Member of the Board; 9Lives Group Oy, Member of the Board; PAF, Member of the Board; Sunshine Kaidi (Finland) New Energy Group, Member of the Board; Finnish Swedish Chamber of Commerce, Member of the Board

Independent of the company and significant shareholders.

MANAGEMENT TEAM

eQ Group's Management Team:

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, Chairman
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.

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.

INVESTMENTS FROM OWN BALANCE SHEET

eQ's own Fund of Funds

eQ PE IX US L.P.

Vintage Year	2017
Management company	eQ Private Equity GP Ltd
Total size of the Fund	105.2 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 L.P.

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 L.P.

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 L.P.

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 L.P.

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

AMANDA IV WEST L.P.

Vintage Year	2007
Management company	eQ Private Equity GP Ltd
Total size of the Fund	90 MEUR
eQ's commitment	5.0 MEUR
Financing stage	Buyout
Geographical focus	Western Europe
Target funds	No sector preference
www pages	www.eQ.fi

eQ's own Fund of Funds

AMANDA III EASTERN PRIVATE EQUITY L.P.

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 L.P. (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 L.P.

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.eqt.se

PERMIRA EUROPE IV L.P.

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 L.P.

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 L.P.

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

Funds managed by others than eQ

MONTAGU III L.P.

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

EQT IV (NO. 1) L.P.

Vintage Year	2004
Management company	EQT Partners
Total size of the Fund	2 500.0 MEUR
eQ's commitment	3.0 MEUR
Financing stage	Large Buyout
Geographical focus	Northern Europe
Target funds	Middle-sized and large industrial companies
www pages	www.eqt.se

PERMIRA EUROPE III L.P

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

CHARTERHOUSE CAPITAL PARTNERS VII L.P.

Vintage Year	2002
Management company	Charterhouse Development Capital Limited
Total size of the Fund	2 708.0 MEUR
eQ's commitment	3.0 MEUR
Financing stage	Large Buyout
Geographical focus	Europe
Target funds	Middle-sized and large companies
www pages	www.charterhouse.co.uk

Funds managed by others than eQ

ATLAS VENTURE VI L.P.

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 L.P.

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 L.P.

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 L.P.

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 TO THE SHAREHOLDERS

eQ Plc's share

eQ Plc's share is traded on Nasdaq Helsinki. At the end of 2017, the company had had 5 048 shareholders (4 668 shareholders on 31 Dec. 2016). The largest shareholders have been presented in the financial statements on page 62 of the Annual Report.

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

Annual General Meeting

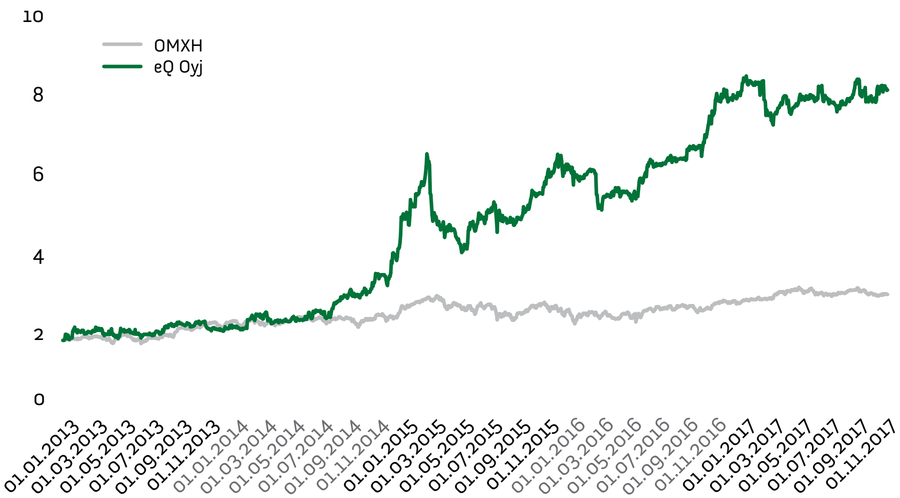
eQ Plc's Annual General Meeting (AGM) will be held on Wednesday 28 March 2018 in Helsinki. Detailed information and instructions for participation can be found on the company website at www.eQ.fi.

Dividend distribution

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.43 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 3 April 2018
- Payment date of the dividend and equity repayment 10 April 2018

Share price development 2013 to 2017, eur



Financial information in 2018

In 2018, the financial reports of eQ Plc will be published as follows:

- Interim report 1 Jan. to 31 March 2018: Wednesday 25 April 2018
- Half year report 1 Jan. to 30 June 2018: Tuesday 14 August 2018
- Interim report 1 Jan. to 30 Sept. 2018: Friday 26 October 2018

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 Pic, Antti Saari, +358 10 252 4359, antti.saari@op.fi

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